

Mayor Olson stated that the ordinance designates the Public Works Department's responsibility to take photographs of historic buildings prior to demolition.

Mayor Olson opened the public hearing and read the rules governing the public hearing.

Mayor Olson asked three times if there were any proponents. There were none.

Mayor Olson asked three times if there were any opponents. There were none.

Mayor Olson closed the public hearing.

- **Ordinance No. O08-05: Ordinance amending Section 17.56.030 of the Laurel Municipal Code to clarify when a damaged non-conforming use residential structure can be rebuilt.** (First reading – 05/06/2008)

Mayor Olson asked City Planner James Caniglia to present the issue to the council.

James stated that the change clears up language in Chapter 17.56.030 regarding destroyed, non-conforming buildings which are residences. The old language states that the building could only be rebuilt if it would decrease the number of living units or population density if a home is destroyed. The change states that a single or two-family dwelling unit can be rebuilt on the same footprint. However, if it is located on an arterial street, setbacks would need to be followed. The old language basically decreases the population in the city and the new language allows it to stay the same. If there are three units and only has square footage for two, then it must go down to two. The ordinance change only applies to one and two-family dwellings.

Mayor Olson opened the public hearing and read the rules governing the public hearing.

Mayor Olson asked three times if there were any proponents. There were none.

Mayor Olson asked three times if there were any opponents. There were none.

Mayor Olson closed the public hearing.

CONSENT ITEMS:

- **Claims for the month of May 2008 in the amount of \$184,917.15.**
A complete listing of the claims and their amounts is on file in the Clerk-Treasurer's Office.
- **Approval of Payroll Register for PPE 05/18/2008 totaling \$137,911.14.**
- **Receiving the Committee Reports into the Record.**
 - Budget/Finance Committee minutes of May 20, 2008 were presented.
 - Council Workshop minutes of May 27, 2008 were presented.
 - Library Board minutes of January 8, 2008 were presented.
 - Library Board minutes of February 12, 2008 were presented.
 - Library Board minutes of March 11, 2008 were presented.
 - Library Board minutes of April 8, 2008 were presented.
 - Laurel Airport Authority minutes of April 22, 2008 were presented.

The mayor asked if there was any separation of consent items. There was none.

Motion by Council Member Mace to approve the consent items as presented, seconded by Council Member Poehls. There was no public comment or council discussion. A vote was taken on the motion. All six council members present voted aye. Motion carried 6-0.



CEREMONIAL CALENDAR: None.

REPORTS OF BOARDS AND COMMISSIONS: None.

AUDIENCE PARTICIPATION (THREE-MINUTE LIMIT): None.

SCHEDULED MATTERS:

- **Confirmation of Appointments.**

Laurel Volunteer Ambulance Crew Member:

Mayor Olson appointed Alyssa Francis as a Laurel Volunteer Ambulance Crew Member.

Motion by Council Member Poehls to approve the Mayor's appointment of Alyssa Francis as a Laurel Volunteer Ambulance Crew Member, seconded by Council Member Hart. There was no public comment or council discussion. A vote was taken on the motion. All six council members present voted aye. Motion carried 6-0.

HOME Program Citizen Advisory and Loan Review Board:

Mayor Olson appointed Jared Kaiser and Bill Sheridan to the HOME Program Citizen Advisory and Loan Review Board.

Motion by Council Member Hart to approve the Mayor's appointments of Jared Kaiser and Bill Sheridan to the HOME Program Citizen Advisory and Loan Review Board, seconded by Council Member Mace. There was no public comment or council discussion. A vote was taken on the motion. All six council members present voted aye. Motion carried 6-0.

Mayor Olson thanked Bill Sheridan for volunteering to be on the Board.

Insurance and Benefit Committee:

Mayor Olson appointed Mark Guy and H. P. Nuernberger to the Insurance and Benefit Committee.

Motion by Council Member Easton to approve the appointments of Mark Guy and H. P. Nuernberger to the Insurance and Benefit Committee, seconded by Council Member Hart. There was no public comment or council discussion. A vote was taken on the motion. All six council members present voted aye. Motion carried 6-0.

- **Ordinance No. O08-06: Ordinance deleting a section of the "Laurel Vehicles and Traffic Ordinance" located at Chapter 10 of the Laurel Municipal Code.** First reading.

Motion by Council Member Stamper to adopt Ordinance No. O08-06, seconded by Council Member Mace. There was no public comment or council discussion. A roll call vote was taken on the motion. All six council members present voted aye. Motion carried 6-0.

The public hearing of Ordinance No. O08-06 will be on the July 1st council agenda.

