

**MINUTES
CITY OF LAUREL
CITY COUNCIL WORKSHOP
TUESDAY, MAY 18, 2021**

A Council Workshop was held in Council Chambers and called to order by Mayor Tom Nelson at 6:30 p.m. on May 18, 2021.

COUNCIL MEMBERS PRESENT:

<input checked="" type="checkbox"/> Emelie Eaton	<input checked="" type="checkbox"/> Heidi Sparks
<input checked="" type="checkbox"/> Bruce McGee	<input checked="" type="checkbox"/> Richard Herr
<input checked="" type="checkbox"/> Scot Stokes	<input type="checkbox"/> Irv Wilke
<input checked="" type="checkbox"/> Richard Klose	<input type="checkbox"/> Don Nelson

OTHERS PRESENT:

Kurt Markegard, Public Works Director
Matt Smith, KLJ
Nick Altonaga, Planning Director
Bethany Langve, Clerk/Treasurer

Public Input:

Lacy Thompson, 1215 12th Street Circle, stated that she is interested in proposing pickleball courts in Laurel. Pickleball is the fastest-growing sports across the nation, and she would like to bring it to our community. She talked with the Park Board, and they seemed to have some interest. She would work on grants and fundraising, but before moving forward wanted an ok from Council that they would consider her request. She has a meeting with Jon Rutt to get donations set up with the Laurel Community Foundation. The courts look like a tennis court but smaller. They do have a 6-to-10-foot fence around them. She would want to either do two or four courts, depending on funding.

Mayor Nelson stated she would need to follow up with Park Board.

General Items

1. Northwestern Energy Power Plant Update

Lisa Perry, Community Relations Manager with Northwestern Energy, gave a brief presentation on the attached press release. With her was also Jim Williams, Director of Thermal and Wind Generation, and Debbie Singer, Manager of Key Accounts, to answer any questions that Council may have.

It was questioned if the acquisition of 33 acres a partnership between NWE and CHS. It was clarified that they had purchased the land from CHS. It was further questioned how they did not have to speak to City/County Planning to propose this project. It was clarified that they would

need to clean up the property's zoning, but they have to own the property before they can clear up the zoning issues.

It was questioned if they would use City utilities like water and sewer. It was clarified that is NWE's intent. They will engage the City in that conversation as they move forward.

Executive Review

2. Resolution - Resolution Authorizing The Mayor And City Clerk To Utilize Available Revenue In The City's Water Fund To Prepay And Retire DNRC Loan WRF-09138.

Bethany Langve, Clerk/Treasurer, stated that in reviewing the current status of the Water Fund, she spoke with the Utilities Plant Superintendent about retiring some of Water's loans. She also spoke with the Public Works Director, who agreed it was a good idea to retire some loans. The City is considering expanding out to the new interchange. A new school will be built eventually. There are lots of possibilities. This loan was taken out in 2009. The original amount of the loan was \$500k. It was for improving two filters and included an underdrain. The interest rate on this loan is 2.5%, and by retiring it now, the City will save approximately \$26,051.85 in interest and administration feeds.

3. Resolution - Resolution Authorizing The Mayor And City Clerk To Utilize Available Revenue In The City's Water Fund To Prepay And Retire DNRC Loan WRF-03048R.

Bethany Langve, Clerk/Treasurer, stated this loan was from 2003. The original amount of the loan was \$2.5 million. It is the loan for the 2003 intake. It has a 4% interest rate. In 2013 it dropped to a 2.25% interest rate, which is a savings of \$9,337.57. There is \$333,238.13 left on this loan. After retiring this loan, Water has two debt serves left—one for the new intake and one for the SED basins.

4. Resolution - Resolution Authorizing The Mayor And City Clerk To Utilize Available Revenue In The City's Sewer Fund To Prepay And Retire DNRC Loan SRF-10234.

