

**MINUTES
COUNCIL WORKSHOP
AUGUST 30, 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 August 30, 2016.

COUNCIL MEMBERS PRESENT:

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

OTHERS PRESENT:

Heidi Jensen, CAO
Kurt Markegard, Public Works Director
Chad Hanson, Great West Engineering
Shirley Ewan, Clerk/Treasurer

Public Input

Irv Wilke, 1017 Seventh Avenue, reported on the recent trap shoot the Laurel Rod and Gun Club hosted for the Locomotive Engineers.

Dan Koch, 320 Colorado Avenue, stated his concerns about the handicapped parking lot by the stadium. He recently noticed that there is a temporary sign that says the parking lot is for handicapped parking only. He wants to see permanent signs, blue painting on the curb and the handicapped logo painted on the ground. Dan went to the school board recently and the board told the superintendent to look into the matter.

Mayor Mace asked the Public Works Director to report on this.

Kurt Markegard explained that the handicapped parking only sign was put up on a temporary stop sign in time for the recent baseball tournament, but a permanent sign will be placed inside the parking lot. The city does not paint any blue or any handicapped parking symbols in any of the public lots and does not plan to do so in the future. Legal marking only requires a sign with \$100 fine posted so it can be enforced. Kurt stated that the city only donated millings and the area for the school to build the parking lot. The school district paid a contractor to put in the parking lot, and the school bought the parking blocks, the posts and the 17 signs. It is the school's responsibility to maintain the parking lot and to put up another no parking sign along the south side.

General items

- Appointments:
 - Laurel Ambulance Service: Christopher Lamb and Katie Grass

Sherry Sauskojus introduced Chris Lamb to the council. Katie Grass was unable to attend tonight's meeting. Chris recently moved here and has been an EMT for six months. His dad was a combat medic and his mom has been an EMT for eight years.

Executive Review:

- Presentation of the 2016-2017 Preliminary Budget and Tax Resolutions (PH on 09/06/2016)

Shirley Ewan presented the 2016-2017 Preliminary Budget. She reviewed the Budget Message, which outlines the changes and the major points in this year's budget. The mill came in at \$7,647 per mill, which is \$181 higher than last year. The increase in the mill value and the entitlement share going up by .036 percent will cause the General Fund to receive \$64,167 in additional revenues this year. The General Fund went from 117.97 mills last year to 129.41 mills this year because the other levied funds did not need as many mills this year and the reserves cannot be over 50 percent.

The Comprehensive Liability Fund received a retro payback of \$77,086 from MMIA since their reserves are too high. This was less retro payback than the city received last year, so the mills went up 2.45 to account for the difference.

The Permissive Mill went down a little bit this year. Two and one-half General Fund employees have not been replaced, and they were getting \$13,200 a year. That affected the amount in the Permissive Mill Levy.

Group Health has gone down 6.28 mills because the reserves were getting too high.

The Fire Disability is still at 9 mills this year.

The reserve in PERS was getting too high so it was cut down from 10.59 to 5.

The General Fund expenditures are at \$4,352,428, with revenues coming in at \$4,145,563. This represents a use of \$206,865 in reserves. Only part of the reserves authorized to use last fiscal year were spent. This will still leave 23 percent reserve in the General Fund.

Shirley encouraged the council to read the Budget Message in the Preliminary Budget to see the major things in the next fiscal year. The revenues in the Water Fund are coming in higher this year. The city has borrowed \$1.7 million for the city's share of the intake project, but the loan has not been closed and the money has not been received. CHS donated \$1.8 million as a capital contribution to redesign the sed basins.

Shirley referred to the list of the 12 budget changes made since the council passed the Management Budget in June. The changes were made because the city did not have the tax levy amount, did not know the insurance costs, and not all salaries had been decided. The administrative charges for each fund went down by \$51,000 this year. The Capital Improvement Program (CIP) added \$7,500 for the VisionNet system for the Court. The \$1.8 million has been added to the Water Fund as contributed capital from CHS for the sed basins.

Bruce spoke regarding the CAO's increase in salary of \$6,986 a year, which seems like a pretty substantial raise in one year.

Shirley explained that the original request was for \$10,000. The \$6,986 subtracted the amounts that the non-union employees have received since the CAO received her raise. Shirley stated that she has no problems with it, but it is between the Mayor and the CAO and is strictly the council's decision.

Bruce asked if the council could strike anything from the budget.

Shirley responded that this is the Preliminary Budget and this is a workshop.

Bruce stated that it seems like an excessive increase in pay for any one employee of the city. The very next change in the budget is a simple \$520 raise for a librarian. He sees a big difference in those two and cannot in good conscience pass a budget that adds that kind of an increase for one employee in the city.

Shirley explained that the librarian received the \$.60/hour and is getting the \$520 because a new law coming out January 1st requires exempt employees to make a certain amount of money. Since she was short that amount, she will really get \$.85/hour, which is more than the rest of the non-union employees.

