

**MINUTES  
COUNCIL WORKSHOP  
DECEMBER 13, 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 6:43 p.m. on December 13, 2016.

**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 checked="" type="checkbox"/> Bill Mountsier

**OTHERS PRESENT:**

Sam Painter, Civil City Attorney  
Heidi Jensen, CAO  
Kurt Markegard, Public Works Director  
Bethany Keeler, Clerk/Treasurer  
Chad Hanson, Great West Engineering

**Public Input**

There was no public input.

**General items**

- Laurel Aquatic Recreation Complex presentation - Request for a letter of support  
Ken Gomer, 204 Foundation Avenue, represented the Laurel Aquatic Recreation Complex (LARC). LARC's objective is to build three indoor pools, including a competition pool, a training pool and a therapy pool. LARC also wants to build a community center with a commercial kitchen and the ability to host events for 25 to 250 people. LARC sees another need as a multi-use gymnasium that would include basketball courts. They hope to have two buildings joined together with a wet side and a dry side.

Milestones completed thus far include raising over \$25,000, having name recognition within the community, becoming a Montana corporation, filing a full 501c3 application with the IRA, completing bylaws and conflict of interest documents, forming a board of directors and working to get out of the dream phase and into the real phase.

They have funds to complete a feasibility study and they are not asking the city for money at this time. LARQ is working with Beartooth RC&D to acquire a grant through the Big Sky Trust Fund to pay for half of the feasibility study. They are asking the City of Laurel to consider writing a letter of support.

LARQ has a possible donation of about ten acres of land that is adjacent to the city and have looked at some parkland and at Thomson Park. At this point in time, they will not come to the city looking for land, but they may come later and ask for other assistance.

Ken spoke regarding the choices of having a steel building versus a monolithic dome. They are comparable in cost, but the difference is the maintenance factor. Steel buildings require a lot of maintenance, especially when dealing with water and chemicals. The monolithic dome costs the same but

the long-term maintenance is cheaper. If they build a two-dome monolithic building, they may be eligible for a FEMA Grant to pay for 50 to 75 percent of it.

Ken asked the council to consider sending a letter of support for LARC to Beartooth RC&D.

A resolution will be added to the December 20<sup>th</sup> council agenda.

- Request from Laurel Rod and Gun Club for turkey shoot events in 2017

Irv Wilke, 1017 Seventh Avenue, stated that the Laurel Rod and Gun Club requested three turkey shoot events in January, February and March 2017.

The request will be on the December 20<sup>th</sup> council agenda.

- Reappointments to boards and committees

The reappointments and appointments will be on the December 20<sup>th</sup> council agenda.

- Laurel Fire-EMS appointment

Beth Olson, Training Captain, introduced Brandy Miller, who has been an EMT for about a year. Brandy is currently working as a traveling CNA and with a long-distance transport ambulance company, and she plans to go to paramedic school in the fall. Brandy would like to join the team and can dedicate ten to twenty hours a week.

The appointment will be on the December 20<sup>th</sup> council agenda.

#### Executive Review

- Earl Atwood, Beartooth RC&D

Sue Taylor, who represented Beartooth RC&D, distributed a handout regarding Beartooth RC&D. She spoke regarding the building blocks of economic development, the Food and Ag Program, the Economic Development Program, the Revolving Loan Fund Program, the Outstanding Loan Client Summary, and the Beartooth RC&D Financial Construct information. Beartooth RC&D serves as a regional entity for the cooperative efforts of five counties in south central Montana.

Sue stated two specific benefits to the City of Laurel. The first benefit is access to planning grant funding through the Big Sky Economic Development Trust Fund. This program is available to private businesses, including most non-profits, and to units of government. Grant writing assistance for qualified projects is offered at no cost to the applicant. The second benefit is the Comprehensive Economic Development Strategy (CEDS) document that serves as a qualifier for multiple funding opportunities.

Recent and current projects in Laurel include: assistance with the writing and submission of a Big Sky Trust Fund planning grant for Riverside Park; partnering with Big Sky EDA to assist with projects identified by LURA; and assistance and planning grant activity for the Laurel Aquatic Recreation complex organization.

Sue stated that potential 2017 projects include: Workforce housing assessment in collaboration with Laurel area realtors to consider the viability of leveraging TIF District dollars to begin a housing rehabilitation program; and dusting off the previous branding effort to identify ways that merchants can better leverage the Laurel brand.

- Resolution - MOU with Beartooth RC&D

The resolution for the MOU will be on the December 20<sup>th</sup> council agenda.

- Resolution - Contract with Olness & Associates, PC

Heidi explained that Olness & Associates submitted a three-year auditing contract for \$15,000 for fiscal year 2017, \$15,500 for fiscal year 2018 and \$16,000 for fiscal year 2019.

- PowerPoint Presentation of the water intake project

Kurt gave an interesting 20-minute presentation of pictures of the water intake project.

- Council Issues:

- Discussion regarding Change Order No. 7 with Wilson Brothers, shallow water wells and payment schedule (Doug Poehls)

Doug explained his concerns about the number of change orders on this project, the funding of the \$1.7 million loan and \$1 million of reserves and the \$450,000 contingency fund, the engineering firm's issues with the water wells, the engineering firm's reliance on change orders to fix issues that should have been addressed in the original bid, and who is responsible once the project goes over the contingency amount.

