

**MINUTES  
COUNCIL WORKSHOP  
JUNE 9, 2015 6:30 P.M.  
COUNCIL CHAMBERS**

A Council Workshop was held in the Council Chambers and called to order by Mayor Mark Mace at 6:30 p.m. on June 9, 2015.

**COUNCIL MEMBERS PRESENT:**

<input checked="" type="checkbox"/> Emelie Eaton	<input checked="" type="checkbox"/> Doug Poehls
<input checked="" type="checkbox"/> Bruce McGee	<input checked="" type="checkbox"/> Richard Herr
<input checked="" type="checkbox"/> Chuck Dickerson	<input checked="" type="checkbox"/> Scot Stokes
<input checked="" type="checkbox"/> Tom Nelson	<input type="checkbox"/> Bill Mountsier

**OTHERS PRESENT:**

Heidi Jensen, CAO  
Shirley Ewan, Clerk/Treasurer  
Chad Hanson, Great West Engineering

**Public Input (three-minute limit):**

There was no public input.

**General items:**

- Reappointments:
  - Laurel Airport Authority, Board of Appeals, Cemetery Commission, Library Board, Tree Board, City-County Planning Board

The appointments will be on the June 16<sup>th</sup> council agenda.

**Executive Review:**

- Resolution – Management Budget

Heidi spoke regarding the resolution for the Management Budget. Copies of the Management Budget were distributed to the council and the clerk/treasurer presented the budget to the Budget/Finance Committee at last week's meeting. The General Fund information is not 100 percent completed because the city has not received the information from the Department of Revenue yet. Heidi asked the department heads to hold their budgets this year, as the reserves are low and negotiations are starting with the police union. Some things have come up, including the need to replace a furnace at the library, which is an unanticipated cost. Department heads were asked to maintain the same budgets they had last year. Heidi stated that the budget includes a \$.50/hour increase and \$500 flex money for the non-union employees.

Unemployment insurance went down again, which has given a refund. Shirley and Heidi agree that it is great to get a refund now, but they are concerned that the rates will increase significantly in the future.

Heidi anticipates that reserves will be lower at 14 percent. Shirley and Heidi would rather have more reserves, so she will definitely watch what the department heads are spending this year. With the

detailed budget, she can keep them on track with line items to make sure the bottom line stays where it should be.

Shirley explained that she added page 89 after the budget was distributed, and the handwritten page is the correct one. The budget includes the water intake project at \$15 million and the sewer lift station at \$440,000 to get rid of the odor. The city still expects money from FEMA or the State to close out the Emergency Mill Fund, which currently has a negative balance.

Shirley spoke regarding the revenues compared with expenditures, which shows where things stand at this time. The Emergency Disaster Fund expects to receive \$132,000. Under "cash remaining at the end of the year, the General Fund shows \$287,000, which is 7 percent. The second half of the taxes, House Bill 124, and the medical insurance from 2371 and 2372 will move into the General Fund. Some others have negative numbers until the second half of the assessments come in, but they will change before the final budget is passed.

Shirley explained the eleven capital outlay items in the 4000 Fund, as requested by staff this year. There is \$250,000 for projects at Riverside Park, which may or may not be spent this year. The Ambulance Department is putting in a grant request to MDT for a new ambulance. If it is approved, the city has to come up with a percentage of the total cost, which would be covered by the \$25,000 in the budget. The Ambulance Department asked for another hydraulic cot, which would cost \$33,000. The Fire Department is asking for a Rescue ICP Trailer for \$17,890. The SCBA gear is included for \$224,000. The FAP remodel is included in case the project goes forward and the purchase of another building is also included. Money is also included for any needs for city hall.

Shirley encouraged the council to review the Management Budget and contact her with any questions. She mentioned that the levied funds are not complete, including the PERS Fund, the Health Insurance Fund, the Permissive Insurance Fund, and the Fire Disability Fund. They will be completed after the mill values are received the first week in August and will be included in the final budget.

- Resolution – Contract with Elk River Law Office

Heidi explained that Sam Painter moved to his own office at Thompson-Painter Law Office, but the city still contracts with Elk River Law Office to do the prosecutorial work. The contract is the same as last year and will remain at \$55,000.

