

MINUTES OF THE CITY COUNCIL OF LAUREL

September 2, 2008

A regular meeting of the City Council of the City of Laurel, Montana, was held in the Council Chambers and called to order by President Gay Easton at 6:30 p.m. on September 2, 2008.

COUNCIL MEMBERS PRESENT: Emelie Eaton Doug Poehls
 Kate Hart Mark Mace
 Gay Easton Chuck Dickerson
 Norm Stamper

COUNCIL MEMBERS ABSENT: Alex Wilkins

OTHER STAFF PRESENT: Mary Embleton
 Sam Painter

President Easton led the Pledge of Allegiance to the American flag.

President Easton asked the council to observe a moment of silence.

MINUTES:

Motion by Council Member Hart to approve the minutes of the regular meeting of August 19, 2008, as presented, seconded by Council Member Eaton. There was no public comment or council discussion. A vote was taken on the motion. All seven council members present voted aye. Motion carried 7-0.

CORRESPONDENCE: None.

PUBLIC HEARING:

- Ordinance No. 008-08: An ordinance approving the recodification of ordinances adopted by the City Council that have been compiled as the "Laurel Municipal Code" in accordance with MCA § 7-5-107. (First reading – 08/05/2008)

President Easton opened the public hearing.

President Easton asked Mary Embleton to introduce the matter to the council.

Mary stated that the ordinance fulfills a requirement by state statute that the council must approve the codification of the ordinances the city sends to LexisNexis every year. LexisNexis codifies and incorporates the ordinances into the Laurel Municipal Code book. Upon the city attorney's review that the ordinances have been codified correctly, the council must approve the codification, and that is the purpose of the ordinance.

President Easton asked four times if there were any proponents. There were none.

President Easton asked four times if there were any opponents. There were none.

President Easton closed the public hearing.

CONSENT ITEMS:

- **Claims for the month of August 2008 in the amount of \$403,068.66.**
A complete listing of the claims and their amounts is on file in the Clerk-Treasurer's Office.
- **Approval of Payroll Register for PPE 08/24/2008 totaling \$122,537.36.**
- **Receiving the Committee Reports into the Record.**

--Budget/Finance Committee minutes of August 19, 2008 were presented.

--Laurel Public Library Board of Trustees minutes of July 8, 2008 were presented.

--Emergency Services Committee minutes of August 25, 2008 were presented.

--Council Workshop minutes of August 26, 2008 were presented.

President Easton 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 seven council members present voted aye. Motion carried 7-0.

CEREMONIAL CALENDAR: None.

REPORTS OF BOARDS AND COMMISSIONS: None.

AUDIENCE PARTICIPATION (THREE-MINUTE LIMIT): None.

SCHEDULED MATTERS:

- **Confirmation of Appointments:** None.
- **Presentation of the 2008-2009 Preliminary Budget**

Mary Embleton presented the 2008-2009 Preliminary Budget. She reviewed some of the highlights and concentrated on the major fund budgets, including the General Fund, Street Maintenance and Gas Tax Funds, the Planning Fund, the Building Department Fund and the Enterprise Funds. Those funds are outlined in detail in the Preliminary Budget.

The first few pages include the certified taxable valuation and a history of the mills. The budget summary section explains some of the fundamental information used to put the budget together, including health insurance and work comp rates. The administrative charges pages explain the charges made to the Water, Sewer and Street Funds back to the General Fund for administrative purposes. Mary explained two scenarios and a third method is also possible. Miral Gamradt and Mary will present a final recommendation soon because this is a major component of the budget and a revenue source for the General Fund. The first scenario is based on last year's actuals and then divided out among the other funds, which has merit. The second scenario, which also has merit, is what has been budgeted for this year and what should be charged back from the water, sewer, and garbage back to the General Fund. There is a substantial difference between the two totals. The recommendation will be presented between the preliminary and final budgets.

Mary explained the budget schedule summaries. The Tax Levy Requirement Schedule has to comply with the state statute as to the maximum number of mills the city can levy. There is a substantial increase in the number of mills because Laurel is a growing community. The value of the mill went up substantially from last year but was then modified downward because of the TIF District. The value of the mill used to figure the levy is \$6,337, and these are presented at the maximum mill levies the city is allowed to levy on the taxpayers. The General Fund has a decrease in cash reserve brought about because of a \$320,000 difference between the revenues and the appropriations. That is a cause for concern. Mary has already recommended to Mayor Olson and Chief Administrative Officer Bill Sheridan that more work needs to be done with the General Fund.

