

**MINUTES
COUNCIL WORKSHOP
AUGUST 29, 2017 6:30 P.M.
COUNCIL CHAMBERS**

A Council Workshop was held in the Council Chambers and called to order by Council President Doug Poehls at 6:30 p.m. on August 29, 2017.

COUNCIL MEMBERS PRESENT:

<input checked="" type="checkbox"/> Emelie Eaton	<input checked="" type="checkbox"/> Doug Poehls
<input type="checkbox"/> Bruce McGee	<input checked="" type="checkbox"/> Richard Herr
<input 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
Bethany Keeler, Clerk/Treasurer

Public Input

Irv Wilke, 1017 7th Avenue, stated that the CAO reported to the Council that she had an estimate to demolish three buildings in Riverside Park. He questioned where the funds would come from. He understands that the \$250,000 from Exxon has been earmarked for reconstruction projects in the park, not destruction of the park. Mr. Wilke spoke regarding Mayor Mace's recent TV interview when he stated that one of the buildings [Rifle Club building] had tested too high for lead and was never designed to be a shooting range. Mr. Wilke said that he brought the initial lead concern to the Council and the City had the building tested for lead. The test results confirmed the presence of excessive lead. Mr. Wilke agreed with the Mayor's statement that the building was not designed to be a shooting range, but he does not believe that the building was designed to be a prisoner of war barracks either. The building had a dirt floor until a concrete floor was installed for further use of the building. If he had \$200,000 and six months, he would be able to turn the building into a proper shooting range with meeting rooms. He has been told that the City cannot put restoration professionals into a contaminated building to clean it properly and relieve the City of the liability. He did not dispute this statement, but he questioned why the City was able to condemn the old library, build a new one, and then remediate the old library for further use. He stated that Riverside Park is being used currently as a dog park with dogs that are off leash. He questioned who is liable if an unleashed dog bites someone in the park. He feels that the City has an agenda to destroy the 100 plus year history in the park, but saving a window sill is not sufficient. He also has an issue with the youth of this community not having a place to learn how to handle a firearm properly and feels it is the community's responsibility to provide a place to learn firearms safety.

Curt Lord, 418 West 12th Street, spoke about the results of the survey taken at the open house for Riverside Park. According to Curt, the top three posters from the survey were the restrooms, restoration of the historic buildings, and RV park/camping. He said that approximately 156 people were in support of allowing shooting sports back in the park. As Curt had stated at a previous council meeting, if no one wanted shooting in the park, the clubs would not pursue it further. The Rod and

Gun Club will continue to attend Park Board and City Council meetings and to push to have shooting back in Riverside Park.

General Items

- Appointment - Laurel Police Officer

Heidi stated that Chief Musson and Chase Rasmussen will attend next week's Council meeting. Chase will be sworn in after the appointment has been made.

Executive Review

- Presentation of the 2017-2018 Preliminary Budget and Tax Resolutions (PH on 9/5/2017)

Heidi stated that the public hearing for the 2017-2018 Preliminary Budget and tax resolutions is scheduled on Tuesday, September 5, 2017.

Bethany Keeler, Clerk/Treasurer, presented the Preliminary Budget through a review of the Budget Message (pages 17-28). The 2017-2018 mill value was assessed at \$7,795/mill, which is an increase of \$148/mill. The 2016-2017 mill value was \$7,647/mill. The City will see an increase in tax revenue of \$74,471, which is a 1.06% increase of tax revenue. The General Fund will receive 148.91 mills, which is an increase of 19.50 mills. Comprehensive Liability will receive 4.00 mills, which is a decrease of .20 mills. PERS will receive 11.47 mills, which is an increase of 6.47 mills.

Emelie asked for clarification on the value of a mill in relation to dollars and cents.

Bethany explained that each mill is worth \$7,795. Multiplying the mills allotted to a specific fund by \$7,795 will provide the dollar amount of revenue that the fund will receive. The mill allotments go up and down each year, depending on how each fund finished out the previous fiscal year and the anticipated needs for the next fiscal year.

Heidi stated that the Department of Revenue (DOR) determines the mill value, which depends on how much the DOR collects in tax revenue and how much the Legislature authorizes to be spent.

Emelie questioned if General Fund is the only fund that uses mills as its revenue source.

Heidi stated that the enterprise funds are the only departments that do not operate under mills because those funds must be self-sufficient and operate as a business. All other departments in the City are operated under the mills. The values are determined by the property values within the City of Laurel and the DOR allocates the expenditure authority to the City of Laurel. The City then allocates those mills to the various departments.

Emelie asked if the City is looking for an increase in mill value.

Heidi clarified that the DOR gives the City the mill value based on property values within the City of Laurel.

Emelie questioned if the City is hoping for an increase.

Bethany and Heidi stated that the City always hopes for an increase in the mill levy.