- Resolution – Amendment to Task Order for Water System Improvements Phase 3 (sedimentation basins – TSEP)

Heidi asked Mayor Mace to remove the item from the agenda and placed on a future agenda.

- Resolution – Amendment No. 6 to Task Order No. 16 for Wastewater System Improvements

Heidi – Amendment No. 6 to Task Order No. 16 for the Wastewater System Improvements.

Chad Hanson, Great West Engineering, explained Amendment No. 6 to Task Order No. 16. He recently presented Change Order No. 6, which was a time extension for the contractor. At that time, he indicated there would be additional inspection time with that as well. Great West has been carrying some time throughout the project.

Chad stated that there are three major items. Their original scope of work was to provide construction administration for 12 months, but the actual construction contract was 15 months. They were able to

make two months' of the inspector's time up by splitting him between the rehab project on 5<sup>th</sup> and Cottonwood and Riverside Park, but they still have the construction administration costs for the three months. During the site grading in the construction, staff wanted to redo the site grading plan to better facilitate snow removal and operations. Great West completely redesigned the site grading and drainage. The six-week time extension was granted to the contractor as part of Change Order No. 6, so Great West also has to provide construction administration for the six weeks.

Heidi noted that the change order does not push the project even close to being over budget.

Chad explained that the project includes a \$600,000 contingency. Actual construction change orders should be \$125,000 to \$135,000 plus the \$220,000 to add the septic dump, which was done with a SRF loan and contingency, for a total of \$350,000 to \$360,000 out of the \$600,000 contingency.

- Resolution – Change Order No. 7 to the WWTP Project

Heidi asked Mayor Mace to remove the item from the agenda and place on a future agenda.

- Resolution – Health Insurance Benefits

Heidi spoke regarding the proposed health insurance benefits for the city employees for the next fiscal year, which includes Blue Cross Blue Shield, Delta Dental and the VSP Program. The Health Insurance Committee met numerous times and decided to request bids for the health insurance this year. All city employees were required to fill out a confidential health insurance statement. Bids were received from Blue Cross Blue Shield, MMIA and Pacific Source. The information that came back put the city in a very risky pool, so it is best for the city to stay with Blue Cross at an 8.7 percent increase. The city will review the Delta Dental plan in the following year to make sure it is a good deal. The VSP plan actually went down this year.

- Council Issues:

- Park Board issues (Chuck Dickerson)

- Leaning tree north of the Jaycees building in Riverside Park

Chuck stated that the Park Board wanted staff input regarding the leaning tree north of the Jaycees building.

Heidi and the Public Works Director looked at the tree today and it did not appear to be leaning any more than any other tree. There are no heaves in the ground and no heaves in the concrete next to the tree. It appears to be stable and alive, so they would not recommend doing anything at the expense of the city at this time.

- Allow four permits for RV campers at the Jaycees building/wedding events

Chuck spoke regarding the request for the Jaycees to allow four RV or campers at the Jaycees building during wedding events. One of the major concerns is the confusion it could cause if no camping is allowed in Riverside Park but trailers and campers were allowed around the Jaycees building during a special event. There are no hookups to accommodate any campers.

Heidi explained that staff discussed this at today's department head meeting. The public works director and the police chief are against allowing temporary camping until there is some sort of firm rule established or money allocated to fix the bathrooms. Public works is concerned that there are no facilities. The police are concerned that it will be an additional burden for patrol, as they are already short-handed on patrol. If the city allows special permits for the Jaycees to have camping during their

venues, there will be more requests from other groups to have specific venues down there. With the upcoming turnaround at the refinery, the police chief's concern was there would be a large transient population and he is concerned about the manpower it would take from his department. If the council moves it from a council issue to a discussion item or a resolution, it would not have a lot of staff support.

There was a lengthy discussion regarding the Chamber's lease, the Jaycee's lease, the suggestion for a directive to not allow any RV camping at Riverside Park, the fact that Riverside Park has been closed to camping since the flood event in 2011, the Jaycees' request to allow RV camping for special events, the need for sanitary facilities and new drain fields in the park, the \$250,000 available in a restricted fund for improvements at Riverside Park, the \$100,000 from CHS that is in a restricted fund for work on the north side of the riverbank, the suggestion to see how the Town of Columbus runs Itch-Kep-Pe Park, the status of the campsite outlets in the park, concerns about vandalism, the need for a master plan for Riverside Park, and the question regarding who should work on a master plan.