Bethany Langve, Clerk/Treasurer, stated the Sewer Fund is in the same position as the Water Fund. She would like to get some debts off the books. In 2010 the Sewer Fund took a loan for \$359,300 with a .75% interest rate. To pay this loan off early will save the City \$6072.25. This loan was taken to upgrade lift stations. The loan only had \$167,546.23 remaining.

5. Resolution - A Resolution Approving The Agreement Between The City Of Laurel And The Laurel Airport Authority, Said Agreement Relating To Fire Protection

Mayor Nelson stated that the Fire Chief was unable to attend tonight's meeting. This agreement is the same as in past years. There is a 2% increase to the contract this year.

6. Resolution - A Resolution Approving Agreements Between The City Of Laurel And Laurel Fire District No. 8 Relating To Fire Protection.

As explained under the previous agenda item. This contract has a 3% increase.

7. Resolution - A Resolution Approving Agreements Between The City Of Laurel And Laurel Fire District No. 5, Said Agreements Relating To Fire Protection

As explained under the previous agenda item. This contract has a 3% increase.

8. Resolution - A Resolution Approving An Agreement Between The City Of Laurel And Yellowstone Boys And Girls Ranch, Relating To Fire Protection.

As explained under the previous agenda item. This contract has a 2% increase.

9. Resolution - A Resolution Approving Agreements Between The City Of Laurel And The Laurel Urban Fire Service Area ("LUFSA") Said Agreements Relating To Fire Protection

As explained under the previous agenda item. This contract has a 3% increase.

Fire District No. 7 has no board to approve the assessment. Like last year the County will eventually release the funds they have collected. Chief Peters has tried to assist in filling that board, but they still do not have any members.

10. Resolution - Small Service Contract True North Contracting.

Mayor Nelson stated this small service contract should have come to Council but instead went to the Budget/Finance Committee.

Kurt Markegard, Public Works Director, stated that this small service contract repairs the street on West Avenue and S. 4th Street. A hydrant was replaced and needed to replace the curb and gutter. There were many complaints about this area being closed. The hydrant repair restored fire protection to the area.

11. Resolution - 5th Avenue Waterline Re-Route Project

Kurt Markegard, Public Works Director, stated a mainline runs up 5th Avenue to the old and new reservoirs. This water main goes under some homes. It is a 12-inch concrete line. Approximately 8 to 10 years ago, homeowners petitioned the Public Works Director to have the line removed. First, however, needed the ability to shut down the line in case of a break. So they did cut in a valve.

Ryan Welsh, KLJ, stated there would be a connection on 11th Street and 5th Avenue, jogging over to 4th Avenue and then jogging back over. There is a 12-inch line coming down from Valley Drive that will be connected as well. There were six bidders on the project. The bids ranged from \$900k to \$1.4 million. The engineer's estimate was \$1.3 million. Western Municipal Construction was the lowest bidder. They had a miscalculation in their bid that was 30 dollars in the City's favor. Their bid was \$902k. There will be a public forum to discuss how this project will move forward. There is a cast iron line that runs up Valley Drive. That line will be able to

replace once this work is complete. The residents won't notice any issues during this replacement. The goal is to build a new reservoir in the near future. The streets in this area will be overlayed. The County would like to have their section of this project overlayed as well. Their cost is \$27k.

It was questioned when was the anticipated start date. It was clarified mid to late June.

It was questioned if they would be widening that section of W. 12th street. It was clarified that it would be an issue widening the road due to the ditch being there. There are ongoing discussions. One cost-saving measure they choose for this project was to place the pipe in the dirt north of the existing road between 4th Avenue and Valley Drive. There are 60 feet of right of way there, and we don't want to destroy what is already there. They are adding fire hydrants as well. The fire hydrants are designed behind the future curb and gutter.

It was questioned if the abandoned line will be capped or filled with concrete. It was clarified that the ends would be capped. It was further questioned if they were worried about the pipe collapsing in the future. It was clarified that they do not anticipate the line to collapse.

