



**AGENDA
CITY OF LAUREL
CITY COUNCIL WORKSHOP
TUESDAY, MARCH 19, 2024
6:30 PM
COUNCIL CHAMBERS**

Public Input: *Citizens may address the Council regarding any item of City business that is not on tonight's agenda. The duration for an individual speaking under Public Input is limited to three minutes. While all comments are welcome, the Council will not take action on any item not on the agenda. Because of the Rules that govern public meetings, Council is not permitted to speak in response to any issue raised that is a non-Agenda item. The Mayor may provide factual information in response, with the intention that the matter may be addressed at a later meeting. In addition, City Council may request that a particular non-Agenda item be placed on an upcoming Agenda, for consideration. Citizens should not construe Council's "silence" on an issue as an opinion, one way or the other, regarding that non-Agenda matter. Council simply cannot debate an item that is not on the Agenda, and therefore, they must simply listen to the feedback given during public input. If a citizen would like to speak or comment regarding an item that is on tonight's agenda, we ask that you wait until the agenda item is presented to the Council by the Mayor and the public is asked to comment by the Mayor.*

Be advised, if a discussion item has an upcoming public hearing, we would request members of the public to reserve your comments until the public hearing. At the public hearing, the City Council will establish an official record that will include all of your comments, testimony, and written evidence.

General Items

Executive Review

1. Resolution - A Resolution Of The City Council Approving A Professional Services Agreement Between The City Of Laurel And Raftelis Financial Consultants, Inc. For A Water Rate Study.
2. Resolution - A Resolution Of The City Council Approving A Professional Services Agreement Between The City Of Laurel And Raftelis Financial Consultants, Inc. For A Wastewater Rate Study.
3. Resolution - A Resolution Of The City Council Authorizing The Additional Extension Of Approval Of Application For Special Review For J. Johnson Properties Pursuant To Resolution Nos. R22-07, R23-05, And R23-75.
4. Resolution - A Resolution Of The City Council Approving A Memorandum Of Understanding By And Between The City Of Laurel And Yellowstone County For The Golf Course Road Paving Project.
5. Resolution - A Resolution Of The City Council Approving Accrued Vacation Pay-Out For City Clerk-Treasurer.

Council Issues

6. West Railroad Funding Discussion

Other Items

Attendance at Upcoming Council Meeting

Announcements

The City makes reasonable accommodations for any known disability that may interfere with a person's ability to participate in this meeting. Persons needing accommodation must notify the City Clerk's Office to make needed arrangements. To make your request known, please call 406-628-7431, Ext. 5100, or write to City Clerk, PO Box 10, Laurel, MT 59044, or present your request at City Hall, 115 West First Street, Laurel, Montana.

File Attachments for Item:

1. Resolution - A Resolution Of The City Council Approving A Professional Services Agreement Between The City Of Laurel And Raftelis Financial Consultants, Inc. For A Water Rate Study.

RESOLUTION NO. R24-_____

A RESOLUTION OF THE CITY COUNCIL APPROVING A PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF LAUREL AND RAFTELIS FINANCIAL CONSULTANTS, INC. FOR A WATER RATE STUDY.

BE IT RESOLVED by the City Council of the City of Laurel, Montana,

Section 1: Approval. The Professional Services Agreement with Raftelis Financial Consultants, Inc. (hereinafter “the Professional Services Agreement) for a Water Rate Study (hereinafter “Water Rate Study”), a copy attached hereto and incorporated herein, is hereby approved.

Section 2: Execution. The Mayor is hereby given authority to execute the Professional Services Agreement on behalf of the City.

Introduced at a regular meeting of the City Council on the _____ day of March, 2024, by Council Member _____.

PASSED and APPROVED by the City Council of the City of Laurel the _____ day of March, 2024.

APPROVED by the Mayor the _____ day of March, 2024.

CITY OF LAUREL

Dave Waggoner, Mayor

ATTEST:

Kelly Strecker, Clerk-Treasurer

APPROVED AS TO FORM:

Michele L. Braukmann, Civil City Attorney

PROFESSIONAL SERVICES AGREEMENT BETWEEN
CITY OF LAUREL, MT
AND
RAFTELIS FINANCIAL CONSULTANTS, INC.

This Consulting Agreement (“Agreement”) is entered into this ____ day of _____, 2024 (hereinafter referred to as the effective date of the agreement) by and between, City of Laurel, MT (the “Client”) and Raftelis Financial Consultants, Inc., 383 North Carona, Suite 244, Denver, CO 80218 (“Raftelis”).

Witnesseth

WHEREAS, Raftelis is engaged and experienced in public finance, management, and pricing, and service delivery, and WHEREAS, The Client desires to hire Raftelis and Raftelis agrees to provide services to the Client, NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to the terms and conditions set forth herein.

Article 1 – Statement of Work

Raftelis shall provide professional consulting services to prepare Water Rate Study for Client. Raftelis will perform the services as set forth in its proposal sent to Client dated March 7, 2024 and included herein as Attachment A, the “Scope.”

Article 2 – Time for Completion

This Agreement will commence upon approval by the Client and remain in effect for a period of one year. Further renewals of this Agreement are at the option of and shall be mutually agreed to by the Parties.

Article 3 – Compensation

Client shall pay to Raftelis the sum not to exceed \$39,560, which includes professional fees and direct expenses incurred in performing the scope of services, as well as an hourly technology expense reimbursement, outlined in Attachment B. The parties understand that this sum is based upon the scope of work contained herein at Raftelis’ current standard hourly rate schedule included in Attachment B. Any expansion of the scope of work by the Client shall involve discussion of and agreement about additional fees and time by both parties.

Raftelis shall submit invoices to the Client on a monthly basis for services rendered to the date thereof. Such invoices shall be supported by appropriate documentation; at a minimum, the task performed, the individuals working on such task, the level of each such individual, and expenses incurred. Each invoice

will contain all hours and expenses from Raftelis for the month. Upon receipt of monthly invoice, the Client will remit payment of same amount to Raftelis within 30 days.

Article 4 – Additional Services

At the Client's request, Raftelis may submit proposals for additional professional services. Each proposal submitted shall detail: (1) scope of work for the additional services, (2) period of services to be performed, and (3) method and amount of compensation. The Client shall provide written acceptance and authorization to Raftelis prior to the commencement of work on any proposed additional services. Each proposal for additional services accepted and approved by the Client shall become part of this Agreement and shall be governed by the terms and conditions contained herein.

Article 5 – Place of Performance

Raftelis shall be responsible for maintaining its own office facilities and will not be provided with either office facilities or support by the Client.

Article 6 – Indemnification

Raftelis hereby agrees to indemnify and defend the Client, its officers, directors, managers and employees ("Indemnified Party or Parties") and to hold the Indemnified Parties harmless against third party claims, costs and expenses, including reasonable attorney's fees, action, or demands against the Indemnified Parties and against damages for injury to or death of any person and for loss of or damage to all property caused by the negligent acts, errors or omissions of Raftelis in performing this Agreement, except to the extent the claims, demands, liabilities, cost and expenses are caused by the negligent acts, errors or omission of an Indemnified Party.

Article 7 – Insurance

Raftelis shall maintain the types and levels of insurance during the life of this Agreement as specified below. The Client will be named as additional insured on Raftelis' Certificates of Insurance and Raftelis will provide the Client with these Certificates of Insurance.