- **Ordinance No. O08-07: An ordinance of the City of Laurel, to repeal Chapter 15.50 of the Laurel Municipal Code and to replace it with new Chapter 15.50 that provides for the City's adoption of the 2006 Edition of the International Fire Code and certain amendments.** First reading.

Motion by Council Member Wilkins to adopt Ordinance No. O08-07, seconded by Council Member Stamper. There was no public comment or council discussion. A roll call vote was taken on the motion. All six council members present voted aye. Motion carried 6-0.

The public hearing of Ordinance No. O08-07 will be on the July 1st council agenda.

- **Resolution No. R08-50: A resolution amending Resolution No. R02-38 revising the EMT-B Course Reimbursement Policy for the Laurel Volunteer Ambulance Services Attendants.**

Motion by Council Member Stamper to approve Resolution No. R08-50, seconded by Council Member Poehls. There was no public comment or council discussion. A vote was taken on the motion. All six council members present voted aye. Motion carried 6-0.

- **Resolution No. R08-51: A resolution approving a small construction contract between the City of Laurel and Concrete R Us providing for concrete patchwork at the Laurel Fire, Ambulance and Police (FAP) Building.**

Motion by Council Member Mace to approve Resolution No. R08-51, seconded by Council Member Stamper. There was no public comment or council discussion. A vote was taken on the motion. All six council members present voted aye. Motion carried 6-0.

- **Resolution No. R08-52: A resolution by the City Council supporting the application for the City of Laurel to be designated as a Preserve America Community.**

Motion by Council Member Poehls to approve Resolution No. R08-52, seconded by Council Member Mace. There was no public comment or council discussion. A vote was taken on the motion. All six council members present voted aye. Motion carried 6-0.

- **Resolution No. R08-53: A resolution approving the MMIA Employee Benefits Program, a self-funded Group Health Plan.**

Motion by Council Member Hart to approve Resolution No. R08-53, seconded by Council Member Mace. There was no public comment or council discussion. A vote was taken on the motion. All six council members present voted aye. Motion carried 6-0.

- **Resolution No. R08-54: A resolution approving a small construction contract between the City of Laurel and Rosebud Engineering providing for control upgrades at the City of Laurel's Wastewater Treatment Plant.**

Motion by Council Member Easton to approve Resolution No. R08-54, seconded by Council Member Hart. There was no public comment or council discussion. A vote was taken on the motion. All six council members present voted aye. Motion carried 6-0.

- **Resolution No. R08-55: A resolution approving a small construction contract between the City of Laurel and Stevens Brothers Mechanical providing for piping repairs at the City of Laurel's Wastewater Treatment Plant.**

Motion by Council Member Stamper to approve Resolution No. R08-55, seconded by Council Member Poehls. There was no public comment or council discussion. A vote was taken on the motion. All six council members present voted aye. Motion carried 6-0.

- **Resolution No. R08-56: A resolution approving a small construction contract between the City of Laurel and Liquid Engineering providing for cleaning and inspection of the City of Laurel's water reservoir.**

Motion by Council Member Wilkins to approve Resolution No. R08-56, seconded by Council Member Stamper. There was no public comment or council discussion. A vote was taken on the motion. All six council members present voted aye. Motion carried 6-0.

- **Resolution No. R08-57: A resolution approving a Construction Agreement between the City of Laurel and the State of Montana acting by and through the Department of Transportation for the Federal Aid Project No. HSIP-STPP; UPN 5186, Laurel Northeast and 2002 Turn Lane.**

Motion by Council Member Stamper to approve Resolution No. R08-57, seconded by Council Member Mace. There was no public comment or council discussion. A vote was taken on the motion. All six council members present voted aye. Motion carried 6-0.

- **Resolution No. R08-58: Resolution of the City Council to create a position called the Chief Administrative Officer (CAO) for the City of Laurel, to adopt a job description**

and approve the Mayor's delegated duties and supervisory authority contained in the job description.

Motion by Council Member Mace to approve Resolution No. R08-58, seconded by Council Member Hart. There was no public comment.

Council Member Poehls complimented Mayor Olson on the work done on the job description. He saw several drafts of the job description prior to the final document before the council tonight. Council Member Poehls stated that it took an enormous amount of time to go through it line by line and work it out for the citizens of Laurel.

Mayor Olson thanked Council Member Poehls and stated that it is emblematic of the City of Laurel's staff.

A vote was taken on the motion to approve Resolution No. R08-58. All six council members present voted aye. Motion carried 6-0.

Mayor Olson removed item 10. m. from the council agenda at this time.