Chad stated that he agreed 100 percent and wished he was not here with a change order. He spoke regarding the process of the design with the well. In June 2015, the engineers met with the city to review the 60 percent design submittal of the plan. At that time, they proposed the well supply for the hot water flush system the city wanted incorporated into the design. The control building was supposed to be on the McCoy property, about 1,000 feet southwest of where it is currently located. They had done a soil boring there that was 15 feet deep and they had not encountered bedrock. They looked at the well logs for the area and the yield was an average of 42 gallons and ranged from 12 gpm to 200 gpm. All the well logs they looked at matched the soil boring. After meeting with city staff, they moved forward with the well, as it was the most economical method.

In September or October 2015, negotiations with the McCoys fell apart. The engineers looked at alternate sites and moved the control building to the Howrey's land. In January, the Howreys signed an offer letter for that. As they were getting closer to some of the wells with lower yield, they were concerned about the ultimate yield to produce the 35 gpm needed for the boiler system. At that time, Great West recommended pulling the well out of the contract to do test wells ahead of the project to make sure the well was going to work. Between February and April, the Howreys started dealing with their attorney, Hertha Lund. In April, Great West sent an email to Sam, Heidi and Kurt, requesting permission to do a test well. The email was forwarded to Hertha Lund, but there was no response from the Howreys or Hertha. There was still no response during April. On May 9<sup>th</sup>, an email said that the Howreys sold the property to Tytus Harkins and they had not signed the easement. Sam had never received a response about the well or permission to do a test well.

Chad spoke regarding the city's approval of a contract to hire a well driller to drill the well and the test well, the city attorney's work on the issues with the Howreys selling the land to Tytus Harkins when the city already had a buy/sell from the Howreys and had written them a check, and the need for Great West to start bidding and opening bids because of the tight schedule to do the actual intake project. The bid opening was in June. Things got worked out with Mr. Harkins in May and June, and Mr. Harkins requested that the building be moved 100 feet to the east. Construction on the intake project started at the end of July or beginning of August. Although the city did not actually get the deed until October, the control building was started and the well was drilled on August 30<sup>th</sup>.

The well driller encountered shale and said that it was not going to work, as it was ten feet deep, would only produce 11 gpm, and he could not develop a 10-foot well. Chad had hoped to have a test well and a well in to make sure it was going to meet the need. In the big picture, the \$8,000 well is a small portion of a very big \$8 million project. With the small window to build the intake, they could not hold the bid off to get the well.

Great West worked out alternatives to the well. In the end, the city staff felt that the alternative coming from the transmission main to a tank was the most secure and least risky alternative, as well as being the easiest O&M for them. Great West developed the alternative, got cost estimates and it ultimately ended up in the change order.

Doug stated that Chad had answered many of his questions, but this has been very frustrating.

Chad stated that some of the issues encountered during this project have been very challenging. He cannot promise that the council will not see another change order, but he would be surprised if there is another change order before the reconciliation change order at the end of the project.

There was discussion regarding the weekend's weather, which will be very cold and could produce some ice jams, and the worst possible scenario.

Chad said that it is entirely at the contractor's risk. Originally in the bid, there was a milestone that the contractor had to have the intake installed and be out of the river by November 1<sup>st</sup>. Every single contractor told Great West that it was physically impossible and could not happen. Great West removed that milestone but made it very clear in all the bidding documents that it was 100 percent the contractor's risk, they needed to get out of the river as soon as possible, and that the engineers and city could not control ice jams and river flows.

Chad mentioned that the contractor has made a claim for extra pumping while they were delayed because they had to order casing and wait for it to be manufactured. Kurt and Chad are working through the process with the contractor regarding this claim.

- Procedure for discussion of agenda items when the council member cannot attend the meeting (Chuck Dickerson)

Chuck withdrew his request for a procedure for discussion of agenda items when a council member cannot attend the meeting. He realized that there will probably be circumstances where people come in to explain items on the agenda when the council member might not attend, so the discussion should go forward.

- Update on Tom Nelson's visit to the Governor's Office

Mayor Mace stated that he asked Tom not to give an update, as an important meeting with the legislators is scheduled on Thursday.

- Update on 2011 Yellowstone River flooding event

Heidi stated that, as of today, the city will have monthly conference calls instead of bi-monthly conference calls with the agencies. That is a good sign that the project is going well and the agencies are seeing progress.

Kurt stated that staff is monitoring the river daily, seven days a week. He spoke about the ice jam issues on the Yellowstone River last weekend.

Other items

There were none.

Review of draft council agenda for December 20, 2016

- Arbor Day Proclamation

Arbor Day will be on May 2, 2017.

Attendance at the December 20, 2016 council meeting

Doug and Tom will not attend the council meeting.

Announcements

There will be a luncheon and cake for Shirley Ewan's retirement on Friday at 11:30 a.m.

Recognition of Employees

Dave Saylor	26 years of service on December 17 <sup>th</sup>	City Shop
Guy Rolison	17 years of service on December 6 <sup>th</sup>	City Shop
Kevin Budge	9 years of service on December 18 <sup>th</sup>	City Shop
Dave Waggoner	9 years of service on December 26 <sup>th</sup>	WTP

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

Emelie asked how often the construction cost list is updated.

Heidi explained that this is the first time it has been done, but she could ask Great West Engineering to update it regularly.

Chuck thanked Kurt for his presentation and Chad for answering questions tonight.

The council workshop adjourned at 7:59 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.**