

# MINUTES OF THE CITY COUNCIL OF LAUREL

May 19, 2004

A special meeting of the City Council of the City of Laurel, Montana, was held in the Council Chambers and called to order by Mayor Ken Olson at 5:30 p.m. on May 19, 2004.

COUNCIL MEMBERS PRESENT:        Dick Fritzler            Mark Mace  
   Kate Stevenson        John Oakes  
   Gay Easton  
   Jennifer Johnson

COUNCIL MEMBERS ABSENT:        Doug Poehls            Dan Dart

DEPARTMENT HEADS PRESENT:    Mary Embleton        Larry McCann  
   Peg Arnold            Jan Faught  
   Terry Ruff            Rick Musson  
   Jean Kerr

OTHERS PRESENT:                Nathan Tubergen      Scott Wilm  
   Jim Yellowtail

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

**PUBLIC INPUT:** None.

## **PRESENTATION OF THE 2004-2005 PROPOSED BUDGET:**

Nathan Tubergen's transmittal letter for the Proposed Budget for Fiscal Year 2004-2005, the 2004-2005 Proposed Budget, and the Preliminary Budget Summary were distributed to the council. Department heads received a copy of the transmittal letter. A copy of the transmittal letter and the Preliminary Budget Summary are attached to these council minutes as a part of the record.

Mayor Olson expressed his appreciation to the department heads for allowing Nathan Tubergen to review the budgets with them. He stated that the cooperation was very instrumental in preparation of the documentation and projects that will be presented tonight.

Nathan Tubergen thanked the department heads for their assistance in the budget process. He also thanked Mary Embleton and her staff for their help and support.

Nathan reviewed the transmittal letter at this meeting, and he asked the council to take time to review the budget book.

The transmittal letter provided an explanation of the following funds: General Fund; Comp Insurance, Health Insurance, and Public Employees' Retirement Fund; Planning Department; Local Government Study Commission; City Parking Fund; Lighting Districts 2 and 3; Street Maintenance District; Memorial Endowment Pool; Gas Tax Fund; 911 and E-911 Funds; HOME Grant; Debt Service; Capital Projects Fund; Water Fund; Sewer Fund; Solid Waste Fund; and Trust and Agency Fund.

### General Fund

Salaries and fringe benefits comprise approximately eighty to ninety percent (80 to 90%) of the General Fund. The proposed budget includes a three percent (3%) wage increase that was previously negotiated and approved by council. Since the health insurance premiums are unknown at this time, the maximum dollar amount has been budgeted.

Approximately \$200,000 will be used out of cash reserves next year for operation and maintenance expenses. Nathan explained cash reserves, which are generated when more income is received than is expended during the fiscal year.

Mayor Olson mentioned the cookie jar explanation that Ken Weaver uses. Cash reserves are what are left over to start business at the beginning of the next year. In order for the city to start business

this year, we had to take something out of the cookie jar before we even had a chance to start our business next year.

Nathan stated that the General Fund is mostly people. In order to generate more money into reserves in the General Fund, expenses have to be cut. Doing that would require having fewer employees. About fifty percent (50%) of the General Fund is usually for public safety in the police, fire, and ambulance departments, and that is the last place you want to make cuts. In order to increase reserves, more revenue has to be received.

#### Street Maintenance District

The revenues and expenditures for this department are almost equal. We have incorporated the current ½-cent per square foot to the proposed two cents per square foot into the proposed budget. That gives the capability of capital outlay money of \$335,303 that can be used for a major project from East First Street to Wyoming Avenue, including street, curb, gutter, sidewalk, water, and sewer. The portion for the street is \$980,000 for street, curb, and gutter, and the sidewalk would cost about \$259,000. Nathan has already worked out a loan with the State; if it is approved, the city can move forward with that project. Nathan estimates that the project will probably get started in March, as a lot of engineering is required.

Nathan considered how to do a small street project this year. If citizens do not see progress this year, they will probably complain when they see it on their tax bill in November. Nathan contacted the State regarding a loan. The City of Laurel can get a loan for \$980,000 for this project. He suggested that the city could borrow the money for this project and then replenish it with the money that is collected in December. Residents will see that progress has been made by the time they receive their next real estate tax statement. The \$980,000 would provide the means to do the project in 2005 and then also accumulate dollars. The May and December collections in 2005 could be put in the 2006 budget. Doing the loan now would enable the city to fund street projects for three years and show progress at the same time. Nathan received verbal approval from the State at good interest rates. The State of Montana recognizes that Laurel has some major problems with infrastructure. Nathan may be able to get a 2¾ percent interest rate and the highest would be four percent (4%).

#### Gas Tax Fund

Nathan expressed concern about this fund. As the gas prices rise, people are going to find different methods to get things done so they do not have to drive as much. As gas consumption goes down, revenues in the Gas Tax Fund will also decrease. The city is only allowed to pay twenty-five percent (25%) of the budget for capital, and the loan for the asphalt recycler is almost twenty-five percent (25%). The price of gas will have an impact on city departments and street projects.

#### 911 and E-911 Funds

The 911 Fund is used for dispatcher equipment, and the E-911 Fund will be used to provide caller ID capability. The State will hold the funds until the city's plan is review and approved.

#### HOME Grant

HOME Grant revenues are \$250,000 and expenditures are \$310,000, leaving \$60,000 for the city's contribution. The \$60,000 is not included in the budget. Direct contribution and in kind match are the two sources that can be used for the city's share. The City of Laurel is asking the State to review the funding.

#### Water Fund

There was discussion regarding the Water Fund reserves. Revenues for the Water Fund include the six percent rate increase previously approved by the city council. \$310,000 of the capital outlay is to be transferred to the Capital Improvement Program for the Water Fund's share of the major project. Approximately thirty percent (30%) of revenues goes toward debt service.

#### Sewer Fund

We are requesting the city council to consider approval of a six percent (6%) rate increase to go into effect in January 2005. The rate increase would help provide the funding needs for the operation, maintenance, and capital needs of the sewer system.

#### Solid Waste Fund

We are recommending adjusting the charges for commercial users in order to reflect the actual usage by each business in the commercial district. The proposal is for a twenty percent (20%) increase for businesses that have one container and a twenty-five percent (25%) increase for businesses with two

or more containers. Charges will be based on usage. Nathan recommended that staff members contact the business owners individually regarding the proposed adjustment.

Nathan presented a recap of the major capital equipment requests and projects that are proposed in the budget. (See attached transmittal letter.)

Nathan summarized the proposed increases in rates and charges for Light Districts 2 and 3, the Street Maintenance District, the six percent (6%) water rate increase, the six percent (6%) sewer rate increase, and the possible slight adjustment to the mill levy once the mill value is received from the Department of Revenue.

Mayor Olson asked Mary Embleton to explain the format of the budget books to the council.

Nathan Tubergen will attend the Council Workshop on May 25<sup>th</sup> to answer any questions regarding the proposed budget.

**ADJOURNMENT:**

Motion by Alderman Mace to adjourn the council meeting, seconded by Alderman Oakes. Motion carried 6-0.

There being no further business to come before the council at this time, the meeting was adjourned at 6:51 p.m.

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Cindy Allen, Secretary

Approved by the Mayor and passed by the City Council of the City of Laurel, Montana, this 1<sup>st</sup> day of June, 2004.

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Kenneth E. Olson, Jr., Mayor

Attest:

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Mary K. Embleton, Clerk-Treasurer