

- **Confirmation of Appointments.**

Public Works Director:

Mayor Olson appointed Kurt Markegard as the Public Works Director for the City of Laurel.

Motion by Council Member Easton to approve the appointment of Kurt Markegard as the Public Works Director for the City of Laurel, seconded by Council Member Dickerson. 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 welcomed Kurt Markegard as the Public Works Director and stated that his services will be of value to the city.

Yellowstone Soil Conservation District:

Mayor Olson reappointed Gay Easton to the Yellowstone Soil Conservation District for a three-year term ending June 30, 2011.

Motion by Council Member Hart to approve the reappointment of Gay Easton to the Yellowstone Soil Conservation District for a three-year term ending June 30, 2011, seconded by Council Member Dickerson. 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.

- **Johnson Controls: Performance Contract M&V and Annual Billings Analysis Reports**

Craig Wright, Performance Assurance Lead Engineer, introduced Nick Broussard, Performance Assurance Engineer, who will replace him in the duties to monitor the city's energy savings for the next two years and perform the utility reporting services. Nick will be recording with Kelly Rhoads and Mary Embleton. Craig stated that the purpose of the presentation is to convey the last year's performance of energy conservation measures that Johnson Controls implemented concluding on June 16, 2007 and how the measures are performing today.

Craig gave a PowerPoint presentation, a copy of which is attached to the original council minutes. The City of Laurel contracted with Johnson Controls to guarantee \$916,425 in project benefits over twelve years through the implementation of a variety of conservation measures, as well as the automatic meter reading system that is used throughout the city. The energy conservation measures consisted of primarily heating ventilation and air conditioning improvements by efficient heating and cooling controllability and energy efficient equipment upgrades. Lighting and lighting control upgrades were implemented, such that lights shut off when spaces were unoccupied and more energy efficient lighting is utilized. Building envelope leakage reductions were also implemented. Some of the additional guaranteed benefits are derived through agreed upon operations and maintenance savings, which results from reductions in retrofitting lights and preventative maintenance that would have been needed. Craig pointed out that primarily two-thirds of the overall project benefits comprising the \$916,425 are through the accuracy improvements in the new water meters that now read automatically.

Craig presented the year one inspection results which were performed and identified as to whether the improvements implemented a year ago still have the potential to produce savings. He highlighted the discrepancies discovered between last year at this time and this year. Some aspects concerning motion sensors not functioning properly at the city maintenance shop were identified. Some occupancy sensors that control lights in the Wastewater Treatment Plant were also identified as being removed. He stated that the ability to achieve savings on those three items is compromised and they should be replaced if the savings is to be reviewed. Programmable thermostats were also evaluated, and discrepancies were discovered. One programmable thermostat in the city council chambers was suggested as not functioning properly. It was discovered that it was in a cooling mode. Since it is only a heating thermostat, the setting was changed and the occupancy hours were adjusted. He believes that the changes on the thermostat will correct matters encountered over the last winter, but it will need to be checked when the heating system is started. The city hall thermostat that controls the rooftop second floor air handler was replaced with another programmable thermostat, which presumably performs the same functions but personnel needs to be aware of it.

Regarding the overall year-end performance of the new water meters, it was recognized that, on average of the 2,600 meters that were installed as part of this performance contract, 109,771 gallons were measured through each meter, as compared to 107,998 gallons. That is roughly a 1.6 percent increase of recordable consumption.

Craig showed a graph that was broken out by customer type, including the small, medium, and heavy commercial users up to those users that have two-inch meters. The larger meters were not replaced as part of the performance contract. They scrutinized the increase in consumption that was expected as a result of the meters that were replaced. The checkered bars in each category indicate the contribution that each meter type had toward the 1.6 percent increase in overall meter use throughout the year. The graph conveyed that the commercial 1½-inch meters contributed the most toward the 1.6 percent increase overall, followed by the residential ¾-inch meters, which constitutes about 95 percent of the city's meters. Johnson Controls hoped those meters would have a significant contribution toward the overall increase, followed by the commercial 1-inch meters. If the commercial ¾-inch, commercial 2-inch, and residential 1-inch meters had demonstrated increased consumption last year compared to the base year, which was 2005-2006, it would have been possible to recognize an even higher increase than the 1.6 percent conveyed. Craig stated that this information is conveyed on a quarterly basis to Mary Embleton and Kelly Rhoads. They work through utility bill discrepancies, drastic increases, and drastic decreases that are unusual on a month-to-month basis. They also look at rate codes that might be applied incorrectly. Last November, a \$30,000 discrepancy was found in water that was unbilled to the city's largest customer. The discrepancy was corrected. Craig stated that was a great highlight of the services Johnson Controls provides.