Bethany clarified that funds that receive assessments do not operate under mills. An example would be the light districts, which are assessed to the taxpayers for those services.

There was discussion regarding the protested taxes after the City had received last year's mill value. The County did not allow the City to recalculate, so the City lost approximately \$74,000 of revenues.

Group Health will receive 13.06 mills, which is an increase of 4.06 mills.

Fire Disability will receive 9.00 mills, with no increase or decrease.

Total mills for fiscal year 2017-2018 are 186.44 mills, which is an increase of 19.83 mills.

The Comprehensive Liability Fund decreased by .20 mills because this year's MMIA premiums have been reduced. MMIA had a large reserve and was able to refund the City \$85,816.

PERS rates have increased by .1% this year and will continue to increase by .1% until 2024. The reserves in this fund were increased due to the increase of wages. As wages increase, the City must increase its contribution to PERS.

Group Health Insurance increased by 4.06 mills because the reserves were lower than expected at year end. The City will not get the 2.04% increase for health insurance next year. The City is expecting the next increase to be large and is prepping to accommodate such an increase.

Fire Disability will remain the same at 9 mills, which amounts to \$70,155. These funds go to the Firemen's Relief Association and will be dispersed twice a year as tax revenues are collected. The firemen contribute to the retirement fund, and the City is also required to contribute.

The Airport Authority will receive 3.20 mills, which is a decrease of .14 mills. This is still an increase of \$642.16 for the fiscal year due to the increased value of each mill.

Permissive Health Insurance will receive 15.36 mills, which is a decrease of 11.63 mills. The permissive mill value was \$196,379.24 in fiscal year 2016-2017. It has been reduced by 11.63 mills because of the 2.4% the City had to add to Group Health Insurance. The City has a good reserve in this fund for this fiscal year. Health insurance increased 2.4% this year, with an additional \$500 in deductible. Dental insurance was capped for two years and stayed the same this year, but it will change next year. Vision insurance increased by 3% over last year.

Unemployment insurance increased by 0.0025% on gross wages.

Workers' Compensation rates were reduced this year by 2.16%; however, the City's mod factor has gone down from 1.03 to .94.

The Police Union's increase this fiscal year is \$.50/hour for police and \$.20/hour for dispatch, as per the contract.

The Public Works Union Contract is still in negotiations. At this time, there is nothing to report regarding the topic. An estimate for wage increases has been budgeted in anticipation of the wage negotiations.

Non-union employees were granted a 2% increase to hourly wages.

There was discussion regarding the cash balance in the Fire Disability Fund. The Budget Message states that the balance as of June 2015 was \$92,358.00, which is the same value as in last fiscal year's budget. Bethany recently received the audit for June 2015 and does not have an updated value.

The General Fund expenditures are \$4,159,581 and the revenues are \$3,736,725, which includes use of \$422,856 in reserves. The reserves in the General Fund dropped from 23% to 19% this past fiscal year. Bethany suggested that the City must find ways to cut costs from the General Fund at the end of the fiscal year.

There was discussion regarding the following statement in the budget message: "Only part of the reserves authorized to use last fiscal year were spent. Management has decided that expenditures will be allowed to be higher than revenues to accommodate the higher increase of department expenditures this fiscal year."

Bethany and Heidi explained that the department budgets are always budgeted for more expenditures than revenues. Most departments do not use all of their allocated funds. The reserve funds are used to balance the budget at the end of the year. The Budget/Finance Committee receives a detailed report of how the money is expended and department heads analyze their spending each year to identify any areas that can improve. Bethany's focus this year is to identify any areas that need to be addressed.

Fire District revenues have been increased according to the new contracts. There was discussion regarding the Fire District contracts.

City Court collections have been lowered to \$115,000, as only \$108,700 was collected in the previous fiscal year. As of July 31, 2017, the outstanding balance of Court collections totaled \$402,979.91.

In the General Fund, expenditures were lowered by 4% from last year.

Comprehensive Insurance has been reduced by .02 mills.

Projected Planning revenues from the County are \$53,259 for this fiscal year. Revenues have decreased by \$26,795, due to a decrease in fees and an \$18,000 CDBG Grant that was used last fiscal year.

There was discussion regarding how the Planning Budget is calculated, as expenditures are more than revenues. The formula is to add the \$25,861.80 of cash in the fund, the \$75,759 of proposed revenues, and the \$35,886.40 of outstanding receivables and then subtract \$120,803 from that value, which leaves \$16,407.20 in the fund.

The Emergency Disaster Fund will continue to levy 2 mills. The remaining approximately \$2 million in FEMA funds will be transferred into this fund and then into the Water Fund.

TIF District revenues are calculated at \$656,933 for this fiscal year. This fund has \$1,089,884 available to fund a project.

There was discussion regarding why this fund has large reserves.

