

MINUTES OF THE CITY COUNCIL OF LAUREL

January 7, 2003

A regular meeting of the City Council of the City of Laurel, Montana, was held in the Council Chambers and called to order by Mayor Bud Johnson at 6:30 p.m. on January 7, 2003.

COUNCIL MEMBERS PRESENT: Lauren Van Roekel Doug Poehls
 Ken Olson Mark Mace
 Gay Easton John Oakes
 Dan Mears

COUNCIL MEMBERS ABSENT: Dan Dart

Mayor Johnson asked the council to observe a moment of silence.

Mayor Johnson led the Pledge of Allegiance to the American flag.

MINUTES:

Motion by Alderman Mears to approve the minutes of the regular meeting of December 17, 2002, as presented, seconded by Alderman Mace. Motion carried 7-0.

CORRESPONDENCE:

Kathy Simanton: Letter of December 16, 2002 requesting approval to proceed with the annexation process for less than the required amount of land.

CONSENT ITEMS:

- **Claims for the month of December 2002 in the amount of 330,060.98.**
A complete listing of the claims and their amounts is on file in the Clerk-Treasurer's Office.
- **Approval of Payroll Register for PPE 12/22/02 totaling \$110,995.35.**
- **Receiving the Committee Reports into the Record.**

--Budget/Finance Committee minutes of December 2, 2002 were presented.
- **Resolutions.**

Resolution No. R03-1: A resolution of the City of Laurel, Montana, confirming the entering into, execution and delivery of a Commitment Agreement with the Department of Natural Resources and Conservation regarding the sale and delivery of the City's \$2,980,000 Water System Revenue Bond (DNRC Drinking Water Revolving Loan Program), Series 2003.

Resolution No. R03-2: Resolution relating to financing of certain proposed projects; establishing compliance with reimbursement bond regulations under the Internal Revenue Code.

Resolution No. R03-3: A resolution establishing rates of reimbursement for travel expenses for business conducted by City of Laurel employees on behalf of the City of Laurel.

Resolution No. R03-4: Resolution regarding a Civil Legal Services Agreement.

Resolution No. R03-5: Resolution regarding a Prosecution Services Agreement.

Resolution No. R03-6: Resolution authorizing the Mayor to sign an extension to the contract with Laurel Carpet Cleaning & Upholstery for janitorial services at City Hall, City Court, the Library, the FAP building, and the City Shop.

Resolution No. R03-7: Terrorism Response Plan, City of Laurel.

Resolution No. R03-8: A resolution transferring certain Insurance Funds of the City of Laurel, Montana.

Resolution No. R03-9: Resolution regarding retention of Bond Counsel for Water System Revenue Bond.

The mayor asked if there was any separation of consent items.

Alderman Poehls separated items d.4) and d.5) from the consent agenda.

Alderman Olson separated item d.1) from the consent agenda.

Motion by Alderman Olson to approve the consent items as presented, seconded by Alderman Poehls. Motion carried 7-0.

REPORTS OF BOARDS AND COMMISSIONS: None.

COMMUNITY ANNOUNCEMENTS (ONE-MINUTE LIMIT): None.

SCHEDULED MATTERS:

- **Confirmation of Appointments.**

Mayor Johnson stated that there are two vacancies on the Board of Appeals and one vacancy on the Police Commission.

Yellowstone Historical Board

Mayor Johnson appointed Dr. Don Woerner to a two-year term ending December 31, 2004 on the Yellowstone Historical Board.

Motion by Alderman Easton to approve the appointment of Dr. Don Woerner to a two-year term ending December 31, 2004 on the Yellowstone Historical Board, seconded by Alderman Poehls. Motion carried 7-0.

- **Ordinance No. O02-46: Ordinance amending Chapter 10.20 of the Laurel Municipal Code relating to school zone.** Second reading.

Motion by Alderman Mace to adopt Ordinance No. O02-46, seconded by Alderman Mears. A roll call vote was taken on the motion. All seven aldermen present voted aye. Motion carried 7-0.

- **Request for approval to proceed with annexation process for less than required amount of land: Kathy Simanton.**

Motion by Alderman Poehls to approve the request from Kathy Simanton to proceed with the annexation process for less than the required amount of land, seconded by Alderman Olson. Motion carried 7-0.

ITEMS REMOVED FROM THE CONSENT AGENDA:

- **Resolution No. R03-1: A resolution of the City of Laurel, Montana, confirming the entering into, execution and delivery of a Commitment Agreement with the Department of Natural Resources and Conservation regarding the sale and delivery of the City's \$2,980,000 Water System Revenue Bond (DNRC Drinking Water Revolving Loan Program), Series 2003.**

Motion by Alderman Olson to approve Resolution No. R03-1, seconded by Alderman Van Roekel.

Mayor Johnson explained that the amount listed and the way it is stated in the resolution indicates that the loan could go up to \$2.98 million. The amount is different than the contract amount previously considered by the council because the auditor raised some questions regarding the process involving the disbursement of the grant funds. In the interest of being very proper, the commitment letter, which does not reflect any actual rate proposal, would reflect that we could actually size the loan up to \$2.9 million if necessary. The resolution was separated off the consent agenda to give this explanation.