There was a brief discussion regarding the guaranteed project benefits and the actual \$71,032 year one guarantee. Craig stated that the savings that will be validated this year and every year hereafter in regards to the performance contract and toward the total \$916,425 guaranteed has already been deemed achieved. The reason is that the methodology agreed upon between Johnson Controls and the city was one that was very limited in the amount of rigor involved to validate that. That should never change but hopefully there will be better results, such as the \$30,000 misapplied bill.

Mayor Olson thanked Craig for his informative presentation.

- **Resolution No. R08-92: Resolution to vacate a portion of Maple Avenue, a certain platted street right-of-way located within the City of Laurel.**

Motion by Council Member Poehls to approve Resolution No. R08-92, 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. R08-93: Resolution authorizing the Mayor to sign an agreement to provide health services with St. Vincent Healthcare of Billings, Montana.**

Motion by Council Member Dickerson to approve Resolution No. R08-93, 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. R08-94: A resolution rescinding Resolution No. R07-21 approving Task Order No. 13 authorizing Morrison-Maierle, Inc. to provide MPDES Discharge Permit renewal assistance to the City for its Wastewater Treatment Plant.**

Motion by Council Member Hart to approve Resolution No. R08-94, seconded by Council Member Eaton. 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. R08-95: Resolution selecting COP Construction LLC for the completion of the South Laurel Storm Water and Sanitary Sewer Improvements Project and to authorize the Mayor to sign a contract for completion of such project.**

Motion by Council Member Stamper to approve Resolution No. R08-95, seconded by Council Member Dickerson. 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.

At Mayor Olson's request, Bill Sheridan gave an update on the time frame for the project. Bill stated that COP Construction was one of three and their bid was for \$1,300,000, which is more than the engineer's estimate. COP Construction does an excellent job and has worked with the city on a regular basis on a variety of projects. The project must be completed by the first part of December, so COP needs to start the project next month. COP Construction expects to have two full-time crews, a night crew and a day crew. The project is in a very busy area and businesses will be interrupted, but the work needs to be done and will open up even more development on the south side of Laurel. Bill is hopeful that all of the timelines will be met. He stated that this will start the process of paving on South First Avenue and eventually through an SID paving on Southeast 4th, which is very necessary for the commercial development of the city. Bill explained that the project has to be done by early December because there is a need for a number of months in which the compaction and the backfill of both storm water and sanitary sewer trenches need to be put in place before any pavement will be done by the State Department of Transportation. Next spring, the Department of Transportation will pave the street and make curb, gutter and sidewalk improvements. Bill stated that this is a positive step forward that will make a difference for the community.

Mayor Olson stated that council members should be aware that the closing of the street from the second week of September through the beginning of December will cause concern for the businesses and the residents who use that route going in and out of the city. During the East First Street project, the city asked residents to have patience as the project was done in a timely fashion. He hopes that the community will also accept this challenge and maintain patience during this project.

Council Member Dickerson stated that it had previously been explained that the project would be done in sections.

- **Resolution No. R08-96: A resolution of the City Council submitting to the qualified electors of the City of Laurel, Montana, a ballot issue requesting voter approval to levy approximately 49.22 additional mills to raise property tax revenue in an amount of \$325,000 per year for the next twenty years for the purpose of designing and constructing a new fire hall for the City of Laurel.**

Motion by Council Member Poehls to approve Resolution No. R08-96, 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.

ITEMS REMOVED FROM THE CONSENT AGENDA: None.

COMMUNITY ANNOUNCEMENTS (ONE-MINUTE LIMIT): None.

COUNCIL DISCUSSION:

Council Member Eaton stated that the Yellowstone County Historic Preservation Board would meet on September 16th at 8:00 a.m. on the fourth floor of the Billings Parnly Library. The Board met today at the Pictograph Caves, which was a nice setting for this time of the year.