12. Resolution - MOU - 5th Avenue Reroute and 2021 Pavement Maintenance with Yellowstone County.

The 2021 Pavement Maintenance program identified some streets with portions in County and portions in City that needed chip and crack sealing. Also, the County portion of the 5th Avenue Reroute Project. Spoke with the County about participating in this year's project. The County Commissioners signed off on the MOU this morning.

13. Resolution - Yellowstone River Water Crossing Project

Kurt Markegard, Public Works Director, stated this waterline goes across the Yellowstone River Bridget. About ten years ago, the electric line that keeps the line from freezing. It froze and broke. At the time, they couldn't find funds to fix the line at that time. The Park Board and the Mayor wanted to get the waterline replaced. There were two bidders, COP Construction and Western Municipal Construction. COP Construction came in at \$281k. COP Construction put the bridge in for the State; at that time, the City paid for the waterline to be installed. When the water line froze, they pulled a 3-inch pipe through the 4-inch pipe. There is not much water pressure in Riverside Park. The fire hydrant barely spills water year-round.

Ryan Welsh, KLJ, stated there is a lot of expansion and contraction in this line. It will be a 4-inch insulated line. Because of the insulation, it will look approximately 8 inches in diameter. There will be 4 or 5 contraction joints as there can be 60 inches of contraction; the water in the line will keep it stable. There will be a heating tracer wire to keep the temps from freezing as well. It is expected to take about 30-days to complete the project. Getting the pipe will be the longest portion of the project as the pipe needs to be insulated after it is ordered because there are two vendors. One vendor makes the pipe, and the second insulate the pipe.

It was questioned what the funding source for this project was. It was clarified they initially wanted to use the Exxon dollars. There was the option to use Park funding but would have left a \$140k shortfall. So instead, they will use Water Funds for this project and use the Park Funds for other projects. It is essential to have water in the campground for fire protection.

14. Resolution - A Resolution Approving Amendment No. 1 To The Previously Approved Task Order Authorizing Kadrmas, Lee & Jackson, Inc. To Provide Additional Services For The City Of Laurel's H₂S Remediation Improvements Project.

Kurt Markegard, Public Works Director, stated this task order addresses the sewer line from the village lift station from going septic. Tried a pilot study, chemicals, etc. And nothing has worked. So they tried using ozone which seemed to start working. So they would like to put an Ozonator. This amendment is to cover the additional fee increase. This has been a three-year process trying to find something that will work. They would like to go to bid this summer. It would include a manhole close to Main Street where they can put the sewer underground. Have been dealing with these issues for 11 years.

Ryan Welsh, KLJ, stated we need to treat at the discharge point so the smell will go away. It is creating sulfuric acid and eating up all of the electrical panels. Hoping this will convert the H₂S to something less corrosive. Because this is a forced main, there is no air in the line. Gravity-fed lines have air and keep things in check. The sewage in the forced main takes a considerable amount of time to move down the pipe. It may only move a few feet each time the lift station turns on.

15. Resolution - A Resolution Of The City Council Approving A Task Order Between The City Of Laurel And KLJ Engineering Inc. To Authorize Service For The City Capital Improvements Plan (CIP).

Mayor Nelson stated he was aware of two past CIP's. One from 2003 and one from 2008. Both went on a shelf and sat. This is a plan for the City. Cities need a CIP in order to apply for grants. A few grants will be available in the next few years that the City could apply for. It is expected to take approximately 90 days to complete. He wants a resolution that required Council to look at the CIP each year.

Ryan Welsh, KLJ, stated earlier in tonight's meeting that there was a discussion about retiring debts. Those debts corresponded with the same timeframes as the past City CIP's. Without a current CIP, it can be challenging to obtain funding. It is similar to the Pacer Study that was done on the streets. Each year the plan can be reviewed for any significant changes.

Mayor Nelson gave the example of the Park Master Plan. Because the City had a plan in place and had shovel-ready projects, we were awarded most of the funds we had applied for.