Bruce stated that the city constantly asks the employees to watch every expense and the council hears from the department heads on a regular basis about how they do not have enough money for all the things they want to do.

There was a lengthy discussion regarding the CAO's substantial increase in salary, the \$520/year increase for the librarian, the salaries for administrative positions in similar sized Montana cities with a full-time administrator and a part-time mayor, the survey of salary ranges in Montana, the general criteria used to determine the amount of the CAO's salary increase, the possible issues with upcoming union negotiations, the need to keep increases more uniform for all non-union employees, contracted employees, and other related discussion items.

There was further discussion regarding some of the changes in the Preliminary Budget.

Shirley reviewed the tax resolutions for Light District No. 2, Light District No. 3, Street Sweeping District, Street Maintenance District, SID No. 111, SID No. 112, SID No. 113, SID No. 114, SID No. 115, SID No. 116, SID No. 117, the Sidewalk Replacement Program, and delinquent water, sewer and garbage charges.

A public hearing on the Preliminary Budget and the tax resolutions will be held on Tuesday, September 6th.

- Resolution - Amendment to Street Lighting Agreement with NorthWestern Energy

Shirley explained the street lighting agreement for Foundation Avenue. NorthWestern Energy recommended adding six streetlights, but there is no streetlight at the entrance to Foundation Subdivision. An additional light will be placed by the church on West 4th Street at the entrance into Foundation Subdivision. A total of seven additional lights will be installed. Each light will cost \$65.59 per month, for a total of \$524.65 per month. The assessment for Light District No. 2 will not be increased, as there is money in the fund to absorb the cost. The additional properties have been added to Light District No. 2. An error in the contract will be corrected to reflect that seven lights will be installed instead of six lights.

- Resolutions - Change Orders No. 1, 3, 4 with Wilson Brothers Construction

Chad Hanson, Great West Engineering, explained the progress of the intake project. The 1955 intake is 90 percent gone and should be completely removed by the end of the week. Two 42-inch casings have been bored under the highway and the railroad tracks, and the carrier pipes have been placed in them. Clearing and grubbing along the three miles of transmission main is almost three-fourths done. The access roads to the control building have been put in. The contractor put in the temporary weir to try to back the water over the 2003 intake to maintain water. The city got permits from the Corps last week to actually get in the river. The contractor is working on the piping connection at the Water Treatment Plant and will then start the transmission mains heading up toward the intake. They are two months ahead of schedule on that, as the original schedule had that starting on November 1st. Next week they will start placing the sand-filled sacks to create the coffer dam to actually start the concrete structure in the river. The addition of rock to the temporary weir might be needed because the river keeps dropping. The city is in the process of getting that permitted.

Change Order No. 1 is to move the site for the control building 108 feet to the east, lengthening the access road to the west and shortening the pipelines to the east. The original landowners sold the parcel to the city and also to someone else. The new landowner asked the city to move the control building 100 feet to the east to facilitate his operations. That increased the access road but shortened some of the piping, which resulted in a \$3,200 decrease. The new site was excavated last week and instead of 18 inches to the gravel, it is six feet to the gravel, so there will be more structural fill and it may end up being a wash when it is done.

Change Order No. 2 is not in front of the council yet. This is an evolving process for the design of the sedimentation project. CHS requested a higher capacity and flows than the engineers did in the PER and the preliminary design. The city hoped that FEMA would pitch in the 75 percent, but they said no. Staff is still working on Change Order No. 2 to decide whether to put it back in the sed basin project and whether to do it inside or outside the building.

Change Order No. 3 is for work associated with installing a temporary bypass to provide raw water to CHS. The City had planned to provide CHS with treated water while construction was taking place on their raw water supply, but because the work took place during the summer months, the City could not meet their municipal demands while supplying CHS with treated water. The work entailed installing the necessary piping and fittings to connect from the manifold in the lower level of the pump building back into the raw water line downstream of the work area. The cost was about \$7,800 to put in the temporary line.

FEMA has given preliminary concurrence that Change Orders No. 1, 3 and 4 are eligible costs and they will pitch in 75 percent.

Change Order No. 4 is for cost savings proposals presented by the contractor, which is a decrease in cost of \$13,600 off the contract.

There was a question regarding the city's purchase of the land. Heidi explained the situation and stated that the city attorney will pursue the issues with the seller after the city's purchase is finalized with the new landowner.

- Resolution - Task Force Agreement with DEA

Heidi stated that the city has signed the standard Task Force Agreement with the Drug Enforcement Administration for several years. Officer Brew is now the city's DEA agent and Officer Pitts has returned to being a regular officer. The police chief is very interested in continuing the agreement with the DEA.

- Resolution - E-911 Service and Support Agreement with Industrial Communications

Heidi stated that the E-911 Service and Support Agreement with Industrial Communications is also a standard contract. The city pays \$19,849.50 out of the 911 Fund to have Industrial Communications supply services to the police department regarding 911.