Council Member Eaton stated that she attended the Montana History Initiative in Helena last May. The tourism districts were formed, and the Custer County Tourism area group will have a training session on November 7th and 8th in Forsyth. She will provide some material for that meeting.

Council Member Eaton stated that the local artist that designed the proposed sign for Riverside Park has redesigned the sign. Council Member Eaton asked if a presentation could be made at the August 26th council workshop. The item will be on the agenda.

Council Member Stamper has received the next rendering of the Cemetery Master Plan. He stated that a Cemetery Commission meeting will be scheduled to review the plan. At that meeting, the Cemetery Commission will discuss speeding up the process to get the plan finished for the city's veterans' section.

Council Member Dickerson stated that the Centennial Committee met last week and agreed to contribute funding for the sign in Riverside Park.

Council Member Dickerson asked that an update regarding the status of the right hand only turn lane on First Avenue South off the interstate be added to the August 26th council workshop agenda.

Council Member Poehls stated that he received a comment from Cenex about the fire district contract the day after the council approved the contract. Cenex and their attorneys want the three words included in the contract that were removed from the contract prior to council approval. The verbiage does not affect the contract. Council Member Poehls stated that this will be on the next council agenda as an amended motion.

Council Member Poehls stated that the Emergency Services Committee will meet on Monday, August 26th, to discuss the mutual aid contract with Cenex and to review the dog ordinance.

Mayor Olson thanked the department heads for their work during the centennial celebration. He expressed appreciation to Bill and Kurt for attending the planning meetings and for their service during the events. He asked Bill to pass on his appreciation to the city staff.

UNSCHEDULED MATTERS:

Mayor Olson stated that Council Member Wilkins submitted a letter requesting permission to be out of the city for an extended period of time while serving with the National Guard.

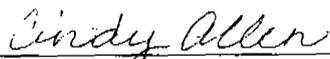
Motion by Council Member Dickerson to allow Council Member Wilkins an extended absence from the Laurel City Council, seconded by Council Member Poehls. There was no public comment or council discussion. A vote was taken on the motion. All six council members present voted aye. Motion carried 6-0.

Bill Sheridan stated that the leak detection system company found six leaking water pipes. This information will allow the city to proceed with street improvements.

ADJOURNMENT:

Motion by Council Member Stamper to adjourn the council meeting, seconded by Council Member Dickerson. 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.

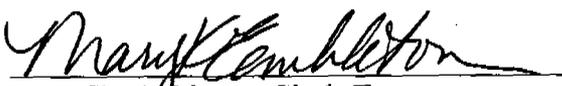
There being no further business to come before the council at this time, the meeting was adjourned at 7:14 p.m.


Cindy Allen, Secretary

Approved by the Mayor and passed by the City Council of the City of Laurel, Montana, this 2nd day of September, 2008.