16. Resolution - A Resolution Of The City Council Authorizing The Mayor To Sign A Contract With Canyon Electric For Electrical Work For The City's Building Commonly Known As "Jaycee Hall" Located In Riverside Park.

Kurt Markegard, Public Works Director, stated this small service contract originated out of Park Board. They wanted to get the building, commonly known as Jaycee Hall, open for rentals. When the Jaycees moved out, an organization wanted to rent out the main hall and one of the rooms. He had gone down to inspect the building and found some major electrical issues. There was no emergency lighting or exit signs. The light switches were not located at the correct height. There was also electrical wire exposed.

The City received two quotes. Contacted Canyon Electric to get a quote, who came back with a quote for \$13,736. Ace Electric came back with an open-ended quote that was significantly higher. The building has been gone through thoroughly. This small service contract will be paid out of the Exxon funds. Once the building is brought up to code, it can be rented out. Park Board has worked hard to discuss renting out the space, the rules, regulations, etc. Unfortunately, that work came to a halt until the electrical issues can be fixed.

Mayor Nelson stated one thing that brings people to a community is the amenities the community offers. If the City does not grow, it will become stagnant.

The City has spent very little on that building while the Jaycees rented it. They did maintain the building well. They did the best they could. He stated he would also like to see the American Legion building restored to be rented out. The YMCA has wanted to do river floating and rent a space for the kids.

It was stated that in the Master Park Plan, there were champions for the buildings listed. It was questioned whatever happened to that. It was further stated that Council would like to see this move forward.

17. Resolution - LURA Grant – Atkins

Nick Altonaga, Planning Director, stated the LURA approved a façade grant totaling \$9k. Anything over \$5k must come to Council. This is a replacement for part of their façade that fell in a windstorm. They also did some sidewalk repairs. The applicant has previously applied for grants.

Council stated they love to see the improvements that have gone into this building. It was questioned why the values are listed in red on the spreadsheet. It was clarified that the sheet was built a while ago and indicated the amount needs to be reviewed. The Planner did check LURA's budget before sending over this grant.

Council Issues

Other Items

Review of Draft Council Agendas

18. Draft Council Agenda of May 25, 2021.

Attendance at Upcoming Council Meeting

Announcements

A Council Member stated they received a call from Louis Metzger at 601 W. 8th Street. He stated he was putting in a sidewalk in his backyard. His cable line was buried 1.5 inches into the ground and was severed. This Council Member stated they had run into this issue themselves and asked why those cables are buried so shallowly—asked if Council could discuss at the next Workshop.

The council workshop adjourned at 8:01 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Brittney Moorman", with a long horizontal flourish extending to the right.

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.



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News Article

NorthWestern Energy enters contracts for 325 megawatts of dispatchable capacity resources to serve Montana customers

Apr 20, 2021

Butte, Mont. – April 20, 2021 – NorthWestern Energy has entered into multiple contracts for projects to acquire 325 megawatts of dispatchable capacity resources: procurement and construction agreements for a 175 megawatt natural gas plant; a pending agreement to purchase capacity from a 50 megawatt battery storage project; and a power purchase agreement for 100 megawatts of predominantly hydroelectric resources.

The contracts were entered into after NorthWestern Energy completed its competitive solicitation process for long-term capacity resources issued in January 2020.

This will reduce NorthWestern Energy's capacity deficit, decrease risk associated with market volatility and potential lack of availability, and provide increased reliability for our Montana customers. The additional capacity to produce energy will address more than half of NorthWestern Energy's deficit in its supply portfolio serving Montana. The deficit is becoming more critical as some regional coal plants and other capacity resources are being shut down, compromising reliability during extreme weather conditions, including multi-day events, when energy demand is high.