Heidi explained that the TIF District is getting close to its sunset date. In order to extend the life of the district, a bondable project needs to be presented to the Council. Currently, the planned project is for two roundabouts, one at East/West Railroad Street and South First Avenue, and one at Main Street and South First Avenue on either side of the underpass. This fund is stockpiling funds in order to have enough cash on hand to be able to bond out the project.

PERS has increased the mill value by 5.47 mills to maintain the reserve fund. There is a total increase of 4% to expenditures in this fund.

Health Insurance increased mills by 4.06 to maintain the reserves.

City Parking currently has \$14,100 for use in parking lot improvements.

There was discussion on which parking lots belong to the City, such as the parking lot across the street from City Hall.

In Light District Nos. 2 & 3, the assessments remained the same as last year.

The Street Maintenance Fund budgeted \$200,000 for potholes and chip sealing this fiscal year.

Expendable Grant has a total expenditure budget of \$117,455 for parks. The amount available for reconstruction on the north shore of the river is \$91,577.

There was discussion regarding the \$91,577 for the north shore reconstruction. These are not FEMA funds, but was a donation from CHS Refinery to fix the north shore of the river. The City has spent \$9,000 on improvements, but the remainder of the work will be completed after the water intake is lowered.

HB 473 Gas Tax (2821) is a new fund. The revenues for this fund are \$48,689 with a 5% matching amount of \$2,434 from the Street Fund. There are no budgeted projects for this year as it is not clear how this fund will operate.

The SID Revolving Fund monies are held in case any property owners default on their payments to the City. The City can use this fund to pay the bank.

The SID 118 Reserve (3401) Fund is a new fund. Bond counsel advised the City to pledge 5% to the Revolving Fund and to also create the Reserve Fund. Since there are so few property owners in the SID, the bond counsel wanted both. The monies in this fund are only to be used for SID No. 118. When the City reaches the final payment for SID No. 118, these funds can be used to make the final payment.

There was discussion regarding the Crime Victims Fund. During last year's audit, it was recommended that the City return the funds to the State. The Budget/Finance Committee has been discussing what to do with these funds. Until a decision has been made, the fund needs to remain in the budget. If the Budget/Finance Committee decides to draft a resolution to return the money to the

State, there would be a budget amendment. Bethany will investigate the \$20,000 difference between last year's budget and this year's budget.

Funds 3503 through 3508 are Debt Service Funds. SID No. 111 (3501) and SID No. 112 (3502) came off as they have been paid off. The only addition is 3508, which is in the budget as a place holder for SID No. 118. Since SID No. 118 is not complete, it is not in the budget book.

The General Fund will transfer \$113,084 to the CIP Fund this year, as the Council approved the transfer. The amount of \$20,000 will be transferred into the 4001 CIP Fund for the Sidewalk Program.

Heidi clarified that number 10 on the CIP list is a place holder for the \$250,000 from ExxonMobil. The money is in the budget so that if/when a decision is made, the money is on hand to move forward.

The Capital Projects Fund (4001) is the Sidewalk Program. Bethany has received inquiries regarding the program recently.

The Water Fund revenues have decreased by \$18,177,865 because FEMA funds are no longer there and the SED basin funds have been removed. The expenses of \$6,475,000 have been removed, and \$225,000 has been budgeted for the Cherry Hills Booster Station.

The anticipated revenue in the Sewer Fund is \$2,012,539. The budgeted amount for the Sludge Press is \$720,000. This fund has not changed much.

Solid Waste revenues are \$838,361. The repayment of the FAP addition loan has been budgeted in the amount of \$27,507. A new garbage truck has been budgeted for the amount of \$285,000.

There was discussion regarding the project for the amount of \$125,000 from the gas tax. The budgeted amount of \$125,000 is for a street project, which will be identified by the Public Works Director after the funds have been approved.

Bethany reviewed the tax resolutions.

The first resolution is for the budget and the second resolution is for the mill levy.

The third resolution is for Light District No. 2. The assessments for Light District No. 2 are \$47,300. This fund will have a balance, as the lights located on Foundation Avenue have not been completed. The City is working with NorthWestern Energy to finish this project. As soon as the project is complete, the balance will change. Light District No. 2 is for residential lights within the City limits. Light District No. 3, the commercial light district, will be assessed at \$28,000 this fiscal year.

The assessment for sweeping will be \$17,640 for this fiscal year. This assessment decreased as the City is no longer sweeping State roads. Street maintenance has been assessed for \$570,477.

Bethany reviewed the following SID assessments: SID No. 113 (Southeast 4th Street) is assessed for \$21,172.71; SID No. 114 (Elena Park) is assessed for \$4,464.26; SID No. 115 (5th Avenue Sidewalks) is assessed for \$6,026.41; SID No. 116 (Cottonwood Sidewalks) is assessed for \$7,119.42; and SID No. 117 (8th Street and Pennsylvania Avenue) is assessed for \$11,791.109.

