

**MINUTES  
COUNCIL WORKSHOP  
JUNE 14, 2016 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 14, 2016.

**COUNCIL MEMBERS PRESENT:**

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

**OTHERS PRESENT:**

Heidi Jensen, CAO  
Shirley Ewan, Clerk/Treasurer  
Jonathan Weaver, Great West Engineering

**Public Input**

There was no public input.

**General items**

- Reappointments to the Laurel Airport Authority, Cemetery Commission, Library Board  
The appointments will be on the June 21<sup>st</sup> council agenda.

**Executive Review**

- Resolution - Adopt the Management Budget for 2016-2017  
Shirley Ewan stated that the General Budget has been prepared, but several funds have not been completed and there will be some changes before the Final Budget is passed in September. The mill levies for the General Fund, the PERS Fund, the Health Insurance Fund, the Permissive Insurance Fund, and the Fire Disability Fund will be received the first week in August.

Shirley explained the Revenues Compared to Expenditures for 2016-2017. The figures include: Cash Available as of now; Proposed Revenues for next year; Proposed Expenditures; Accounts Payable/Accounts Receivable that are outstanding as of this date; and Cash Remaining, which is the amount expected to be in the fund at the end of the fiscal year. Some of the figures are negative amounts because the city has not received the second half of the taxes yet. Right now, the General Fund stands at 11 percent in the Reserves. After the second half of the taxes are received, there should be around 22 percent for the Reserves in the General Fund. This fund is watched closely because it covers all the city safety and a lot of the city departments.

Staff was asked not to increase their budgets over last year's department totals. The tax revenue is not that much higher each year, so the city is trying to keep it even for emergency purposes.

The largest change in the General Fund is due to increase in wages and benefits. Non-union employees are requesting \$.60/hour raise with a flex account of \$500 for medical expenses or insurance premiums. The Public Works Union will receive \$.34/hour increase, as well as a flex account of \$500. The Police/Dispatch Union will receive \$.40/hour for officers and \$.20/hour for dispatch, plus the \$.05-\$.10/hour for the retention system pay scale. The CAO's salary will increase \$10,000/year. This was not included in the Management Budget but will be added to the Final Budget.

For the city's portion of the ancillaries, MMIA kept the Workmen's Comp rates the same this year. However, the mod factor has gone from .96 to 1.03, which means that too many workmen's comp claims have been submitted so they need to work on safety issues. PERS has gone from .0827 to .0837, an increase of .001 per employee's gross salary. MMIA sent notice that they are giving back \$5 million to the cities this year for liability insurance premiums because their actuarial told them they are holding too much money. MMIA has done this for the last three years by cutting the premiums down. Shirley stated that one thing to consider when paying this liability is that it is paid with mills that come out of the General Fund. If MMIA decides to raise the liability insurance premiums again, that will cut the money coming into the General Fund because it has to be paid before additional money goes into the General Fund.

For health insurance, the city has chosen the 9.9 percent increase, instead of the 16.29 percent increase to keep the current health insurance policy. Deductibles will go up around \$1,000, and the premiums will increase 9.9 percent, which is almost \$10,000. Premiums increased for employees with families and/or children. The city will still cover the whole amount for an individual for life insurance, dental, vision and health insurance. It is a \$60.71 per month per person increase to the city for the health insurance. When the city's health insurance rates increase, the city can ask for more mills through the Permissive Mill Levy.

Shirley stated that the TIF District has \$1,199,000 available for Capital Projects.

Heidi explained that the TIF District is ahead of schedule in the Gateway Plan Project, as the Southeast 4<sup>th</sup> Street and the South Washington Avenue Projects were completed in the same year. LURA is currently saving for the largest project, which will be a bondable project for a roundabout on East and West Railroad. Heidi stated that a TIF District project should not be bonded too soon before the sunset of the district.

Shirley mentioned that the TIF District sunsets in 2018.

Shirley continued the budget presentation with brief statements regarding the following funds: Parking, Light Districts No. 2 and No. 3, Street Maintenance, Elena Park Maintenance District, Memorial/Endowment (Pool), Expendable Grant, Gas Tax, 911 Emergency, Crime Victims, Transit Grant, and Debt Service Funds for SIDs.

Staff has requested the following projects or equipment in the Capital Projects Fund.