Commercial General Liability Insurance – \$1,000,000 for each occurrence and \$2,000,000 in the aggregate

Comprehensive Automobile Liability Insurance – \$1,000,000 combined single limit each occurrence- hired and non-owned only

Workers Compensation Insurance – Statutory limits

Professional Liability Insurance – \$5,000,000 occurrence and \$5,000,000 in the aggregate

Excess or Umbrella Liability – \$5,000,000 occurrence and \$5,000,000 in the aggregate

Article 8 – Confidential Information

Raftelis acknowledges and agrees that in the course of the performance of the services pursuant to this Agreement, Raftelis may be given access to, or come into possession of, confidential information from the Client, of which information may contain privileged material or other confidential information. Raftelis acknowledges and agrees, except as required by judicial or administrative order, trial, or other governmental proceeding, that it will not use, duplicate, or divulge to others any such information marked as "confidential" disclosed to Raftelis by the Client ("Confidential Information") without first obtaining written permission from the Client. All tangible embodiments of such information shall be delivered to the Client or the destination of such information by Raftelis requested by the Client. The Client acknowledges Raftelis has the right to maintain its own set of work papers which may contain Confidential Information.

Article 9 – Independent Contractor Status

It is understood and agreed that Raftelis will provide the services under this Agreement on a professional basis as an independent contractor and that during the performance of the services under this Agreement, Raftelis' employees will not be considered employees of the Client within the meaning or the applications of any federal, state, or local laws or regulations including, but not limited to, laws or regulations covering unemployment insurance, old age benefits, worker's compensation, industrial accident, labor, or taxes of any kind. Raftelis' employees shall not be entitled to benefits that may be afforded from time to time to Client employees, including without limitation, vacation, holidays, sick leave, worker's compensation, and unemployment insurance. Further, the Client shall not be responsible for withholding or paying any taxes or social security on behalf of Raftelis' employees. Raftelis shall be fully responsible for any such withholding or paying of taxes or social security.

Article 10 – Reliance on Data

In performance of the services, it is understood that the Client and/or others may supply Raftelis with certain information and/or data, and that Raftelis will rely on such information. It is agreed that the accuracy of such information is not within Raftelis' control and Raftelis shall not be liable for its accuracy, nor for its verification, except to the extent that such verification is expressly a part of Raftelis' Scope of services.

Article 11 – Standard of Performance

Raftelis will perform the services under this Agreement in accordance with the standard of professionals in its industry prevailing at the time and place the services are performed. Raftelis' opinions, estimates, projections, and forecasts of current and future costs, revenues, other levels of any sort, and events and estimates of cost-justified system development fees shall be made on the basis of available information and Raftelis' expertise and qualifications as a professional. Raftelis will perform the Scope of services in

conformance with the professional standards in its field of expertise prevailing at the time and place the Scope of services are performed. Raftelis does not warrant or guarantee that its opinions, estimates, projections or forecasts of current and future levels and events will not vary from the Clients' estimates or forecasts or from actual outcomes. Raftelis identifies costs, allocates costs to customer classes and provides rate models. It does not establish rates, which is the legislative responsibility of the Client.

Article 12 – No Consequential Damages

To the fullest extent permitted by law, neither party shall be liable to the other for any special, indirect, consequential, punitive or exemplary damages resulting from the performance or non- performance of this Agreement notwithstanding the fault, tort (including negligence), strict liability or other basis of legal liability of the party so released or whose liability is so limited and shall extend to the officers, directors, employees, licensors, agents, subcontractors, vendors and related entities of such party

Article 13 – Termination of Work

This Agreement may be terminated as follows:

1. **By Client.** (a) for its convenience on 30 days' notice to Raftelis, or (b) for cause, if Raftelis materially breaches this Agreement through no fault of Client and Raftelis neither cures such material breach nor makes reasonable progress toward cure within 15 days after Client has given written notice of the alleged breach to Raftelis.
2. **By Raftelis.** (a) for cause, if Client materially breaches this Agreement through no fault of Raftelis and Client neither cures such material breach nor makes reasonable progress toward cure within 15 days after Raftelis has given written notice of the alleged breach to Client, or (b) upon five days' notice if Work under this Agreement has been suspended by either Client or Raftelis in the aggregate for more than 30 days.
3. **Payment upon Termination.** In the event of termination, Raftelis shall be compensated for all work properly performed prior to the effective date of termination.

Article 14 – Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed deliverable when delivered in person or deposited in the United States mail, postage prepaid, addressed as follows:

If for the Client:

If for Raftelis:

Name

Raftelis Financial Consultants, Inc.

383 North Carona

Suite 244

Title

Denver, CO 80218

Address

Article 15 – Ownership of Work Product

All documents, data, compilations reports and studies prepared by Raftelis in performing the Scope of services shall be the property of the Client; provided that any use other than as contemplated in this Agreement or any alteration or modification of the Work Product shall be at the sole risk of Client, and Client shall indemnify, defend and hold Raftelis harmless from any claim, demand, liability, cost or expenses incurred by Raftelis from such use or modification. Nothing contained herein shall be deemed an assignment, transfer, or divestiture its use by Raftelis of any of its trade secrets, know-how or intellectual property.

Article 16 – Compliance with Applicable Laws

Raftelis is an equal opportunity employer and complies with all federal, state, and local fair employment practices laws. Raftelis strictly prohibits and does not tolerate discrimination against employees, applicants, or any other covered persons because of race, color, religion, national origin or ancestry, gender identity, sexual orientation, marital status, sex, pregnancy, age, disability, past, current, or prospective service in the uniformed services, or any other characteristic protected under applicable federal, state, or local law. All Raftelis employees, other workers, and representatives are prohibited from engaging in unlawful discrimination. This policy applies to all terms and conditions of employment, including, but not limited to, hiring, training, promotion, corrective action, compensation, benefits, and termination of employment.

Any act of discrimination committed by Raftelis in the course of its performance under this Agreement, or failure to comply with these statutory obligations when applicable, shall be grounds for termination of this Agreement.

Article 17 – General Provisions

- A. Entire Agreement: This Agreement represents the entire and sole agreement between the Parties with respect to the subject matter hereof.
- B. Waiver: The failure of either Party to require performance by the other of any provision hereof shall in no way affect the right to require performance at any time thereafter, nor shall the waiver of a breach of any provision hereof be taken to be a waiver of any succeeding breach of such provision or as a waiver of the provision itself. All remedies afforded in this Agreement shall be taken and construed as cumulative; that is, in addition to every other remedy available at law or in equity.
- C. Relationship: Nothing herein contained shall be construed to imply a joint venture, partnership, or principal-agent relationship between Raftelis and the Client; and neither Party shall have the right, power, or authority to obligate or bind the other in any manner whatsoever, except as otherwise agreed to in writing.
- D. Assignment and Delegation: Neither Party shall assign this Agreement or any rights, duties, or obligations hereunder without the express written consent of the other. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the successors, legal representatives, and assignees of the Parties hereto.
- E. Severability: If any provision of this Agreement is declared invalid or unenforceable, such provision shall be deemed modified to the extent necessary to render it valid and enforceable. In any event, the unenforceability or invalidity of any provision shall not affect any other provision of this Agreement, and this Agreement shall continue in force and effect, and be construed and enforced, as if such provision had not been included, or had been modified as above provided, as the case may be.
- F. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of the State of North Carolina.
- G. Paragraph Headings: The paragraph headings set forth in this Agreement are for the convenience of the Parties, and in no way define, limit, or describe the scope or intent of this Agreement and are to be given no legal effect.
- H. Third Party Rights: Nothing in this Agreement shall be construed to create or confer any rights or interest to any third party or third-party beneficiary. It is the intent of the parties that no other outside, non-party claimant shall have any legal right to enforce the terms of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized representatives.