- **Storm water project on First Avenue South**

Mayor Olson asked Public Works Director Bill Sheridan to speak regarding this item.

Bill spoke regarding the storm water project on First Avenue South. Maps indicating the area for the storm water collection and disposal system project were distributed to the council. Curb, gutter, and sidewalks in areas on First Avenue South also need to be installed. Bill has tried to contact many of the property owners in this area. The green areas of the second map indicated that he was not able to make contact with the property owner or that the individuals expressed that this would be a great improvement but that the timing and economy were not good for them. The effort was to propose and create a special improvement district to make the improvements. Bill made repeated unsuccessful attempts to contact two of the property owners.

The city has met with the engineering firm, Great West, as to how to go forward with the project. It is important to find the financing for the storm water program on First Avenue South and Southeast 4th and allow for the collection of storm water in those areas. In addition, the city would like to improve some sidewalk, curb, and gutter and the sanitary sewer line needs to be replaced on First Avenue South. Bill stated that this is a very important project. He introduced Chad Hanson from Great West to present more information and stated that the city clerk would provide advice regarding finances of the project.

Chad Hanson distributed information to the council. He stated that the Storm Water PER reviewed the city's storm water system. The project on South First Avenue and down Southeast 4th connecting to the existing storm sewer was proposed in the PER recommendation. Tonight the council passed a resolution for the MDT Project Laurel Northeast and 2002 Turn Lane project. This project includes milling and overlaying South First Avenue from the interstate, through the underpass, and east down Main Street to the next interchange plus a turn lane at Yard Office Road. The storm water project became urgent because the city would like to get it in South First Avenue ahead of the MDT project instead of tearing up new pavement. The city has visited with some landowners. The original intent was to use a special improvements district to finance the project, but support has been lackluster. Chad stated that there is concern about protest of the proposed SID. He explained that an SID requires roughly two months to create the actual district, including a protest period. If 51 percent of the landowners protest, the SID cannot be formed. City personnel have received mixed responses when visiting with landowners in the area. Bonds are sold once bids are received for construction, which takes approximately two months. In order to construct the improvements this fall, the City would need to front the costs until the bonds were sold. The goal is to have the plans done by the end of June, start bidding in July, award the contract in the first couple weeks of August, and begin construction the first couple weeks of September. That is the only way it can be done in this construction season in advance of the MDT project that will start next spring.

The next thing considered was an SID with a State Revolving Fund loan instead of traditional bonds. An SRF loan offers a slightly better interest rate than bonds, typically 3.75 percent for the loan versus 4 percent to 6 percent for the bonds. To have everything in place to make a draw at the end of September (assuming construction begins roughly the first of September), the SRF application

must be submitted by June 15, 2008. The mechanism to repay the loan must also be in place before the first draw, whether it is an SID, TIF District funds, or another source. SRF requires that a reserve fund equaling 25 percent of the loan payment be collected and maintained during the life of the loan. The money would be the City's at the end of the loan period but would increase the annual payments significantly.

Chad stated that Mary Embleton proposed an alternative funding approach. The City could finance the construction from reserves and set up a repayment plan with TIF District funds. This option has several benefits. First, the funds are already available, eliminating concerns over time constraints. Second, the interest rate required on a SRF loan is slightly higher than the return the City is realizing on short-term investments at the present time. Third, the administration required would be significantly less than creating an SID or assuming a SRF loan. Fourth, the City would not be required to collect the 25 percent reserve fund, which would lower the annual payments significantly.

Chad explained the table of the cost estimates for the project. A section of sanitary sewer has to be replaced as it is imminently failing. The money for main line replacement is a line item in the Sewer Fund. The 2 percent fee for the Funding Assistance and SID Formation would be reduced. Bond counsel would not be needed since bonds would not be sold, which saves about \$8,000. Capital costs would drop to about \$1.25 million for the project. Using the 3.75 percent interest rate that SRF would charge and a 15-year term, the annual payment would be \$110,664. With the SRF requirements, it was about \$142,000 annually. This would be pretty straight forward for the clerk's bookkeeping. Interest rates and terms are totally arbitrary, and the council would make those decisions.

With the council's approval, Great West will prepare a formal resolution. Chad stated that the TIF District is not yet fully complete and a committee needs to be formed. The committee will present recommendations to the council and the council makes the final decisions. Chad's recommendation would be to prepare a resolution stating that the project would be the top priority for the TIF District when it is fully formed. This would provide enough justification as the process goes forward. Chad stated that Great West will present an amendment to lower engineering costs for this task order once the TIFD is finalized. Engineering for the project was started a couple weeks ago in order to have it completed by the end of June. TIFD monies could be used to pay the city back but SID monies could not be used.