- City Hall - Crack in wall and any item that may fall apart - \$15,000
- Police Department - UPS Battery backup - \$21,400
- Police Department - 911 Recorder - \$16,000
- Fire Department - Update equipment for new SCBA gear - \$8,500
- Ambulance - City share grant from MDT (if approved) - \$25,000

- Cemetery - 4-Wheeler or used Ranger - \$5,000
- Parks - Vaulted restrooms at Riverside Park - \$60,000
- Parks - Available for park projects - \$190,000
- Swimming Pool - Repaint the pool - \$50,000

In the Water Fund, the Water Intake Project has been budgeted in the amount of \$15,000,000 with a revenue stream of \$12,000,000 from FEMA and the balance in DNRC loan. The original amount from FEMA has to be received in Fund 2260 and then transferred to the Water Fund.

The Sed Basin Project has also been budgeted in the amount of \$5,500,000. The city will borrow \$3,913,000 from DNRC and the balance will be paid with reserves and grants.

The Water, Sewer and Solid Waste Funds will each provide one-third of the cost, \$59,000 each, for the purchase of the Ridge Drive property. The Water and Sewer Funds will each provide \$17,500 for a vehicle for the Water/Sewer Supervisor.

The Sewer Fund's capital budget also includes \$17,500 to paint the digester and screen repair, \$600,000 to replace sewer lines, and \$320,000 for the sludge press.

The Perpetual Cemetery has \$17,000 available for expansion of the Cemetery.

Shirley encouraged the council to review the Management Budget and contact her with any questions.

- Resolution - Change Order No. 8 with Williams Brother Construction LLC

Heidi stated that this increase of \$3,600.79 for additional work completes the project for the \$6.3 million upgrade to the Wastewater Treatment Plant. Approval of the resolution closes out the project. The plant is up and running, but the sewer dump station is not up and running right now. The city is still waiting for the larger grinder pumps to arrive to get that back online.

- Resolution - Award bid for the water intake project

Heidi explained that this resolution is the award of the bid for the water intake project. Jonathan Weaver, from Great West Engineering, attended the meeting to present the information. Jonathan is listed as main contact for this project.

Jonathan Weaver, Great West Engineering, stated the award recommendation for the Water Treatment Plant Intake Project. The council received the letter and supporting information that was submitted to Kurt Markegard.

Jonathan stated that the bids for the said project were opened last Wednesday, June 8<sup>th</sup>. Five bids were received. Wilson Bros. Construction of Cowley, WY, was the lowest responsive and responsible bidder with a total bid of \$8,560,901. This includes the Base Bid plus Additive Alternate No. 1. A copy of the certified bid tabulations was enclosed with the letter and supporting information.

Great West Engineering conferred with both SRF and FEMA, who are the funding agencies for the project, to determine whether or not to apply the Montana Reciprocal Preference Law (MCA 18-1-102). Should this law apply, COP Construction of Billings would be considered the lowest responsive and responsible bidder. However, in accordance with federal law and FEMA's regulations, this law cannot be applied, and therefore Wilson Bros. is considered the lowest

responsive and responsible bidder. FEMA also stated in their legal opinion that applying the in-state preference law would disqualify the City from FEMA funding for the project. The correspondence with FEMA and SRF was enclosed with the letter and supporting information.

Jonathan stated that Wilson Bros. has successfully completed at least two projects with the City, as well as other projects with Great West Engineering. The engineers have reviewed Wilson Bros. past project experience, resumes of key project personnel, proposed subcontractors and suppliers, and it is the engineer's opinion that Wilson Bros. is qualified to complete the work on the project.

Jonathan stated that it is Great West Engineering's opinion that awarding the project to Wilson Bros. Construction is in the City's best interest. He stated Great West Engineering formally recommends the award of the Base Bid + Additive Alternate No. 1 to Wilson Bros. Construction.

Jonathan mentioned that the bid came in about \$1 million underneath the engineer's estimate.

Doug asked regarding the start date for the project.

Jonathan explained that the project would probably start in about a month. If the award is approved at the council meeting next Tuesday, and then time is given for bonds, insurance and such to come in, it would probably be at least three to four weeks before the project starts. Project completion is scheduled for April 1, 2017.