The Permissive Medical Levy has been very beneficial for the City of Laurel. When the auditors audited the 2007 books, they caught a miscalculation in the levy amount, which had been carried forward and was not high enough. The difference can be made up, which has been very beneficial for this year's budget. A vote is not needed for that and it is based on how the city's insurance premiums are calculated. This is only for General Fund assistance because other funds do not have levy assistance. It does not cover all the expense for health insurance in the General Fund.

The city asked the County Commissioners to levy the full amount for the Planning Fund. In the last several years, the County has not quite levied the full authority for this fund. The difference is just over \$5,000, but the County Commissioners understood the city's request for everything it can get.

The Planning Fund will be good for another year, but it is in deficit and probably will not last another year without reviewing it to make it a stable fund.

The Special Assessments Schedule was reviewed next. The city assesses for light districts, street maintenance, sweeping, and debt service. SID No. 111, the sidewalk special assessment for the East First Street project, is the only active one at this time. The figures on the revenue side will be finalized when the calculations are complete for those levies. Mary stated that the light districts need to be reviewed for increased assessments and/or expanding the districts. It is easier to expand a district than to create a new one. It is her recommendation to expand Light District No. 3, which is the commercial district.

The Grant and Special Revenue Funds include the Gas Tax Fund and the Building Department. The only revenues generated by these types of funds are grants, special revenues, or fees and charges, as with the Building Department. The Gas Tax Fund is what the State sends the city, and that has been slowly declining over the last several years.

Mary put the requests approved with the adoption of the Capital Improvement Plan in the Capital Projects Fund. Part of the \$320,000 deficit in the General Fund is a \$60,000 budgeted transfer to the CIP. That is an actual budgeted appropriation that is planned annually based on the CIP. The \$4.325 million for the Fire Department includes \$4 million is for the fire hall and \$325,000 for the urban pumper that should be ready soon. The Police Department and Library requests were outlined in the CIP, with the exception of an additional police car to replace the one that was wrecked last spring. Mary appropriated that through the CIP Fund rather than the General Fund.

A lot of activity is planned in the Enterprise Funds of water, sewer, and garbage. The Water Fund needs to be reviewed, as there has not been a water rate increase since 2004 or 2005, the last of the three-year increase. Substantial work is planned in the Sewer Fund. It may be necessary to review the rates if the city borrows from the State Revolving Fund loan. There is some cash in the Sewer and Water Funds to do some work and a lot of work has been planned.

The Trust and Agency Funds are basically pass-through type funds. The Memorial Endowment for the swimming pool earns interest until the city is ready to build a new pool. The Drivers License, Court Technology, Law Enforcement Academy, and Crime Victims Funds are all State mandated court surcharges that are collected by the court. The Cemetery Perpetual Care Fund, which is required because Laurel has a cemetery, earns interest until something is done with the fund.

The Cash Available Worksheets show how to determine what cash is available to start the fiscal year. The fund details are next in the budget book. The summary sheet for each fund shows the cash balance, revenues, appropriations, cash balance, and in some cases shows if it is in a deficit. There is cause for concern with the cash reserves down to 17.26 percent. The Budget/Finance Committee would like to see the cash reserves at 20 percent, and 25 percent would be best. The city has to draw down some of the cash reserve for capital, but it should not be done too often. The General Fund revenue side is fairly fixed, but there might be options for some additional revenues. A local option tax could get passed through the legislature.

A couple charts in the budget book show the impact of the different revenue sources in the General Fund. Taxes provide only 27 percent. The intergovernmental revenue, which includes House Bill 124 money that guarantee of at least 3 percent growth per year, is at 21 percent. Charges for services, including ambulance charges and fire districts, are at 30 percent. The transfer from the Insurance Funds is at 12 percent and Fines and Forfeitures are at 7 percent. Investment Earnings and Miscellaneous and Licenses and Permits provide some revenues.

The next chart illustrates the appropriations for the General Fund. It gives an idea of how many different departments are in the General Fund and what those departments occupy as far as appropriation commitment for the General Fund. The following pages detail the General Fund appropriations.

The next sections in the book have the funds grouped by purpose. The Insurance Funds, City/County Planning Fund, and the TIF District are in the next section because they are mostly tax-generated type funds. The Lights and Street Funds are mainly the special assessment revenue generating funds. There is a special section on Capital Projects Funds, a section on Enterprise Funds, and the Miscellaneous Funds. The summary sheets spell out the cash, revenues, appropriations and ending cash balance. The Building Department is included in the miscellaneous section.