Alderman Olson stated that the WRDA Grant is the amount about which the auditors are concerned. Some notice has been taken as to whether or not the city would be given that amount, and he thinks that the council must be aware of the situation. Alderman Olson stated that certainly it is our intent, or it is his intent, to do everything within our power to keep the WRDA Grant intact in granting this resolution to come before the council. Consequently, that would mean that the loan process would then be involved with the original \$2.5 million, as compared to the \$2.9 million. That is the intent of the resolution and that would be his intent as far as backing this resolution. It does allow for the monies to be used if something should happen to the WRDA Grant, but he does not foresee anything like that happening.

Alderman Easton asked regarding the time schedule.

Mayor Johnson stated that the resolution allows the original commitment to go up to \$2.9 million. The actual rate proposal that would be proposed is going to uphold the original \$2.5 million. The rate proposal information was distributed to the council. This is a letter of commitment, and the rate proposal will be based on the situation as it is now. If in fact something turns up, the city will have to consider that as a totally separate issue and go through the same process at that point in time. This was put on the agenda in order to make everyone aware of the status. If in fact it turns out that there is a problem that the auditor feels uncomfortable with that we are not able to resolve, we will have to go through this whole process.

Alderman Mace asked regarding time and when the council would know the difference between what we are looking at now and what Alderman Olson is talking about with the resolution. Mayor Johnson stated that it could be awhile, but he could not give a firm answer. We have to work through a process that would meet the auditor's approval, and he does not know what that timetable would be. Mayor Johnson had a conversation with the auditor, and he thinks that everything is fine.

Matt Erikson stated that the Federal government has already dispersed the grant funds. The steps that would be required by the Federal government to come and ask for that money back are very cumbersome and almost impossible. The funds were expended after July 1, 2002, which was after the end of the fiscal year. Because the auditors were doing a thorough job, they noticed it; however, they were only auditing last year's books. It will not be mentioned, even in subtext or any place, for another year on any audit. We are bringing it up now just because the auditors had some questions, and actually it is more questions than problems at this point.

Alderman Olson stated that, in his understanding, the proposed rate structure would not be valid to borrow the \$2.9 million because it would not generate the necessary monthly commitment.

Mayor Johnson stated that the reason for this being included in this resolution does not affect anything at this juncture. If in fact something transpires with that grant, the proposal that the council is going to be considering will probably already be in place and the city would have to go through another whole process. By the time we know the final disposition, the current proposed rate will probably be in place. We are not really changing anything with this other than making the council aware that the auditor raised a question. The basic premise of placing this on the agenda was so that no one could say that they were not aware or did not understand the situation. It will be in the minutes and everyone will be aware of what the situation might turn out to be.

Alderman Poehls stated that the 2003 proposed rate structure is based on the \$2.6 million of the original proposal. When this is in place, if we end up needing the \$2.9 million, we will have to readjust these rates to reflect that.

Alderman Easton asked how the auditor would mention this in the audit report. Mayor Johnson stated that it would come forward in the December 2003 audit, and it would not be mentioned in the audit completed in December 2002. This is to make it clearly known that the question was raised, and no one will be able to say that they were not aware of the situation. The situation was explained

to the State Revolving Fund to make sure that everyone is aware of the status. If we were to have to consider something in the future, the letter of commitment would recognize what was done.

A vote was taken on the motion to approve Resolution No. R03-1. Motion carried 6-1, with Alderman Easton voting nay.

- **Resolution No. R03-4: Resolution regarding a Civil Legal Services Agreement.**

Motion by Alderman Poehls to approve Resolution No. R03-4, seconded by Alderman Mears.

Motion by Alderman Poehls to table Resolution No. R03-4, seconded by Alderman Mears. Motion carried 6-1, with Alderman Olson voting nay.

- **Resolution No. R03-5: Resolution regarding a Prosecution Services Agreement.**

Motion by Alderman Mears to approve Resolution No. R03-5, seconded by Alderman Poehls.

Motion by Alderman Mears to table Resolution No. R03-5, seconded by Alderman Poehls. Motion carried 7-0.

AUDIENCE PARTICIPATION (THREE-MINUTE LIMIT): None.

Ira Eakin asked why he was at the meeting. He stated that Mayor Johnson asked him to attend the meeting, and now the motion is being tabled. Nobody called him, so he questioned why he was here. Mayor Johnson stated that he was in anticipation that the council would approve the resolution. Mayor Johnson apologized. Ira Eakin left the council chambers.

COUNCIL DISCUSSION:

- **Council Workshop – January 18th.**

Mayor Johnson stated that the council workshop is scheduled for Saturday, January 18th, at 8:00 a.m. The location of the workshop will be announced.

UNSCHEDULED MATTERS: None.

There being no further business to come before the council at this time, the meeting was adjourned at 6:50 p.m.

Cindy Allen, Secretary

Approved by the Mayor and passed by the City Council of the City of Laurel, Montana, this 21st day of January, 2003.

John E. Johnson, Jr., Mayor

Attest:

Mary K. Embleton, Clerk-Treasurer