By: _____
Signature

Title

Date

Raftelis Financial Consultants, Inc.

By: _____
Signature

Vice President

Date

This is to certify that an appropriation in the amount of this contract is available therefore and that _____ has been authorized to execute the contract and approve all requisitions and change orders.

By: _____
Signature

Title

ATTACHMENT A

STATEMENT OF WORK/ENGAGEMENT LETTER

Water Rate Study

Scope of Work

Task 1.0 – Project Management and Project Initiation

We will facilitate an on-site kick-off meeting, potentially over the course of one and one-half days, with staff to review and validate data, and gather any outstanding items or questions. We will also use this meeting to discuss study objectives and other project management items. We anticipate covering the following:

- **Data Request:** Prior to the meeting we will submit a data request list for the information needed for this study. Gathering this information prior to the kick-off meeting will allow us to review and aggregate our list of questions and clarifications. We will also be able to show how this data will be used in the models.
- **Project Management:** Finalize scope, milestones, and deliverables, set up regular project conference calls, and determine primary points of contact. Finalize project goals and objectives to establish guiding principles for the study against which we will measure results.
- **Rate Structure Pricing Objectives:** Review pricing objectives identified in the RFP and rank them in order of importance. Determine how well the existing rate structure meets those objectives and identify potential rate structure changes that align with those objectives. Typical pricing objectives are listed to the right. Many of these are ‘standard’ or ‘must haves’ such as defensibility and revenue sufficiency however others can be ranked in order of importance. We will also develop measurable criteria to benchmark the objectives against the alternatives

Common Pricing Objectives



Task 0 Deliverables:

- On-site Project Kickoff meeting
- Revised data request list (if needed)
- Memo summarizing project management items
- Listing of ranked pricing objectives by staff

Task 2.0 – Financial Plan

Task 2.1 – Customer Demand and Revenue Projections

Raftelis will develop customer characteristic profiles for the customer classes. The analysis will include:

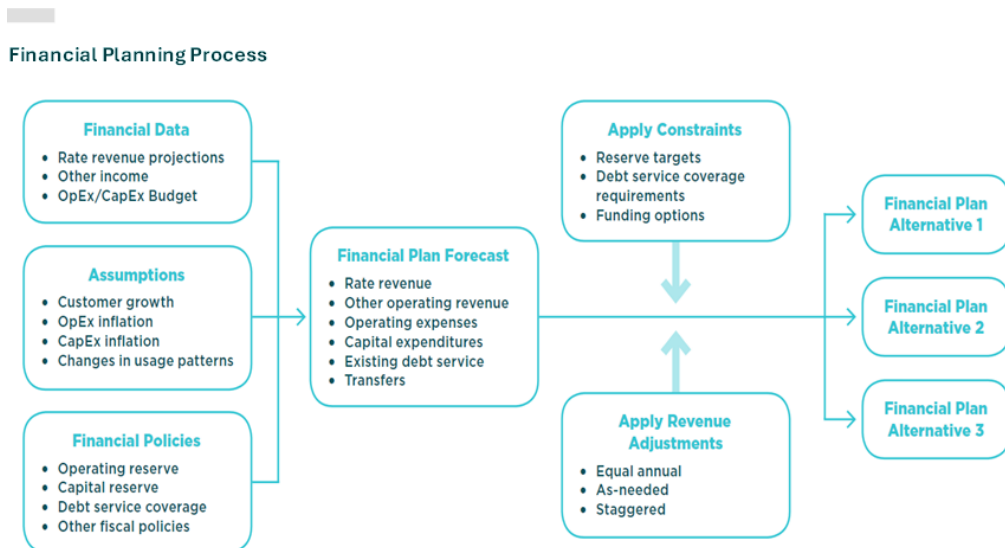
- Analysis of annual and monthly billed water consumption of each customer class for the past three fiscal years
- Development of bill frequencies for each class. For the classes with tiered structures, we will calculate the amount of volume billed in each tier and use that as the basis for demand projections. Volumes by tier will be adjusted if it is anticipated that demand will continue to decrease.
- Development of a use per account based on historical data and a projected use per account based on planning data from the City.

Task 2.2 – Financial Planning Projections

The financial planning task will include the development of forecasted revenues, O&M, debt service, and capital expenditures along with project bond or loan issues with any rate increases required to meet these requirements and financial metrics.

A primary consideration in developing an ‘optimal’ financial plan is minimizing annual revenue increases through balancing the use of reserves, existing rate revenue, revenue bonds, grants, etc. This balance is subject to the constraints of meeting the City’s target reserve policies, debt service coverage, and other financial policies requirements on any proposed debt.

This approach is an iterative process. For example, issuing debt to fund a capital project may keep revenue increases low however, new debt payments may decrease the coverage below the target level. As a result, a revenue increase may be needed to meet to maintain compliance with the target. The revenue generated from the increase now may meet debt service coverage and produce an ending balance more than the target reserve. This excess can be used to partially fund the capital project which, in turn, could reduce the proposed loan amount. through the study period. The graphic below illustrates the requirements needed to build a sound financial plan.



The financial plan activities will include:

- A forecast revenue under existing rates using the demands projections in Task 2.1, and other operating and non-rate revenues for each utility.
- Review existing financial plans, budgets, actuals data, and capital improvement plan programs
- Review and discuss with City staff growth assumptions and type of growth anticipated
- Develop historical billing analysis to validate water revenue projections
- Forecast operations and maintenance (O&M), repair and replacement (R&R) capital, expansion capital (based on master plan results or other engineering reports), and existing and proposed debt service
- Incorporate new positions, changes in operating efficiencies, inflation, etc.
- Identify the projects eligible for bond or state loans based on timing, duration, and the amount of the project. Raftelis can present financial plan alternatives considering specific projects financed through revenue bonds, state loans, etc.

Task 2 Deliverables:

- Two (2) virtual meetings to present draft and draft-final results to all internal stakeholders and develop various scenarios to meet revenue requirements
- Technical memorandum summarizing the results of the water financial planning analysis

Task 3.0 – Cost of Service Analysis

Raftelis will start with industry-accepted cost-of-service principles and customize our analysis to account for the specific requirements of this study. The cost-of-service analysis will provide the City with a defensible justification explaining the reason why the costs are assigned in the manner they are. Raftelis will need this information to evaluate the level of the current and proposed rates.

The cost-of-service analysis is a multi-step process. It includes determining the revenue requirement, assigning the revenue requirement to various facilities (functional areas), and further allocating those costs based on their design criteria or function in the system. Those costs are then distributed to customer classes based on their water demands as well as accounts or equivalent meters. Raftelis will use the cost allocation process based on the industry standard methodologies published in the AWWA's *Manual M1, Principles of Water Rates, Fees*. The figure below illustrates the four primary steps we will use to complete the cost-of-service analysis for each utility.

Task 3.1 – Test Year Revenue Requirement

Raftelis will develop a separate test-year revenue requirement as the basis for our cost of service analysis. The test year revenue requirement will be based on the City's forecasted financial plans. The revenue requirement is the amount of revenue required from rates to meet annual expenditures such as operating, capital, debt service, and changes in reserves, and is net of other operating and non-operating revenue. Raftelis will develop a revenue requirement and a cost of service analysis for each utility.

Task 3.2 – Functionalize Revenue Requirements

As a first step in the water cost of service process, Raftelis will allocate the test-year revenue requirement to the appropriate functional cost categories. O&M expenses are often listed functionally in the budget and capital expenditures are typically organized based on the type of facility. Debt service can be functionalized based on the project the proceeds are intended to fund. During the initial phases of the study, Raftelis will work with City staff to determine the appropriate functional categories and factors to use in the analysis.