Mary stated that the next step will be preparation of the tax resolutions. The September 16th public hearing will be advertised twice. After the public hearing, the council can either waive the rule and adopt the budget at that time or schedule a special meeting on Monday, September 22nd.

Mary encouraged the council to contact her with any questions. She explained that the wage increases were budgeted at 3 percent. That has changed and will be corrected in the final budget document. The wage increases will be presented in detail at the council workshop because it is a statutory requirement that the council must adopt all the wage levels for the employees of the city. The exception would be probably the Police Department if that has not been settled yet. Any changes made to the budget will be clearly outlined prior to the public hearing or at the public hearing. Mary asked the council to bring forward any proposed changes.

President Easton thanked Mary for the presentation.

- **Resolution No. R08-97: A resolution authorizing the Mayor to sign an Equipment Agreement with the Montana Department of Natural Resources and Conservation, Forestry Division, for participation in the Department of Defense Firefighting Property Transfer Program.**

Motion by Council Member Eaton to approve Resolution No. R08-97, seconded by Council Member Hart. There was no public comment or council discussion. A vote was taken on the motion. All seven council members present voted aye. Motion carried 7-0.

- **Resolution No. R08-98: A resolution awarding a three-year contract with Olness and Associates for auditing services through fiscal year ending 2010 and authorizing the Mayor to sign said contract for the City of Laurel.**

Motion by Council Member Poehls to approve Resolution No. R08-98, seconded by Council Member Mace. There was no public comment or council discussion. A vote was taken on the motion. All seven council members present voted aye. Motion carried 7-0.

- **Resolution No. R08-99: A resolution authorizing the Mayor to sign Change Order No. 1 for additional construction services for the replacement of the parking lot located at the Laurel City Library.**

Motion by Council Member Hart to approve Resolution No. R08-99, seconded by Council Member Eaton. There was no public comment or council discussion. A vote was taken on the motion. All seven council members present voted aye. Motion carried 7-0.

- **Resolution No. R08-100: A resolution approving Amendment No. 1 to Task Order No. 1 of the Owner-Engineer Agreement with Morrison-Maierle Inc. for the Wastewater Treatment Plant Upgrade Preliminary Engineering Project and authorizing the Mayor to execute the attached Amendment No. 1 on the City's behalf.**

Motion by Council Member Dickerson to approve Resolution No. R08-100, seconded by Council Member Poehls. There was no public comment or council discussion. A vote was taken on the motion. All seven council members present voted aye. Motion carried 7-0.

- **Resolution No. R08-101: A resolution approving the attached Amendment No. 1 to Task Order No. 2 for West Main sidewalk improvements in accordance with the on-call engineering services provided by Great West Engineering to the City of Laurel.**

Motion by Council Member Mace to approve Resolution No. R08-101, seconded by Council Member Dickerson. There was no public comment or council discussion. A vote was taken on the motion. All seven council members present voted aye. Motion carried 7-0.

- **Resolution No. R08-102: A resolution approving modification to the previously approved agreement between the City of Laurel and the Cenex Harvest States Refinery, relating to fire protection.**

Motion by Council Member Stamper to approve Resolution No. R08-102, seconded by Council Member Dickerson. There was no public comment or council discussion. A vote was taken on the motion. All seven council members present voted aye. Motion carried 7-0.

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.

President Easton stated that the legal aspect of the garbage fee issue is being reviewed. The Public Works Committee will be notified if a meeting is scheduled.

The council secretary will submit reservations for the City-County Joint Meeting scheduled on Thursday, September 18th, at 5:30 p.m. Council Members Poehls, Dickerson, Stamper, Hart, and Mace will attend the joint meeting.

UNSCHEDULED MATTERS: None.

ADJOURNMENT:

Motion by Council Member Poehls to adjourn the council meeting, seconded by Council Member Mace. There was no public comment or council discussion. A vote was taken on the motion. All seven council members present voted aye. Motion carried 7-0.

There being no further business to come before the council at this time, the meeting was adjourned at 7:04 p.m.



Cindy Allen, Secretary

Approved by the Mayor and passed by the City Council of the City of Laurel, Montana, this 16th day of September, 2008.



Kenneth E. Olson, Jr., Mayor *for*

Attest:



Mary K. Embleton, Clerk-Treasurer