NorthWestern Energy's independent, third-party request for proposals evaluator, Aion Energy, received 180 proposals representing a wide variety of technologies from 21 bidders. NorthWestern Energy has selected three resources from the proposals submitted in response to the company's request for proposals:

- NorthWestern Energy's Laurel Generating Station will be a new 175 megawatt, reciprocating internal combustion engine (RICE units), natural gas plant in Laurel, Montana.
- Powerex Corp., a subsidiary of BC Hydro, has entered into a five-year power purchase agreement with NorthWestern Energy for 100 megawatts of capacity and energy products originating predominately from hydroelectric resources.
- Contract pending on an Energy Storage Project that will be a 50 megawatt battery storage system utilizing lithium-ion technology.

"This selection of diverse projects will provide critically needed flexible capacity from a combination of thermal and renewable resources," said NorthWestern Energy Vice President Supply and Montana Government Relations John Hines.

The selected resources provide diversity in ownership and technology, including owned and market-based resources and the largest battery-storage project within Montana.

"This resource portfolio addresses a key portion of our immediate need for generation capacity while also allowing us to make progress toward our goal of an energy supply portfolio in Montana that reduces the carbon intensity of our electric generation by

90% by 2045,” said NorthWestern Energy Chief Executive Officer Bob Rowe.

NorthWestern Energy expects to submit an application for approval of the Laurel Generating Station and the 20-year contract for the pending Energy Storage Project to the Montana Public Service Commission on or about May 14, 2021. We anticipate the regulatory process to take approximately 9 months.

The \$250 million Laurel Generating Station is expected to be available to serve customers by Jan. 3, 2024.

For the 175 megawatt natural gas-fired RICE plant near Laurel, Caterpillar Power Generation Systems, LLC, a subsidiary of Caterpillar, Inc. will supply the RICE units and Burns & McDonnell Engineering Company, Inc. was selected as the Engineering, Procurement, and Construction (EPC) contractor. Burns & McDonnell has a solid reputation as a superior EPC contractor, particularly for RICE facilities.

The Caterpillar RICE units are highly reliable and efficient with low emissions. The selected engines are capable of rapid ramping and multiple daily starts and stops. These units have the flexibility to provide power on-demand, baseload power, flexible capacity, and regulation services. These characteristics will facilitate the integration of existing and new intermittent renewable energy resources into our portfolio.

The 50 megawatt battery energy storage system, is expected to be available to serve NorthWestern Energy’s Montana customers by the end of 2023.

“The energy storage project will provide the opportunity to store some excess energy from the grid to use when customer demand is high,” NorthWestern Energy Director Long-Term Resources Bleau LaFave said. “Today, NorthWestern Energy most frequently has excess energy on the grid from wind resources. Now we will have the opportunity to store a portion of that excess energy to improve matching the generation with customer demand and higher market pricing.”

“The five-year 100 megawatt power purchase agreement with Powerex, the marketing entity for BC Hydro, will provide our customers with capacity mainly from the BC Hydro system starting in Jan. 1, 2023” said LaFave. “Our Montana customers require this capacity as soon as it is available. This market product can be delivered on our existing transmission assets.”

NorthWestern Energy is still short of the capacity resources needed to produce energy reliably at the times when our Montana customers require it the most.

“The 2020 RFP process provided an opportunity to see what projects and technology are available,” said NorthWestern Energy President and Chief Operating Officer Brian Bird. “NorthWestern Energy’s new Laurel Generating Station will be able to provide on-demand capacity for long durations. With that asset added to our Montana portfolio, NorthWestern Energy can consider other, shorter duration capacity projects in future RFPs.”

“Developing a diverse portfolio of resources capable of producing the energy our Montana customers need any time they need it is the responsible path forward as we all work together toward an affordable, reliable and cleaner energy future,” said Rowe.

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About NorthWestern Energy (NYSE: NWE)

NorthWestern provides electricity and / or natural gas to approximately 743,000 customers in Montana, South Dakota, and Nebraska. We have generated and distributed electricity in South Dakota and distributed natural gas in South Dakota and Nebraska since 1923 and have generated and distributed electricity and distributed natural gas in Montana since 2002. More information on NorthWestern is available on the company’s website at www.northwesternenergy.com.

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