Task 3.3 – Allocate Functionalized Costs to Cost Components

After assigning the water utility revenue requirement to functional categories, Raftelis will allocate the costs according to the type of service they are incurred to provide. Cost allocation involves assigning the functionalized costs from Task 3.2 to the design parameter used to size and construct that facility.

For example, distribution mains are typically designed to meet maximum hour demands. Under the base extra-capacity methodology, those costs would be allocated to the base, maximum day, and maximum hour. This allocation is based on water production ratios of maximum day and hour demands to average day demands. Conversely, source of supply costs are associated with annual water supply requirements. Those costs would be allocated to the base or average day component. Some costs can be directly assigned such as billing or meter costs.

Task 3.4 – Customer Class Water Demand Factors, System Demand Factors

Raftelis will develop customer characteristic profiles for the customer classes within each utility. Building on the analysis in Task 2.1, this analysis will include:

- Development of peaking factors for each customer class. To the extent that the City had AMI meters, we can use a statistical sample to estimate peaking factors. We will examine multiple years to ensure the values used are representative of a typical year.
- We will use the data from Task 4.1 to project the number of accounts, equivalent meters, and bills.

We will also evaluate system historical water production which is used to allocate the functionalized costs in Task 3.3. We will develop a test-year value for peak day demand and peak hour ratios.

Raftelis will use the base-extra capacity method with non-coincidental class peaking factors for cost allocation. This is the preferred method used in industry. This ensures that all classes are paying their proportionate share of peaking costs regardless of when peaking occurs. Changes in class peaking factors can have a profound effect on the distribution of costs to customer classes.

Task 3.5 – Distribute Costs to Customer Classes

The distribution of allocated costs to customer classes is the final step in determining class cost of service. This essentially distributes the costs associated with average day, peak day and customer costs based on each classes proportionate contribution based on their specific demands.

Raftelis will allocate costs from Tasks 3.3 and 3.4 to each customer class based on their proportionate share of demand characteristics or units of service. For example, if the residential class’ maximum day demands represent 50% of the total demand, we would allocate 50% of the maximum day costs to the residential class. In a similar manner, if the commercial class represents 10% of total bill, Raftelis would allocate 10% of the billing costs to the commercial class.

Task 3 Deliverables:

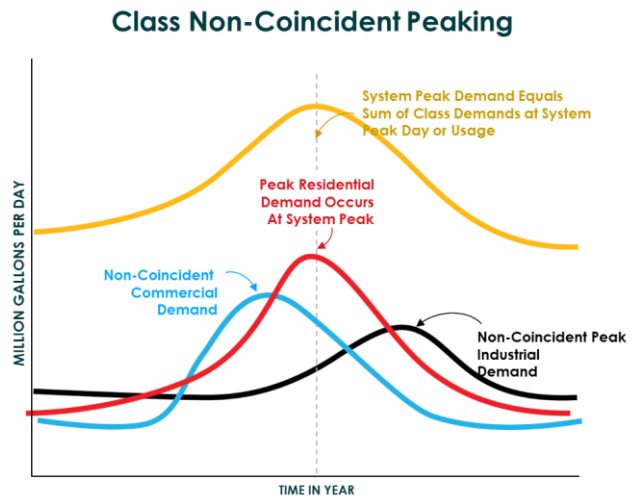
- Three (3) virtual meetings to present draft and draft-final results to all internal stakeholders
- Technical memorandum summarizing the results of the water cost of service analysis

Task 4.0 – Rate Design

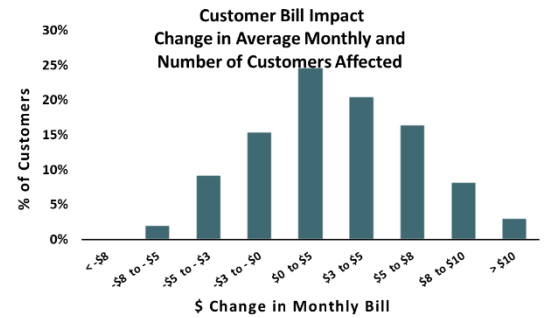
The rate design task will identify the volume- (variable) and customer-related (fixed) costs to be recovered through rates. Water rates recover the costs to treat, store, and distribute water to customers. Customer-related costs typically include meter reading and maintenance and administrative costs.

Raftelis will calculate the test-year rates under the current structure for each utility. Raftelis will also develop test-year rates for any rate structure alternatives. Rate structure alternatives will be based on the results of the pricing objectives identified in Task 1. We will complete the following tasks:

- Calculate the cost of service rates under the current rate structure.
- Evaluate the current rate structures’ ability to meet the pricing objectives from Task 1. This will serve as the baseline for comparing other rate structure alternatives.



- Create alternative rate structures based on the pricing objectives identified in Task 1. This may include adjusting the tier thresholds, pricing ratios, or the addition of new tiers.
- Evaluate and rank these alternatives against the rate structure objectives. Rate structure alternatives include:
 - Drought pricing
 - Seasonal rates
 - Changes to the existing customer class rate structures
- Develop monthly bill impacts and customer bill impacts. Customer bill impacts will evaluate each customer's 12 months of bills under existing rates and the proposed rate structure. This will show the average monthly change for customers and will provide a realistic picture of how the entire class of customers will be affected.
- Develop a water utility bill comparison under the City's existing and proposed rate alternatives compared against up to 7 peer utilities



task 4 Deliverables:

- Two virtual meetings to present draft and draft-final results to all internal stakeholders.
- On-site meeting to review cost of service results
- Technical memorandum summarizing the results of the rate design alternatives

Task 5.0 – City Council Meetings and Reports

Task 5.1 – Draft and Final Reports

Raftelis will prepare a report documenting the Rate Study to serve as a part of the City's administrative record. The purpose of this report is to document the methodology used to calculate the City's water and wastewater rates. The report will include an executive summary highlighting decisions reached during the development of rates. The main body of the report will summarize the underlying model assumptions, the long-term financial plans, the cost of service analyses, proposed revisions to rate structures, proposed rate derivation, and customer impacts.

Raftelis will provide a draft report to City staff and the City's attorney for review and comment. We will then incorporate any revisions into the final report.

Task 4.2 – Council Presentations

Raftelis will attend up to two City Council meetings to present initial and final results of the study.

Task 4 Deliverables:

- Two virtual meetings to review comments and edits to the draft reports.
- Draft and final reports
- Attendance at up to two (2) City Council meetings

Proposed Fee

The table below lists the tasks and hours by Raftelis consultant to complete the efforts in this scope of work. This fee assumes this study will proceed concurrently with the wastewater rate study to save on meeting costs and other overlapping, similar tasks. The fee will require adjustment should the studies be completed at separate times.