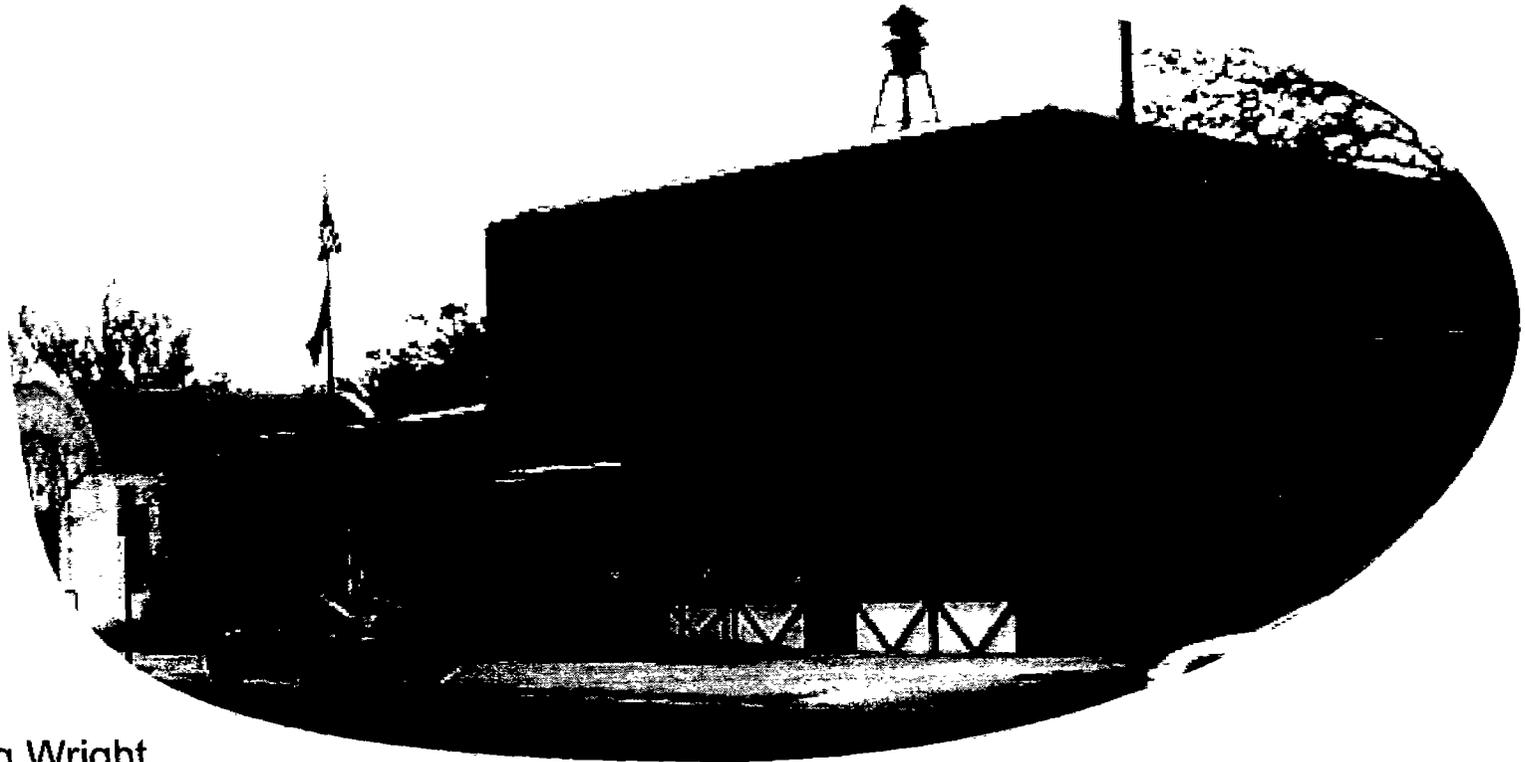

Kenneth E. Olson, Jr., Mayor

Attest:


Mary K. Embleton, Clerk-Treasurer

August 19, 2007

City Of Laurel Performance Contract Results Overview



Craig Wright
Performance Assurance Lead Engineer
&
Nick Broussard
Performance Assurance Engineer
Littleton, Colorado



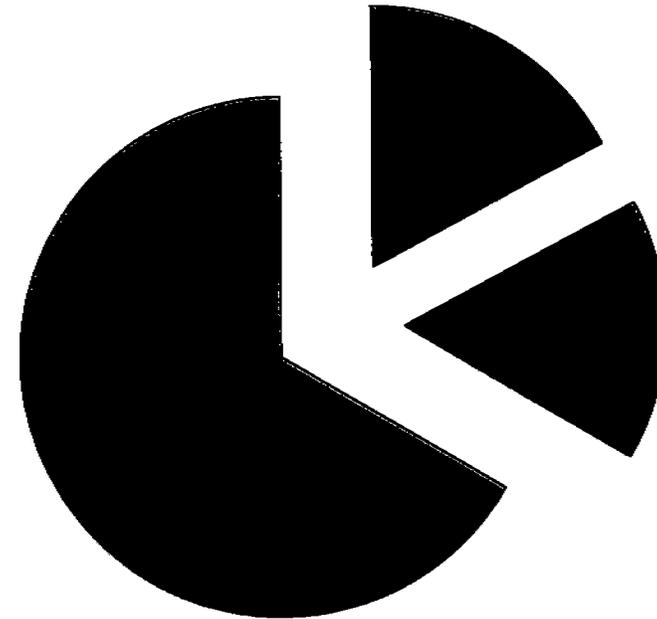
Performance Contract Overview

Project Commencement: January 29, 2007

Completion: June 16, 2007

\$916,425 in Guaranteed Project Benefits over 12 years. \$71,032 = Year 1 Guarantee