Heidi explained the possibility of a short delay before next Tuesday, as there is a small issue with the Certificate of Survey on what is now the Harkins' property. Staff will meet with Mr. Harkins on Friday afternoon. There is the potential that the pump house building might have to be moved to the east. The city would try to get the Certificate of Survey done as quickly as possible, but it could move this from next Tuesday to another date. With the permission of the Mayor, a special meeting would be requested to in order to get this project going.

Mayor Mace stated that a gentleman from COP Construction wanted to address the council.

Nick Patch, the estimating manager for COP Construction, lives at 7175 Trail Lake in Billings, Montana. COP Construction submitted a bid on the Laurel intake structure and the bid was very close on the low bid. COP is a Montana contractor, has done a lot of work for the city and actually built the previous intake structure. Nick stated that COP Construction is very familiar with working inside the Yellowstone River and believes it is in the best interests of the City to select a contractor most qualified to timely meet the technical demands of this project. He stated that the contract allows for a view of the technical and capabilities of the contractors, given their previous history. At a minimum, the City of Laurel and Great West Engineering should consider interviews with COP Construction and Wilson Bros. to fully understand how the contractors will perform this challenging work, specifically the in-water work. Nick stated that is COP Construction's recommendation.

- Resolution - Small Service Contract with PWTech

Heidi stated that the contract is for the rental of the sludge feed pump at the Wastewater Treatment Plant. The engineers recommended that the city try this before investing hundreds of thousands of dollars into purchasing a sludge feed pump.

- Resolution - Approve Mayor to purchase the Ridge Drive property from Yellowstone County

Heidi stated that the Ridge property is the old gravel pit that has been filled in on the corner of Yard Office Road and Ridge Drive. There has been a lot of discussion between the City of Laurel and the County over the years as to whether they would be willing to give or sell this property to the city. The city pushed the Commissioners for an answer and the Commissioners presented an appraisal price of \$175,000. There will be no fees since the deed transfer can be done by the city's attorney. Money is available in reserves in the water, sewer and garbage funds, so the land can be purchased without taking out a loan. The city replied that it was interested in the property at that price. Heidi attended the County Commissioners' meeting last Tuesday, and the Commissioners accepted the city's reply. If the city council accepts this price, the deed documents will be filed and it will become the city's property. The property is 12.23 acres and the city plans to eventually move a lot of the city shop down there, specifically the garbage department. However, construction of any facilities would not take place for a couple years. A lot of the city shop property is on railroad lease and that lease continues to rise exponentially. Owning this property would give the city some permanent land for expansion of the city shop.

- Council Issues:
  - Lease Task Force update

Heidi stated that she had nothing to report.

- Update on 2011 Yellowstone River flooding event

Heidi stated that the bids came in \$1 million under the engineer's estimate, construction will start soon, and the city will work out the issues with the Harkins' property. FEMA is happy with everything the city is doing. Once the city attorney authorizes the signed paperwork, Great West will submit it to FEMA and everything should move along smoothly.

Tom asked regarding the funding for the intake project. There was a brief discussion. City staff will have a conference call with the Department of Commerce and DNRC on Tuesday, June 21<sup>st</sup>, to discuss the issues regarding the loan that the city will need for the water intake project.

#### Other items

There were none.

#### Review of draft council agenda for June 21, 2016

LURA will meet at city hall on June 20<sup>th</sup>.

#### Attendance at the June 21, 2016 council meeting

All council members present will attend.

#### Announcements

There were none.

#### Recognition of Employees

- |                    |                                              |                      |
|--------------------|----------------------------------------------|----------------------|
| • Rick Musson      | 34 years of service on June 1 <sup>st</sup>  | Police Chief         |
| • Brian Kline      | 11 years of service on June 22 <sup>nd</sup> | City Shop            |
| • William Brew III | 10 years of service on June 7 <sup>th</sup>  | Police Officer       |
| • Daniel Griffin   | 7 years of service on June 15 <sup>th</sup>  | Police Dispatch      |
| • Shirley Ewan     | 6 years of service on June 10 <sup>th</sup>  | City Clerk/Treasurer |

Council Workshop Minutes of June 14, 2016

Mayor Mace recognized the employees for their years of service to the City of Laurel.

The council workshop adjourned at 7:14 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Cindy Allen".

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.**