Tasks	Web Meetings	In-person Project Meetings	Hours				Total Expenses	Total Fees & Expenses
			TC	AR	NB	Total Labor		
1. Project Management and Project Initiation		1	12		12	24	\$1,130	\$7,730
2. Financial Plan	2		5	2	28	35	\$0	\$8,680
3. Cost of Service	2		5	2	28	35	\$0	\$8,680
4. Rate Design	2		5	2	26	33	\$0	\$8,220
5. Council Meetings and Reports	2	2	8		12	20	\$930	\$6,250
Total Meetings / Hours	8	3	35	6	106	147		
Hourly Billing Rate			\$320	\$320	\$230			
Total Professional Fees			\$11,200	\$1,920	\$24,380	\$37,500		
							Total Fees	\$37,500
							Total Expenses	\$2,060
							Total Fees & Expenses	\$39,560

TC - Todd Cristiano
 AR - Andrew Rheem
 NB - Nicki Bartak
 -
 -
 -

Raftelis' 2024 Standard Hourly Billing Rates

<u>Position</u>	<u>Hourly Billing Rate*</u>
Chair/Chair Emeritus	\$500
Chief Executive Officer/President	\$450
Executive Vice President	\$400
Vice President	\$360
Senior Manager	\$320
Recruiter	\$295
Principal/Senior Advisor	\$295
Manager	\$285
Senior Consultant	\$250
Executive Coach	\$250
Consultant	\$220
Creative Director	\$220
Associate Consultant	\$185
Graphic Designer	\$160
Analyst	\$135
Administration	\$100
Technology/Communications Charge**	\$10
PRMG – Executive Vice President	\$375
PRMG – Vice President	\$340
PRMG – Senior Manager	\$305
PRMG – Manager	\$270
PRMG – Senior Consultant	\$240
PRMG – Consultant	\$210
PRMG – Associate	\$175
PRMG – Administration	\$100
Technology/Communication Charge**	\$10

* These rates will be in effect for calendar year 2024 and will then increase annually by 3% unless specified otherwise by contract.

** Technology/Communications Charge – this is an hourly fee charged monthly for each hour worked on the project to recover telephone, facsimile, computer, postage/overnight delivery, conference calls, electronic/computer webinars, photocopies, etc.

*** For services related to the preparation for and participation in deposition and trial/hearing, the standard billing rates listed above will be increased by an amount up to 50%.

File Attachments for Item:

2. Resolution - A Resolution Of The City Council Approving A Professional Services Agreement Between The City Of Laurel And Raftelis Financial Consultants, Inc. For A Wastewater Rate Study.

RESOLUTION NO. R24-_____

A RESOLUTION OF THE CITY COUNCIL APPROVING A PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF LAUREL AND RAFTELIS FINANCIAL CONSULTANTS, INC. FOR A WASTEWATER RATE STUDY.

BE IT RESOLVED by the City Council of the City of Laurel, Montana,

Section 1: Approval. The Professional Services Agreement with Raftelis Financial Consultants, Inc. (hereinafter “the Professional Services Agreement) for a Wastewater Rate Study (hereinafter “Wastewater Rate Study”), a copy attached hereto and incorporated herein, is hereby approved.

Section 2: Execution. The Mayor is hereby given authority to execute the Professional Services Agreement on behalf of the City.

Introduced at a regular meeting of the City Council on the _____ day of March, 2024, by Council Member _____.

PASSED and APPROVED by the City Council of the City of Laurel the _____ day of March, 2024.

APPROVED by the Mayor the _____ day of March, 2024.

CITY OF LAUREL

Dave Waggoner, Mayor

ATTEST:

Kelly Strecker, Clerk-Treasurer

APPROVED AS TO FORM:

Michele L. Braukmann, Civil City Attorney

PROFESSIONAL SERVICES AGREEMENT BETWEEN
CITY OF LAUREL, MT
AND
RAFTELIS FINANCIAL CONSULTANTS, INC.

This Consulting Agreement (“Agreement”) is entered into this ____ day of _____, 2024 (hereinafter referred to as the effective date of the agreement) by and between, City of Laurel, MT (the “Client”) and Raftelis Financial Consultants, Inc., 383 North Carona, Suite 244, Denver, CO 80218 (“Raftelis”).

Witnesseth

WHEREAS, Raftelis is engaged and experienced in public finance, management, and pricing, and service delivery, and WHEREAS, The Client desires to hire Raftelis and Raftelis agrees to provide services to the Client, NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to the terms and conditions set forth herein.

Article 1 – Statement of Work

Raftelis shall provide professional consulting services to prepare Water Rate Study for Client. Raftelis will perform the services as set forth in its proposal sent to Client dated March 7, 2024 and included herein as Attachment A, the “Scope.”

Article 2 – Time for Completion

This Agreement will commence upon approval by the Client and remain in effect for a period of one year. Further renewals of this Agreement are at the option of and shall be mutually agreed to by the Parties.

Article 3 – Compensation

Client shall pay to Raftelis the sum not to exceed \$39,795, which includes professional fees and direct expenses incurred in performing the scope of services, as well as an hourly technology expense reimbursement, outlined in Attachment B. The parties understand that this sum is based upon the scope of work contained herein at Raftelis’ current standard hourly rate schedule included in Attachment B. Any expansion of the scope of work by the Client shall involve discussion of and agreement about additional fees and time by both parties.

Raftelis shall submit invoices to the Client on a monthly basis for services rendered to the date thereof. Such invoices shall be supported by appropriate documentation; at a minimum, the task performed, the individuals working on such task, the level of each such individual, and expenses incurred. Each invoice

will contain all hours and expenses from Raftelis for the month. Upon receipt of monthly invoice, the Client will remit payment of same amount to Raftelis within 30 days.

Article 4 – Additional Services

At the Client's request, Raftelis may submit proposals for additional professional services. Each proposal submitted shall detail: (1) scope of work for the additional services, (2) period of services to be performed, and (3) method and amount of compensation. The Client shall provide written acceptance and authorization to Raftelis prior to the commencement of work on any proposed additional services. Each proposal for additional services accepted and approved by the Client shall become part of this Agreement and shall be governed by the terms and conditions contained herein.

Article 5 – Place of Performance

Raftelis shall be responsible for maintaining its own office facilities and will not be provided with either office facilities or support by the Client.

Article 6 – Indemnification

Raftelis hereby agrees to indemnify and defend the Client, its officers, directors, managers and employees ("Indemnified Party or Parties") and to hold the Indemnified Parties harmless against third party claims, costs and expenses, including reasonable attorney's fees, action, or demands against the Indemnified Parties and against damages for injury to or death of any person and for loss of or damage to all property caused by the negligent acts, errors or omissions of Raftelis in performing this Agreement, except to the extent the claims, demands, liabilities, cost and expenses are caused by the negligent acts, errors or omission of an Indemnified Party.

Article 7 – Insurance

Raftelis shall maintain the types and levels of insurance during the life of this Agreement as specified below. The Client will be named as additional insured on Raftelis' Certificates of Insurance and Raftelis will provide the Client with these Certificates of Insurance.

Commercial General Liability Insurance – \$1,000,000 for each occurrence and \$2,000,000 in the aggregate

Comprehensive Automobile Liability Insurance – \$1,000,000 combined single limit each occurrence- hired and non-owned only

Workers Compensation Insurance – Statutory limits

Professional Liability Insurance – \$5,000,000 occurrence and \$5,000,000 in the aggregate

Excess or Umbrella Liability – \$5,000,000 occurrence and \$5,000,000 in the aggregate

Article 8 – Confidential Information

Raftelis acknowledges and agrees that in the course of the performance of the services pursuant to this Agreement, Raftelis may be given access to, or come into possession of, confidential information from the Client, of which information may contain privileged material or other confidential information. Raftelis acknowledges and agrees, except as required by judicial or administrative order, trial, or other governmental proceeding, that it will not use, duplicate, or divulge to others any such information marked as "confidential" disclosed to Raftelis by the Client ("Confidential Information") without first obtaining written permission from the Client. All tangible embodiments of such information shall be delivered to the Client or the destination of such information by Raftelis requested by the Client. The Client acknowledges Raftelis has the right to maintain its own set of work papers which may contain Confidential Information.