Mayor Mace stated that the Park Board, with staff input, should ferret it out and bring it forward to the council for discussion.

Heidi recently received an estimate from Dave Holycross for construction in the American Legion building after the mold has been removed. She will forward the information to the council. It would require the city to hire a mold remediation company to remove the mold prior to construction.

Tom asked what would happen to the money allocated for Riverside Park if the property was sold or transferred out of the city's inventory.

Heidi explained that the council could choose to move the money from the restricted fund into a different fund.

- Update on 2011 Yellowstone River flooding event

Heidi explained that the 25 percent match, the \$2.7 million that the State said they would support under a Gubernatorial and Presidential Declaration, failed at the legislature. Heidi is working with the Governor's Office as to where the State will come up with the funding.

Dan Villa, the Governor's Budget Director, called last week and wanted to take away Laurel's TSEP money and put it towards that project. Heidi said absolutely not. Not only did the Legislature grant the city that money for that specific project, but these are two projects that must be completed. The sed basins are just as important as the intake. With the intake, water can be pumped out of the river, but if the sed basins cave in, there is no plan. The sed basins have been budgeted for a decade and that project cannot stop or wait to another biennium. The city does not even have enough money to pay for the sed basins out of the reserves, so there will be a loan with the TSEP match.

On Monday, Heidi met with the three senators, the three county commissioners, Dan Villa, Chad Hanson and had conversation on what the State is going to do. The State wanted the city to come up with a funding package, but Heidi told them that is not the city's responsibility and it is not a burden that the ratepayers should have. The State committed to Federal funds and the 25 percent match. The Budget Director says that the Governor cannot use his \$16 million emergency fund, but Laurel says that \$2.7 million of the \$16 million should be used to fix the intake. The Governor's Office says it cannot be used because it was declared in a separate biennium and the city is not in a current state of

emergency. Everyone argued with Mr. Villa that the city is in a current state of emergency because the river water could drop tomorrow and/or ice situations cause issues in the winter. The city will be in a constant state of emergency until the problem is fixed. Mr. Villa is also concerned that this was declared in a separate biennium, but the city argues that it does not matter. The State knew what it was signing on for when it accepted the Federal funds in 2011, knew that it was a multi-phase project, and has sent State representatives to every meeting and every phone call for the last four years. At no point did anyone from the State ever say that DES had not budgeted for the project. The cost of the project has increased \$2 million in the last four years.

The next meeting is scheduled on June 22<sup>nd</sup> at 10:30 a.m. at the Commissioners' Office. The clerk/treasurer will be attending this meeting. Everyone is invited to attend. Dan Villa from the Governor's Office is supposed to have a funding package together. Heidi fears that part of that package will be some sort of loan or match from the city. Mr. Villa is interested in having Laurel take out a State Revolving Fund loan at an interest rate of 1.25 percent. Heidi has argued that this is not Laurel's responsibility but it is the State's responsibility. Heidi wanted the council to know what is going on so they are not completely blindsided if the State does not fund the \$2.7 million completely out of their budget.

There was discussion regarding the suggestion to have the Mayor declare a state of emergency, the fact that this situation is not the ratepayers' fault, the multi-phase water intake project, the sed basin project, the suggestion to put a weir in the river to raise the river level, and the fact that the agencies will not permit a weir in the river and the city would lose the Federal funding.

Heidi stated the need to see what sort of funding packages Mr. Villa presents at the meeting. Funding sources could include EDA grants and Rural Development funding.

There was a suggestion to prepare an article for the newspaper so the citizens of Laurel know what is going on and discussion regarding whether CHS Refinery is on board with the issue.

Heidi stated that CHS Refinery is 100 percent on board. Mr. Villa was upset about how many people were coming to the meeting on Monday, so he cancelled it and rescheduled and cancelled it and rescheduled and cancelled it and finally it was on. The refinery wanted to send somebody to attend the meeting, but it did not work out because of the cancellations and reschedules. One of the suggestions Mr. Villa brought up was to approach the refinery, but Heidi does not think private industry should bear this burden. CHS is the city's largest water customer, so asking them to sponsor \$2.7 million does not seem fair. The city used CHS Refinery's lobbyists during the whole legislature and one of them pushed hard for the City of Laurel.