The Sidewalk Program has been assessed \$6,850. The list of the assessments was attached to the resolution. There was discussion questioning why someone would be on the assessment for more than one year. Bethany will follow up.

Delinquent water, sewer and garbage charges will be assessed to property owners who have not paid the delinquent charges prior to the approval of the budget.

There was discussion on what occurs when the budgeted street maintenance assessment funds are not spent. The money goes back into the Street Maintenance Fund, as it can only be used for street maintenance.

- Resolution - Proposing assessments and setting public hearing for SID No. 118

Bethany explained the resolution proposing assessments for SID No. 118. Exhibit A attached to the resolution lists the amount assessed for each property owner. The public hearing is set for October 3rd. The City needs to move forward in order for the assessments to appear on this year's tax rolls. Bethany has informed the County about the assessments, as they will be submitted later than usual.

- Council Issues

- Update on 2011 Yellowstone River flooding event

Heidi received a memo from Jonathan Weaver at Great West Engineering. The memo, which is attached, listed the items that must be completed prior to the closeout of the intake project. The final punch list item is to repair Mr. Harkins' fence. Great West Engineering has recommended that the City make the final payment to Wilson Brothers and release all retainage, which will allow the City to move forward on final closeout with FEMA.

Heidi stated that the project came in under budget. There will be a reconciliation change order for \$27,181.80 from cost savings on labor and materials.

There were questions regarding the valve that is still being exercised and the issues with the security cameras and the communication system.

Heidi explained that work is being done to ensure that the valve is working properly and the cameras are positioned correctly so the staff can view the intake and boiler sites.

- Discussion regarding the use of \$15,000/year from Exxon in Riverside Park

Bethany stated that the annual \$15,000 from Exxon is for the right of way that runs through Riverside Park and Exxon's gray building located in the park. Bethany does not advise that any revenues be removed from the General Fund at this time.

- Changing Council Workshop meetings to 5:30 p.m.

Emelie stated that the two committees she chairs had a 5:30 p.m. start time, but both meeting times have been pushed back within the last year.

Doug said that the council workshops do not run long enough to warrant moving the meeting time forward. People who work in Billings would have a hard time making it to the meeting on time, so he does not think the Council should move the meeting forward at this time.

Other Items

Richard stated that someone complained about the wood pile by Fox Lumber. Fox Lumber voluntarily removed the wood pile and will no longer put out a burn pile or sell scrap wood.

There was a question regarding who made the complaint and a request for the owner's name and phone number.

Heidi did not know who made the complaint, but it was not the city. She will provide the owner's name and phone number.

Review of draft council agenda for September 5, 2017

- Public Hearing - Preliminary Budget and Tax Resolutions

There was no discussion.

Attendance at the September 5, 2017 council meeting

All Council members present will attend.

Announcements

Emelie stated that the Public Works Committee will be notified if there is a meeting on September 11th.

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

Respectfully submitted,



Brittney Moorman
Administrative Assistant

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



MEMORANDUM

Date: August 25, 2017

To: Kurt Markegard, City of Laurel Public Works Director

From: Jonathan Weaver

Cc: Chad Hanson

Subject: Water Treatment Plant Intake
Remaining Punch List, Warranty Items and Final Payment

This memorandum summarizes the status of the construction contract with Wilson Bros. Construction for the Water Treatment Plant Intake project.

Outstanding Punch List Items:

1. Restore fence on Tytus Harkins' property. The Contractor is scheduling a fencing company to complete the fence restoration.

Warranty Items:

1. Replace failed temperature gages on boiler system.
2. Replace pipe insulation where new air release valve was cut in for boiler system.
3. Reseed disturbed upland and wetland areas this fall.

Other Items:

1. Clint Camper is working with Hydroburst to diagnose a problem with valve 15 on the Hydroburst system (deck wash valve).
2. Clint Camper has a new level/temperature sensor on order, and it should be delivered next week.
3. Tim and Nathan are regularly exercising and monitoring the first (upstream-most) valve on the east transmission main, as it had trouble in operation on 7/28/2017.
4. Nathan is working directly with IC&E on questions/issues with the communication system and security cameras.

Final Payment

As of today, we are recommending the City issue final payment to Wilson Bros. and release all retainage. Even though a few small items are outstanding, issuing final payment does not alleviate Wilson Bros. responsibilities under the one-year warranty period and will allow the City to apply for closeout of the project to FEMA/DES.

Concurrent with final payment, we have prepared a final reconciliation Change Order, which decreases the contract price by \$27,181.80 bringing the total contract price to \$8,986,683.07.

The following items are attached to this memo:

- Application for Payment No. 11 (Final)
- Change Order No. 10
- Consent of Surety to Final Payment
- Final Release and Waiver of Lien