- Utility Cost Avoidance from:
 - Heating Ventilating & Air Conditioning (HVAC) Optimization
 - Efficient heating/cooling controllability
 - Energy Efficient Equipment Upgrades
 - Lighting & Lighting Control Upgrades
 - Building Envelope Leakage Reductions
- Operations & Maintenance (O&M) and Capital Cost Avoidance
- New Water Meters & Automated Meter Reading (AMR):
 - 2/3 of overall project benefits



- Utility Cost Avoidance
- O&M/Capital Avoidance
- AMR

YEAR 1 Inspection Results

Changes from last year, which **will** result in reduced energy savings:

■ LIGHTING CONTROL

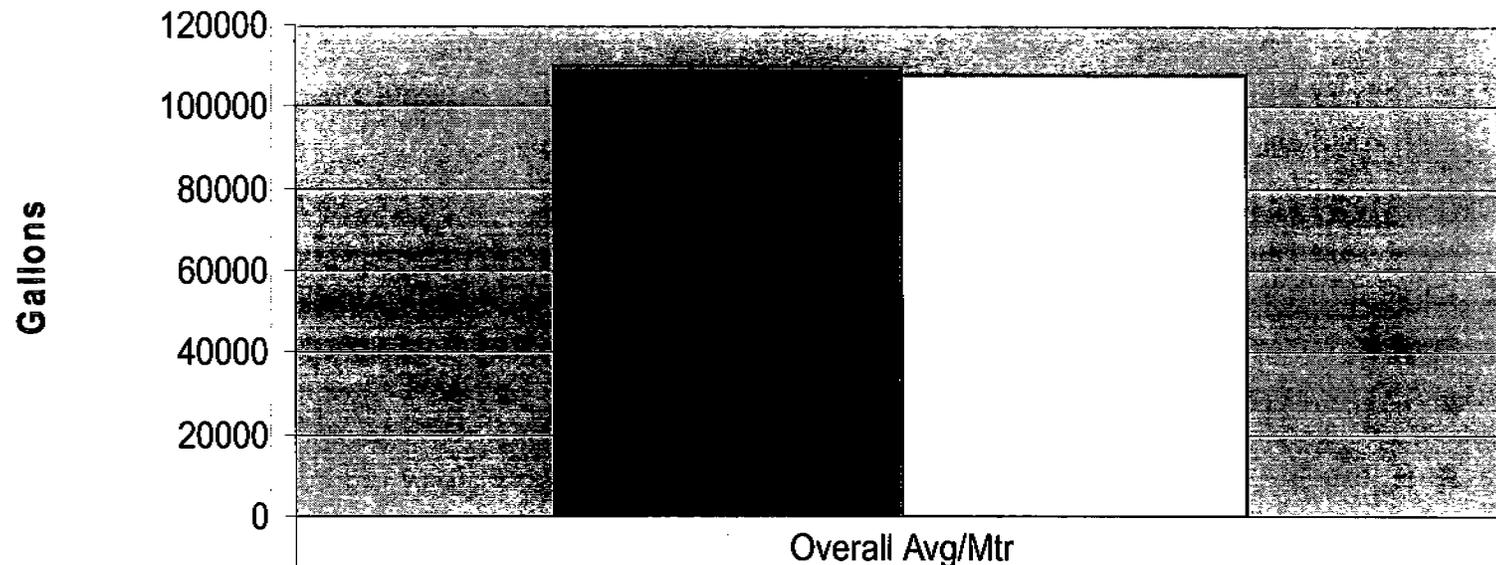
- City Maintenance Shops – Problems reported with East Truck Bay motion sensor shutting off lights.
- Waste Water Treatment Plant – Remaining 2 of 4 originally installed motion sensors replaced with manual switches.