Heidi mentioned that it was unfortunate and disappointing that two legislators in our district, Sarah Laszloffy and Taylor Brown, voted against the city every time.

- Lease Agreements

Heidi plans to speak with the Chamber regarding the lease this week.

Bruce stated that the council should seriously consider a resolution for a policy that says, if you do not have a lease in place, you cannot use the property of the city. He thinks it would light a fire under the people in order to resolve the lease agreements.

Tom agreed with Bruce.

Doug agreed with the stipulation that the city give current lessees of city property six months to sign a lease and then this becomes effective.

Rick agreed and asked that the item be brought up next week.

Mayor Mace stated that the issue could be discussed at the workshop on June 30<sup>th</sup>.

Emelie stated that Council Member McGee brought up a good idea and she agreed in part with Council Member Poehls. She does not think all of the leases should be grouped together within a six-month time, as it would put a burden on staff to work on all of the leases. She suggested wording the resolution so that, once negotiations have begun, they will be completed within a certain time period.

Scot suggested writing this stipulation into all future leases.

Irv Wilke stated that the two entities in Riverside Park that have not been able to get a lease have not been able to sit down with staff and that is not their fault. They are being punished and thrown out now, if the council passes this. He understands that they cannot use the Rod and Gun Club building, but the Rifle Club building is being used from time to time. If this is put into effect, the city is punishing that group from having an opportunity to sit down with somebody and put a lease together. They have not had that opportunity. He reminded Heidi last week that they need to sit down. The council said that Heidi, Sam and he would sit down and hammer out whether the city is going to give the building to the club or not. Now the council is going to punish both groups and say they are out of there until they have a lease or something is done with the property. Irv thinks that is unfair.

Chuck explained that the time period will start once the city starts negotiations with the club, not when the proposed resolution is passed. It is to set a timeframe that once negotiations start to have a completion period so they do not drag past a certain period of time.

Irv stated that is not what he understood from Council Member McGee. His understanding was that if this passes, they could not use the buildings until there is a lease. He is okay with the concept, but stated that they need to sit down and talk. They have not talked since the lease was hammered out for the shooting area. This council has directed Heidi and Sam to sit down with them and do that but it has not been done yet. He cannot even get a return phone call when he calls and asks when they can do that. He thinks it is unfair to throw this out there and put the burden on them, as they have been trying to do this since the flood. Irv will make his schedule available whenever the city sets a meeting.

Tom stated that this will be a discussion item at the next workshop. No decisions will be made and it might need to be on another workshop after that.

Bruce stated that, if the council does not do something, then they continue to do the same thing they are doing. He is seeking changes in order to move forward and find viable solutions for the leases.

#### Other items

There were none.

Review of draft council agenda for June 16, 2015

There was no discussion.

Attendance at the June 16, 2015 council meeting

All council members present will attend.

Announcements

Heidi spoke regarding MDT's plans for the underpass construction project. The pre-bid meeting is on Friday, June 12<sup>th</sup>, and construction will start on July 13<sup>th</sup> and run 24 hours a day for 15 working days.

Recognition of Employees

- |                    |  |                 |
|--------------------|--|-----------------|
| • Rick Musson      | 33 years of service on June 1 <sup>st</sup>  | Police Chief    |
| • Brian Kline      | 10 years of service on June 22 <sup>nd</sup> | City Shop       |
| • William Brew III | 9 years of service on June 7 <sup>th</sup>   | Police Officer  |
| • Daniel Griffin   | 6 years of service on June 15 <sup>th</sup>  | Police Dispatch |
| • Shirley Ewan     | 5 years of service on June 6 <sup>th</sup>   | City Clerk      |

Mayor Mace expressed appreciation for the years of service from the employees.

The council workshop adjourned at 7:35 p.m.

Respectfully submitted,



Cindy Allen  
Council Secretary

**NOTE: This meeting is open to the public. This meeting is for information and discussion of the Council for the listed workshop agenda items.**