Article 9 – Independent Contractor Status

It is understood and agreed that Raftelis will provide the services under this Agreement on a professional basis as an independent contractor and that during the performance of the services under this Agreement, Raftelis' employees will not be considered employees of the Client within the meaning or the applications of any federal, state, or local laws or regulations including, but not limited to, laws or regulations covering unemployment insurance, old age benefits, worker's compensation, industrial accident, labor, or taxes of any kind. Raftelis' employees shall not be entitled to benefits that may be afforded from time to time to Client employees, including without limitation, vacation, holidays, sick leave, worker's compensation, and unemployment insurance. Further, the Client shall not be responsible for withholding or paying any taxes or social security on behalf of Raftelis' employees. Raftelis shall be fully responsible for any such withholding or paying of taxes or social security.

Article 10 – Reliance on Data

In performance of the services, it is understood that the Client and/or others may supply Raftelis with certain information and/or data, and that Raftelis will rely on such information. It is agreed that the accuracy of such information is not within Raftelis' control and Raftelis shall not be liable for its accuracy, nor for its verification, except to the extent that such verification is expressly a part of Raftelis' Scope of services.

Article 11 – Standard of Performance

Raftelis will perform the services under this Agreement in accordance with the standard of professionals in its industry prevailing at the time and place the services are performed. Raftelis' opinions, estimates, projections, and forecasts of current and future costs, revenues, other levels of any sort, and events and estimates of cost-justified system development fees shall be made on the basis of available information and Raftelis' expertise and qualifications as a professional. Raftelis will perform the Scope of services in

conformance with the professional standards in its field of expertise prevailing at the time and place the Scope of services are performed. Raftelis does not warrant or guarantee that its opinions, estimates, projections or forecasts of current and future levels and events will not vary from the Clients' estimates or forecasts or from actual outcomes. Raftelis identifies costs, allocates costs to customer classes and provides rate models. It does not establish rates, which is the legislative responsibility of the Client.

Article 12 – No Consequential Damages

To the fullest extent permitted by law, neither party shall be liable to the other for any special, indirect, consequential, punitive or exemplary damages resulting from the performance or non- performance of this Agreement notwithstanding the fault, tort (including negligence), strict liability or other basis of legal liability of the party so released or whose liability is so limited and shall extend to the officers, directors, employees, licensors, agents, subcontractors, vendors and related entities of such party

Article 13 – Termination of Work

This Agreement may be terminated as follows:

1. **By Client.** (a) for its convenience on 30 days' notice to Raftelis, or (b) for cause, if Raftelis materially breaches this Agreement through no fault of Client and Raftelis neither cures such material breach nor makes reasonable progress toward cure within 15 days after Client has given written notice of the alleged breach to Raftelis.
2. **By Raftelis.** (a) for cause, if Client materially breaches this Agreement through no fault of Raftelis and Client neither cures such material breach nor makes reasonable progress toward cure within 15 days after Raftelis has given written notice of the alleged breach to Client, or (b) upon five days' notice if Work under this Agreement has been suspended by either Client or Raftelis in the aggregate for more than 30 days.
3. **Payment upon Termination.** In the event of termination, Raftelis shall be compensated for all work properly performed prior to the effective date of termination.

Article 14 – Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed deliverable when delivered in person or deposited in the United States mail, postage prepaid, addressed as follows:

If for the Client:

If for Raftelis:

Name

Raftelis Financial Consultants, Inc.

383 North Carona

Suite 244

Title

Denver, CO 80218

Address

Article 15 – Ownership of Work Product

All documents, data, compilations reports and studies prepared by Raftelis in performing the Scope of services shall be the property of the Client; provided that any use other than as contemplated in this Agreement or any alteration or modification of the Work Product shall be at the sole risk of Client, and Client shall indemnify, defend and hold Raftelis harmless from any claim, demand, liability, cost or expenses incurred by Raftelis from such use or modification. Nothing contained herein shall be deemed an assignment, transfer, or divestiture its use by Raftelis of any of its trade secrets, know-how or intellectual property.

Article 16 – Compliance with Applicable Laws

Raftelis is an equal opportunity employer and complies with all federal, state, and local fair employment practices laws. Raftelis strictly prohibits and does not tolerate discrimination against employees, applicants, or any other covered persons because of race, color, religion, national origin or ancestry, gender identity, sexual orientation, marital status, sex, pregnancy, age, disability, past, current, or prospective service in the uniformed services, or any other characteristic protected under applicable federal, state, or local law. All Raftelis employees, other workers, and representatives are prohibited from engaging in unlawful discrimination. This policy applies to all terms and conditions of employment, including, but not limited to, hiring, training, promotion, corrective action, compensation, benefits, and termination of employment.

Any act of discrimination committed by Raftelis in the course of its performance under this Agreement, or failure to comply with these statutory obligations when applicable, shall be grounds for termination of this Agreement.

Article 17 – General Provisions

- A. Entire Agreement: This Agreement represents the entire and sole agreement between the Parties with respect to the subject matter hereof.
- B. Waiver: The failure of either Party to require performance by the other of any provision hereof shall in no way affect the right to require performance at any time thereafter, nor shall the waiver of a breach of any provision hereof be taken to be a waiver of any succeeding breach of such provision or as a waiver of the provision itself. All remedies afforded in this Agreement shall be taken and construed as cumulative; that is, in addition to every other remedy available at law or in equity.
- C. Relationship: Nothing herein contained shall be construed to imply a joint venture, partnership, or principal-agent relationship between Raftelis and the Client; and neither Party shall have the right, power, or authority to obligate or bind the other in any manner whatsoever, except as otherwise agreed to in writing.
- D. Assignment and Delegation: Neither Party shall assign this Agreement or any rights, duties, or obligations hereunder without the express written consent of the other. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the successors, legal representatives, and assignees of the Parties hereto.
- E. Severability: If any provision of this Agreement is declared invalid or unenforceable, such provision shall be deemed modified to the extent necessary to render it valid and enforceable. In any event, the unenforceability or invalidity of any provision shall not affect any other provision of this Agreement, and this Agreement shall continue in force and effect, and be construed and enforced, as if such provision had not been included, or had been modified as above provided, as the case may be.
- F. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of the State of North Carolina.
- G. Paragraph Headings: The paragraph headings set forth in this Agreement are for the convenience of the Parties, and in no way define, limit, or describe the scope or intent of this Agreement and are to be given no legal effect.
- H. Third Party Rights: Nothing in this Agreement shall be construed to create or confer any rights or interest to any third party or third-party beneficiary. It is the intent of the parties that no other outside, non-party claimant shall have any legal right to enforce the terms of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized representatives.

By: _____
Signature

Title

Date

Raftelis Financial Consultants, Inc.

By: _____
Signature

Vice President

Date

This is to certify that an appropriation in the amount of this contract is available therefore and that _____ has been authorized to execute the contract and approve all requisitions and change orders.