■ PROGRAMABLE THERMOSTATS

- City Council – Problems reported with thermostat not shutting off pump, controlling heat to space.
 - Placed stat in heating mode. (Discovered in cooling mode upon inspection.)
 - Extended occupancy hours from 7:30 AM to 10:00 PM, 7 days a week
- City Hall – New thermostat installed by city in place of previously installed JCI thermostat.

Performance Year 1 (2007/08) vs. Base Year (2005/06): Comparison of City-Wide Billed Consumption – OVERALL

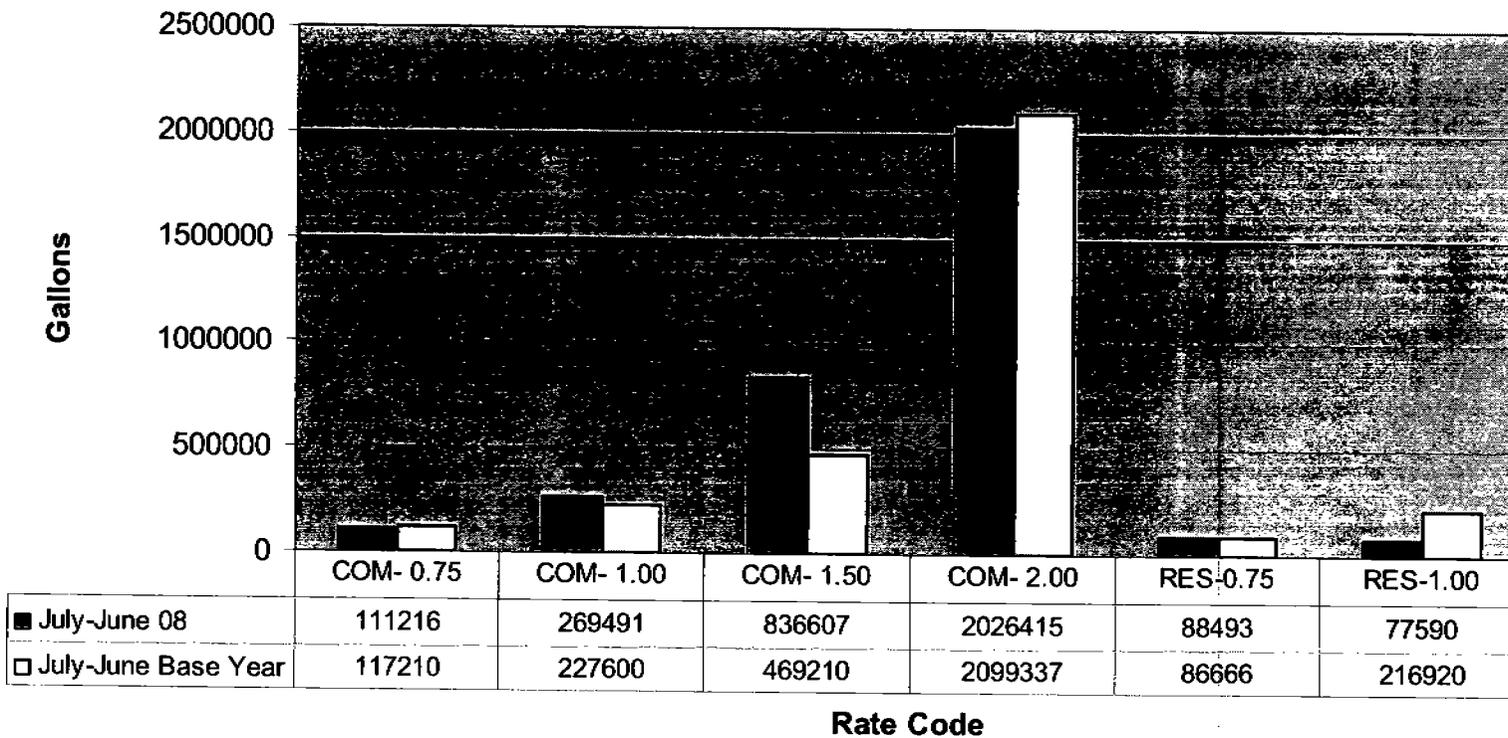
July 2007-June 2008 Overall Average Meter Consumption
vs. July-June of the Base Year
(Meters 2" & Smaller)