- Council Issues:

- Discussion regarding the park in Elena Subdivision (Chuck Dickerson)

Chuck stated that the gentleman that had issues with Elena Subdivision at a previous meeting left the meeting abruptly and did not find out that the issue would be discussed tonight. He asked the Public Works Director to address the council regarding the man's issues.

Kurt stated that the gentleman represented a townhome association for a private development of patio homes in Elena Subdivision, not the entire Elena Subdivision.

Kurt explained that, according to the development agreement, the city approved a waiver of SID. At a certain point, the city would do an SID on the park areas when it was developed. Elena Subdivision was developed in 2005 to 2006. Two years ago the city planted grass along the boulevard from Golf Course Road all the way down. There is a storm water pond that has to drain the entire subdivision. Every subdivision has to have a place to put the storm water. In Elena Subdivision, the storm water drainage was developed into the parkland. At this time, DEQ would not allow this system for storm water retention or detention. There are no storm drains out there so they had to develop something to take care of the storm water. Unfortunately, the storm water got put into a parkland dedication which is also open space. The city has tried to do the amenities that the property owners want, including grass, trees, etc. The city assesses all of the properties in Elena Subdivision for the improvements and the maintenance of the park area. The assessment is \$5,000 for 2016-2017. Maintenance includes the sprinklers, fertilizer for the grass, planting trees, etc. Once the pond fills, it is designed to drain. Kurt thinks that the city has provided exceptional maintenance on the parkland.

Chuck stated the need to provide contact information for the public to have a tool to ask questions and voice concerns.

- Update regarding Tom Nelson's meeting in Helena

Tom presented a lengthy report on his appointment with the Governor's Chief Legal Counsel, Andy Huff, and the Governor's Policy Director, Adam Schaffer, in Helena on Wednesday, August 17th. Kelly McCarthy (House Representative in Billings), Vince Ricci (House Representative in Laurel), and Sam Painter (Civil City Attorney) attended the meeting with him. Anna Miller from the DNRC was also present.

Tom explained the information that he presented to the Governor's Office regarding the state matching funds for the City of Laurel's intake issues from the 2011 flooding event. At the end of the meeting, Tom requested a response from the Governor's Office within two weeks, but he has not heard from them at this time.

- Update on 2011 Yellowstone River flooding event

There was no further discussion.

Other items

- Resolution - CHS Water Supply Agreement

Heidi stated that the city has not had a Water Supply Agreement with CHS for many decades. At first, Heidi and the Public Works Director were hesitant to work on this. The agreement has been reviewed numerous times by CHS, the city's legal counsel, and staff. CHS was concerned that the city would not be able to supply water for them.

Heidi pointed out the most important parts of the agreement, including the rates and charges, and the verbiage that allows the rates to be reviewed every five years. The agreement states that, should the electrical rates for operating the water plant increase more than 20 percent above the rates at the time of the agreement signature, the rates and charges will be renegotiated. The agreement has an initial term of ten years from the effective date and automatically renews for additional five year terms after the end of the initial term. If either party desires to renegotiate the agreement, written notice must be sent to the other party at least six months prior to the expiration date of the current term.

CHS made a one-time payment of \$1,800,000 to the city to increase the settled basin capacity so the city would be able to serve the refinery with settled water, which the city does not currently do. The city currently provides CHS with raw or finished water. The \$1,800,000 was gifted to the city if construction takes place. If construction does not happen, the city must return the money to CHS and the project would go back down to its original size.

There was discussion regarding the \$1.8 million gifted by CHS Refinery and the Water Supply Agreement. Kurt gave a lengthy explanation regarding the design capacity required for the sed basins to meet the CHS Refinery's needs for settled water and the rates in the water agreement.

Review of draft council agenda for September 6, 2016

- Public Hearing: 2016-2017 Preliminary Budget and tax resolutions

There was no further discussion.

Attendance at the September 6, 2016 council meeting

All council members present will attend the meeting.

Announcements

Emelie Eaton spoke regarding Dan Koch's comments about the handicapped parking. She stated that Mr. Koch made the presentation to the Public Works Committee in July. At that meeting, a member motioned to hand the project over to staff to investigate it and determine the best solution for the city. The Public Works Committee did not meet in August. Emelie does not understand why Mr. Koch continues to request from the council. A summary of the information that the Public Works Director has presented will be given to Mr. Koch at the September meeting or be available to him in the minutes.

Emelie recently looked at the triangle parks on the east end of Main Street. She stated that the little parks are in fine condition and have not looked so green and good in a long time.

Council Workshop Minutes of August 30, 2016

Emelie commended Tom Nelson on his comprehensive knowledge of the topic that he took to the Governor's Office. She would like him to make a similar presentation to the Budget/Finance Committee and to keep the committee updated with any follow-up information.

The council workshop adjourned at 8:48 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.