Council Member Poehls stated that the property owners need to participate in the costs of the project. An SID was formed for the curb, gutter, and sidewalk project on East First Street.

Chad explained that the city has money for sidewalks in the Community Transportation Enhancement Program through MDT. With the new road and the storm sewer, it will not work very well without the curb and sidewalk on the west side of South First Avenue. It is also needed for the pedestrian network. Chad is preparing a cost estimate, and the direction was to do the same thing done on East First Street. CTEP funds will be used and then a small SID will be formed to provide the city's match. Then that will start a precedent for an SID for the Third to Eighth Street improvements. Chad stated that the final project included storm sewer in Washington Avenue and a mill and overlay of Southeast Fourth and Washington Avenue. Those have both been pulled out of the project at this time. The landowners will probably have an SID down the road for those road improvements. At that point, the city can say that they got their share of the TIFD money for the storm sewer project and need to pay for the street improvements. We are trying to find creative ways to make sure the storm water project is done ahead of the MDT project because it will be better for the community in the long run.

There was discussion regarding the property owners' participation in the street project. The State of Montana will do the South First Avenue project next spring. Council Member Poehls stated that the South First Avenue property owners have access to the surrounding streets and should encumber some of the cost to resurface the streets, especially since they do not have to pay for the South First Avenue project.

Mayor Olson mentioned the East First Street project and the First Avenue North project done a few years ago. The First Avenue North project was also done through MDT funding.

Chad stated that, if the State will fix and pay for the road, the city cannot say no. If the State requires the city to put in specific improvements, such as on Third to Eighth, that is where an SID would be needed.

Council Member Mace stated that the curb, gutter, and sidewalk project on the west side of South First Avenue would isolate the parking lots from the street.

Chad stated that it would not isolate them. City ordinance allows a maximum of 24-foot wide approaches, and Kurt and Bill will need to find out where the landowners want the access.

There was further discussion regarding how the private lots would hook to the storm drain. Chad stated that some of the parking lots drain to the street, some parking lots will need to have drains installed, and stub could be put into the design. As with sewer and water service, the property owners would pay the cost to connect to the system.

Council Member Stamper stated that the property owners eventually need to participate without the burden being put on all the residents of the City of Laurel. He asked if the SID could not be formed if 51 percent of the landowners protest or if it is based on square footages.

Chad would need to look up the exact numbers. With a road maintenance district, which is very similar, if 50 percent of the landowners by cost of the project protest, if 50 percent of the landowners by number protest, or if 50 percent by square footage protest, the SID cannot be formed. Any of the three could stop an SID, and there are not very many landowners there. The City of Billings has passed resolutions to force an SID, but it is not a very popular thing.

Council Member Hart stated appreciation for the work and the creative problem solving done on this issue. She stated the importance of not cutting into the road once MDT completes the project.

Chad stated that Marry has done some research and is conservatively estimating that the TIFD will generate \$250,000 plus annually. So even though the city is looking at taking \$110,000 of it, it should still leave plenty for other projects. There are a lot of projects on the list and the council will try to prioritize those.

Council Member Mace stated that there are businesses in this area, one of which is on the west side, where the owners have never had to do any improvements. If someone builds a house in any residential area, they have to do the improvements. He stated that the businesses are expecting the TIFD to bail them out of every issue. He thinks the city will have to require them to install the improvements the first time. Then if the city wants to change something, the city will talk about subsidizing it. It is a lot to ask for the city to come up with everything when the TIFD is supposed to do some other things. He stated that everybody thinks this is the answer to everything and it is not.

Chad stated that the TIF District includes this area. At this point, it is justifiable to say that those business owners got their share and will have to finance an SID for the road repairs. The city will look at using CTEP funds for the sidewalk project. The city has approximately \$220,000 in CTEP funds now, and MDT does not like a city to have more than \$100,000 available. The East First Street project set a precedent for using CTEP funds for a sidewalk project. The city has to come up with 15 percent match. The proposed SID would be minimal at 15 percent of the project. It will be a huge improvement for the area, which is the main entryway into Laurel. Some future beautification plans, nice sidewalks, a defined parking lane, and help with the drainage issues will be huge improvements.

Chad stated that Great West is working on the estimate for the curb, gutter, and sidewalk project. It takes about four months to get a project approved and programmed by CTEP. It might get done quicker if CTEP knows about the MDT project. Design cannot start until the project is programmed. MDT's project includes a lot of the turn lane, curb and gutter and flatwork on the south end of town. The city's curb, gutter and sidewalk project could be scheduled simultaneously next spring so contractors will bid on both projects and the city could get good prices. Chad stated that, if the storm water project is delayed until next spring, flowable fill comes into play and the trenches have to be filled with a light concrete, which would add about \$275,000 to the project. Chad really wants the storm water project done before winter.