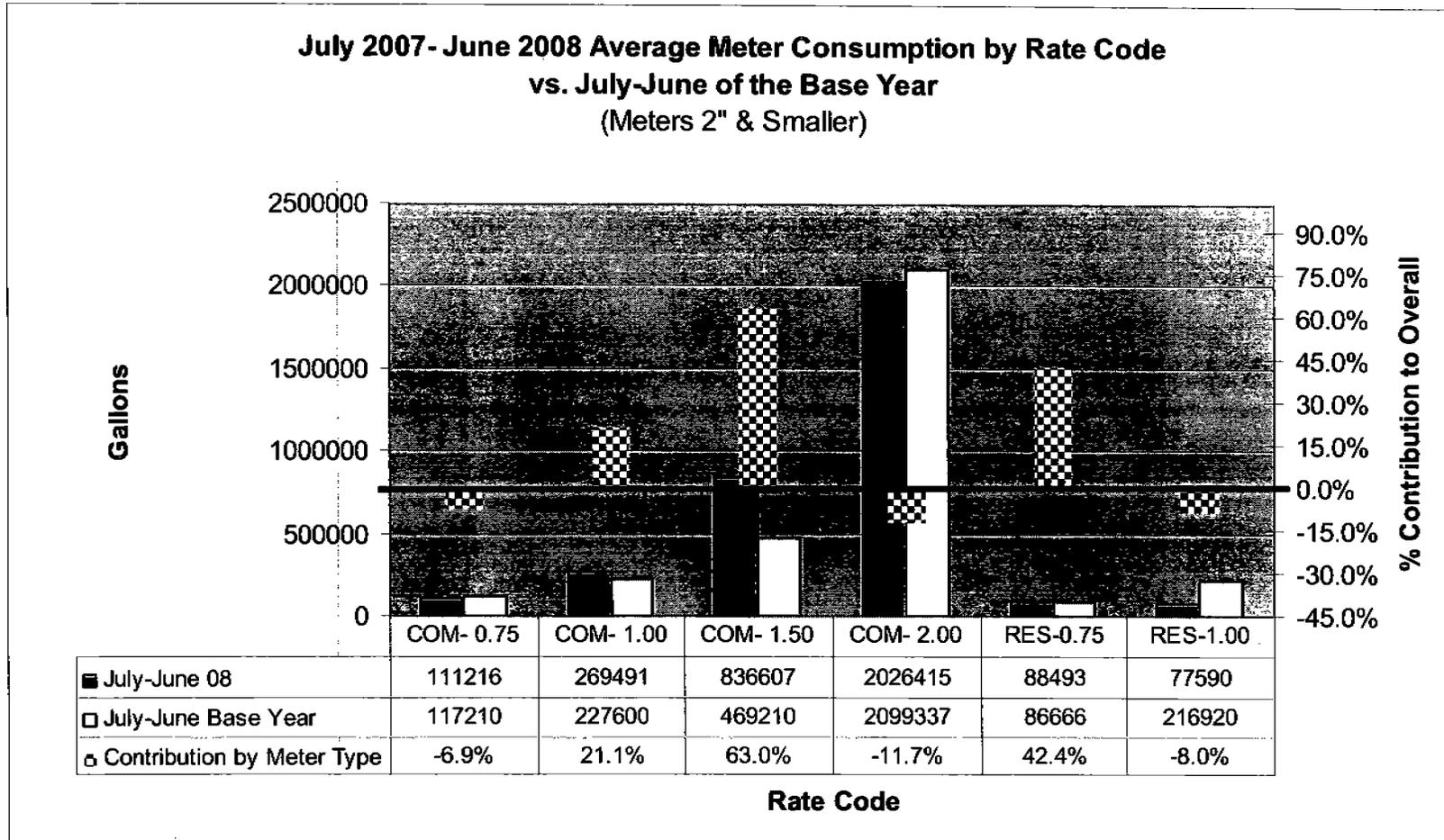
■ July-June 08	109771
□ July-June Base Year	107998

Performance Year 1 (2007/08) vs. Base Year (2005/06): City-Wide Billed Consumption – METER SIZE/RATE CODE SPECIFIC

July 2007- June 2008 Average Meter Consumption by Rate Code
vs. July-June of the Base Year
(Meters 2" & Smaller)