By: _____
Signature

Title

ATTACHMENT A

STATEMENT OF WORK/ENGAGEMENT LETTER

Wastewater

Rate

Study

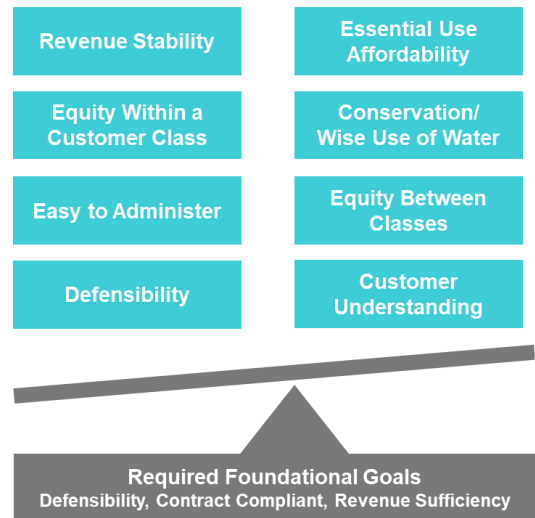
Scope of Work

Task 1.0 – Project Management and Project Initiation¹

We will facilitate an on-site kick-off meeting, potentially over the course of one and one-half days, with staff to review and validate data, and gather any outstanding items or questions. We will also use this meeting to discuss study objectives and other project management items. We anticipate covering the following:

- **Data Request:** Prior to the meeting we will submit a data request list for the information needed for this study. Gathering this information prior to the kick-off meeting will allow us to review and aggregate our list of questions and clarifications. We will also be able to show how this data will be used in the models.
- **Project Management:** Finalize scope, milestones, and deliverables, set up regular project conference calls, and determine primary points of contact. Finalize project goals and objectives to establish guiding principles for the study against which we will measure results.
- **Rate Structure Pricing Objectives:** Review pricing objectives identified in the RFP and rank them in order of importance. Determine how well the existing rate structure meets those objectives and identify potential rate structure changes that align with those objectives. Typical pricing objectives are listed to the right. Many of these are ‘standard’ or ‘must haves’ such as defensibility and revenue sufficiency however others can be ranked in order of importance. We will also develop measurable criteria to benchmark the objectives against the alternatives

Common Pricing Objectives



Task 0 Deliverables:

- On-site Project Kickoff meeting
- Revised data request list (if needed)
- Memo summarizing project management items
- Listing of ranked pricing objectives by staff

Task 2.0 – Financial Plan

Task 2.1 – Customer Demand and Revenue Projections

¹ Hours and expenses for this task split equally between water and wastewater project fee.

Raftelis will develop customer characteristic profiles for the customer classes. The analysis will include:

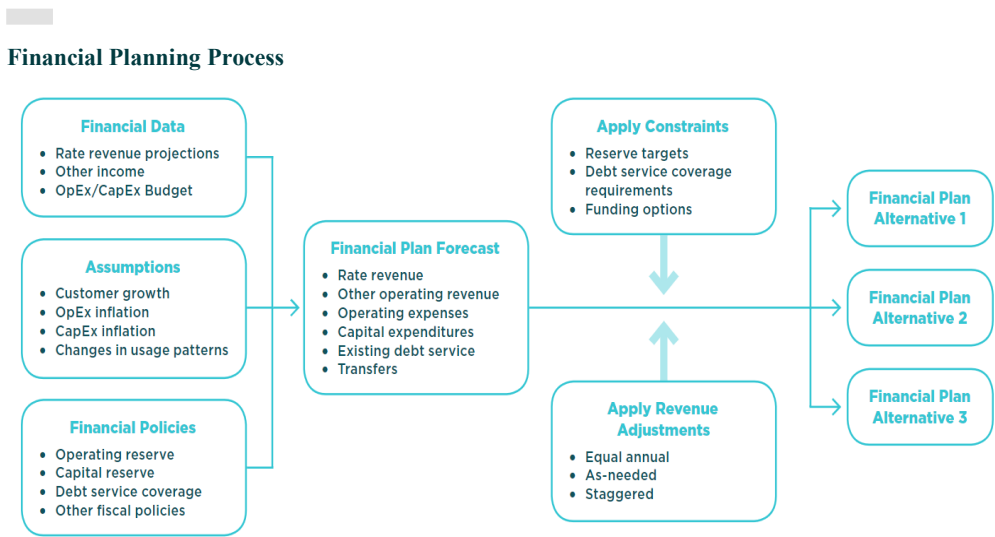
- Analysis of annual and monthly billed water consumption of each customer class for the past three fiscal years
- Development billed volume per account based on historical data and a projected use per account based on planning data from the City.

Task 2.2 – Financial Planning Projections

The financial planning task will include the development of forecasted revenues, O&M, debt service, and capital expenditures along with project bond or loan issues with any rate increases required to meet these requirements and financial metrics.

A primary consideration in developing an ‘optimal’ financial plan is minimizing annual revenue increases through balancing the use of reserves, existing rate revenue, revenue bonds, grants, etc. This balance is subject to the constraints of meeting the City’s target reserve policies, debt service coverage, and other financial policies requirements on any proposed debt.

This approach is an iterative process. For example, issuing debt to fund a capital project may keep revenue increases low however, new debt payments may decrease the coverage below the target level. As a result, a revenue increase may be needed to meet to maintain compliance with the target. The revenue generated from the increase now may meet debt service coverage and produce an ending balance more than the target reserve. This excess can be used to partially fund the capital project which, in turn, could reduce the proposed loan amount. The graphic below illustrates the requirements needed to build a sound financial plan.



The financial plan activities will include:

- A forecast revenue under existing rates using the demands projections in Task 2.1, and other operating and non-rate revenues for each utility.

- Review existing financial plans, budgets, actuals data, and capital improvement plan programs
- Review and discuss with City staff growth assumptions and type of growth anticipated
- Develop historical billing analysis to validate wastewater revenue projections
- Forecast operations and maintenance (O&M), repair and replacement (R&R) capital, expansion capital (based on master plan results or other engineering reports), and existing and proposed debt service
- Incorporate new positions, changes in operating efficiencies, inflation, etc.
- Identify the projects eligible for bond or state loans based on timing, duration, and the amount of the project. Raftelis can present financial plan alternatives considering specific projects financed through revenue bonds, state loans, etc.

Task 2 Deliverables:

- Two (2) virtual meetings to present draft and draft-final results to all internal stakeholders and develop various scenarios to meet revenue requirements
- Technical memorandum summarizing the results of the wastewater financial planning analysis

Task 3.0 – Cost of Service Analysis

Raftelis will start with industry-accepted cost-of-service principles and customize our analysis to account for the specific requirements of this study. The cost-of-service analysis will provide the City with a defensible justification explaining the reason why the costs are assigned in the manner they are. Raftelis will need this information to evaluate the level of the current and proposed rates.

The cost-of-service analysis is a multi-step process. It includes determining the revenue requirement, assigning the revenue requirement to various facilities (functional areas), and further allocating those costs based on their design criteria or function in the system. Those costs are then distributed to customer classes based on their wastewater flow and strength characteristics as well as accounts or equivalent meters. Raftelis will use the cost allocation process based on the industry standard methodologies published in the Water Environment Federation (WEF) *Manual of Practice No. 27, Financing and Charges for Wastewater Systems*.

Task 3.1 – Test Year Revenue Requirement

Raftelis will develop a separate test-year revenue requirement as the basis for our cost of service analysis. The test year revenue requirement will be based on the City’s forecasted financial plans. The revenue requirement is the amount of revenue required from rates to meet annual expenditures such as operating, capital, debt service, and changes in reserves, and is net of other operating and non-operating revenue. Raftelis will develop a revenue requirement and a cost of service analysis for each utility.

Task 3.2 – Functionalize Revenue Requirements

As a first step in the wastewater cost of service process, Raftelis will allocate the test-year revenue requirement to the appropriate functional cost categories. O&M expenses are often listed functionally in

the budget and capital expenditures are typically organized based on the type of facility. Debt service can be functionalized based on the project the proceeds are intended to fund. During the initial phases of the study, Raftelis will work with City staff to determine the appropriate functional categories and factors to use in the analysis.