Council Member Hart agreed with Council Member Mace's comment. The city does not allow a city property owner the option of choosing whether to install curb, gutter and sidewalk. This has to be done through an SID and the city has given them a choice. It gripes her that they have a choice whether or not to do it. It will be a lower amount because those property owners will have advantages that other places and new businesses would not have. It would be nice if the city could not give that option.

Chad stated that it would be great if the city could tell the property owners how it was going to happen. But he guaranteed that, if someone did \$100,000 worth of improvements at his house, he would write them a \$15,000 check. He thinks this will be an easy sell and the business owners will immediately see the benefit and know it will help them. He thinks business owners would be totally for it, and an SID would add only a couple hundred dollars a year to a property tax statement. It would be a minimal increase over a traditional 20-year span.

Mayor Olson stated that topic would be on the next workshop agenda for the council's consideration of some type of official obligation by the council to support at the next council meeting.

Mary Embleton explained some preliminary investigation on the TIFD, borrowing the money from ourselves, and what kind of interest rates the city could charge itself. Mary stated that the city has cash available to fund this project, so it made sense to make this recommendation. With the interest rates that investments are earning now, it does not make sense to borrow money at a higher rate than what the city's money is earning. Mary ran some scenarios for the money at 2 and 3 percent interest rates. A 3 percent loan over ten years would be \$146,000; a 3 percent loan over fifteen years would be \$104,900; a 2 percent loan at 10 years would be \$139,400; and a 2 percent loan at 15 years would be \$97,400. There are some options available. She again stated the \$250,000 estimate that she originally stated for the TIFD revenues, which will change. She met with the Department of Revenue this week and they are working very hard to identify the figure, which has to be done by the first Monday in August. STIP is currently paying about 2.6 percent interest rate, so the city would not lose money if it paid itself back at 3 percent.

Mayor Olson commented on how the city got to this point and the problem solving that took place. He expressed appreciation to Mary, Bill, and Chad for their endeavors to make sure this was done in the best way for the City of Laurel.

Chad stated that Great West will have the actual bid numbers for the project about the same time the city receives the final numbers from the TIFD in the first week of August. At this point, a resolution is needed to commit this as the top TIF District priority.

ITEMS REMOVED FROM THE CONSENT AGENDA: None.

COMMUNITY ANNOUNCEMENTS (ONE-MINUTE LIMIT): None.

COUNCIL DISCUSSION:

- Review of Monthly Reports: Police, Fire, Ambulance, and Code Enforcement: None.

Council Member Poehls reported on the recent Emergency Services Committee meeting. There was a lively discussion on the fire district contract they have been negotiating with Cenex for their administrative buildings and any "entry" building the department would have to enter in a fire. Most of it is on the east side of the road but there are some on the west side of the road, which Cenex will identify for the city. Sam is reviewing the contract. Council Member Poehls stated that the committee is also looking at a mutual aid agreement with Cenex.

Mayor Olson thanked Council Member Poehls and the Emergency Services Committee for the work on the agreement.

Mayor Olson stated that he removed an item from tonight's agenda that would have created the mechanism for the remodel in the ambulance department. There is currently discussion with another contractor. By state statute, the mayor can authorize the contract without council approval. Under city policy, council approval is needed. If it comes to the point where the work can get done quicker before the council meets in two weeks, he will authorize that and inform the council at the most opportune time that the action would be going forward. The contract that will be signed and authorized will have all of the necessary preventive measures that any contract would have.

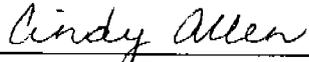
UNSCHEDULED MATTERS: None.



ADJOURNMENT:

Motion by Council Member Hart to adjourn the council meeting, seconded by Council Member Poehls. There was no public comment or council discussion. A vote was taken on the motion. All six council members present voted aye. Motion carried 6-0.

There being no further business to come before the council at this time, the meeting was adjourned at 7:38 p.m.



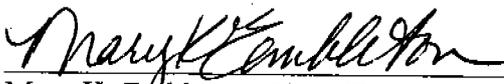
Cindy Allen, Secretary

Approved by the Mayor and passed by the City Council of the City of Laurel, Montana, this 17th day of June, 2008.



Kenneth E. Olson, Jr., Mayor

Attest:



Mary K. Embleton, Clerk-Treasurer