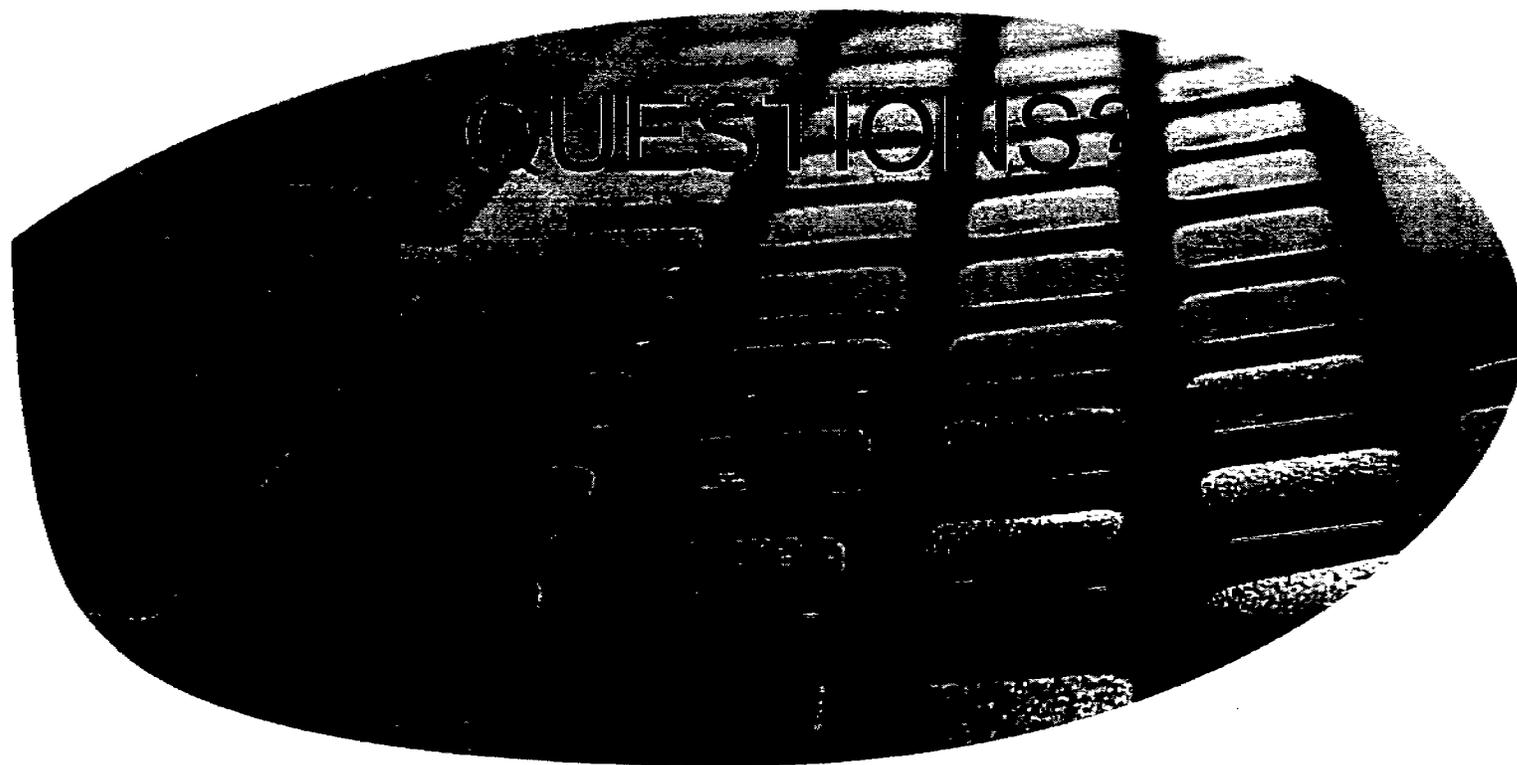


Performance Year 1 (2007/08) vs. Base Year (2005/06): METER SIZE/RATE CODE SPECIFIC Contribution to OVERALL Consumption



Billing Review Service Highlights

Caught \$30,000 in underbilled water use by the city's largest customer!!!



Johnson 
Controls