Task 3.3 – Allocate Functionalized Costs to Cost Components

After assigning the wastewater utility revenue requirement to functional categories, Raftelis will allocate the costs according to the type of service they are incurred to provide. Cost allocation involves assigning the functionalized costs from Task 3.2 to the design parameter used to size and construct that facility.

Raftelis will allocate the functionalized costs based on the type of service they provide. Some costs the utility incurs are a function of the water quantity discharged by a customer, while other costs are associated with addressing wastewater strengths. Customer service, billing, and metering costs are generally a function of the number of customers served and the size and type of meter or service. As with the functionalization process, Raftelis will work with City staff to determine the specific allocation factors that best represent wastewater utility system cost drivers.

Task 3.4 – Customer Class Wastewater Flow and Loading Characteristics and System Flow Characteristics

Raftelis will develop customer characteristic profiles for the customer classes. Building on the analysis in Task 2.1, this analysis will include:

- Raftelis will determine billable flow volume, BOD, TSS, equivalent meter, and bills by customer class
- We will use the data from Task 2.1 to project the number of accounts, equivalent meters, and bills.

We will analyze treated influent data for the last three years to estimate projected flows and strength discharged to the treatment plant. These units serve as the denominator in developing the unit costs of service for each cost component (Flow, BOD, and TSS)

Task 3.5 – Distribute Costs to Customer Classes

The distribution of allocated costs to customer classes is the final step in determining class cost of service. This essentially distributes the costs associated with flow, BOD, TSS, and customer costs based on each classes proportionate contribution based on their flow and strength requirements.

Raftelis will allocate costs in Task 3.3 and 3.4 to each customer class based on their proportionate share of service characteristics or units of service calculated in Task 3.3. For example, if the residential class' billable flow represents 50% of the total contributed flow, Raftelis would allocate 50% of the flow costs to the residential class. In a similar manner, if the commercial class represents 10% of total BOD, Raftelis would allocate 10% of the BOD costs to the commercial class. Using the BOD and TSS cost allocations developed

in Task 3.4, Raftelis will calculate the unit cost of BOD and TSS on a dollar per pound basis for extra strength customers.

Task 3 Deliverables:

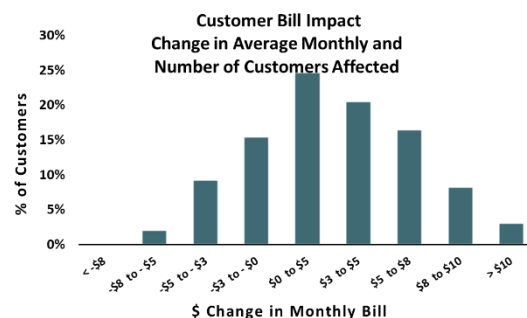
- Three (3) virtual meetings to present draft and draft-final results to all internal stakeholders
- Technical memorandum summarizing the results of the wastewater cost of service analysis

Task 4.0 – Rate Design

The rate design task will identify the volume- (variable) and customer-related (fixed) costs to be recovered through rates. Wastewater-related costs recover the costs to collect, treat, and discharge wastewater. Customer-related costs typically include meter reading and maintenance and administrative costs.

Raftelis will calculate the test-year rates under the current structure for each class. Raftelis will also develop test-year rates for any rate structure alternatives. Rate structure alternatives will be based on the results of the pricing objectives identified in Task 1. We will complete the following tasks:

- Calculate the cost of service rates under the current rate structure.
- Evaluate the current rate structures’ ability to meet the pricing objectives from Task 1. This will serve as the baseline for comparing other rate structure alternatives.
- Create alternative rate structures based on the pricing objectives identified in Task 1. This may include adjusting the tier thresholds, pricing ratios, or the addition of new tiers.
- Evaluate and rank these alternatives against the rate structure objectives.
- Develop monthly bill impacts and customer bill impacts. Customer bill impacts will evaluate each customer’s 12 months of bills under existing rates and the proposed rate structure. This will show the average monthly change for customers and will provide a realistic picture of how the entire class of customers will be affected.
- Develop a wastewater utility bill comparison under the City’s existing and proposed rate alternatives compared against up to 7 peer utilities



task 4 Deliverables:

- Two virtual meetings to present draft and draft-final results to all internal stakeholders.
- On-site meeting to review cost of service results
- Technical memorandum summarizing the results of the rate design alternatives

Task 5.0 – City Council Meetings and Reports

Task 5.1 – Draft and Final Reports

Raftelis will prepare a report documenting the Rate Study to serve as a part of the City's administrative record. The purpose of this report is to document the methodology used to calculate the City's wastewater rates. The report will include an executive summary highlighting decisions reached during the development of rates. The main body of the report will summarize the underlying model assumptions, the long-term financial plans, the cost of service analyses, proposed revisions to rate structures, proposed rate derivation, and customer impacts.

Raftelis will provide a draft report to City staff and the City's attorney for review and comment. We will then incorporate any revisions into the final report.

Task 5.2 – Council Presentations

Raftelis will attend up to two City Council meetings to present initial and final results of the study.

Task 5 Deliverables:

- Two virtual meetings to review comments and edits to the draft reports.
- Draft and final reports
- Attendance at up to two (2) City Council meetings

Proposed Fee

The table below lists the tasks and hours by Raftelis consultant to complete the efforts in this scope of work. This fee assumes this study will proceed concurrently with the water rate study to save on meeting costs and other overlapping, similar tasks. The fee will require adjustment should the studies be completed at separate times.

Tasks	Web Meetings	In-person Project Meetings	Hours				Total Expenses	Total Fees & Expenses
			TC	AR	NB	Total Labor		
1. Project Management and Project Initiation		1	12		12	24	\$865	\$7,465
2. Financial Plan	2		6	2	28	36	\$0	\$9,000
3. Cost of Service	2		6	2	28	36	\$0	\$9,000
4. Rate Design	2		6	2	24	32	\$0	\$8,080
5. Council Meetings and Reports	2	2	8		12	20	\$930	\$6,250
Total Meetings / Hours	8	3	38	6	104	148		
Hourly Billing Rate			\$320	\$320	\$230			
Total Professional Fees			\$12,160	\$1,920	\$23,920	\$38,000		
							Total Fees	\$38,000
							Total Expenses	\$1,795
							Total Fees & Expenses	\$39,795

TC - Todd Cristiano
AR - Andrew Rheem
NB - Nicki Bartak
 -
 -
 -

Raftelis' 2024 Standard Hourly Billing Rates

<u>Position</u>	<u>Hourly Billing Rate*</u>
Chair/Chair Emeritus	\$500
Chief Executive Officer/President	\$450
Executive Vice President	\$400
Vice President	\$360
Senior Manager	\$320
Recruiter	\$295
Principal/Senior Advisor	\$295
Manager	\$285
Senior Consultant	\$250
Executive Coach	\$250
Consultant	\$220
Creative Director	\$220
Associate Consultant	\$185
Graphic Designer	\$160
Analyst	\$135
Administration	\$100
Technology/Communications Charge**	\$10
PRMG – Executive Vice President	\$375
PRMG – Vice President	\$340
PRMG – Senior Manager	\$305
PRMG – Manager	\$270
PRMG – Senior Consultant	\$240
PRMG – Consultant	\$210
PRMG – Associate	\$175
PRMG – Administration	\$100
Technology/Communication Charge**	\$10

* These rates will be in effect for calendar year 2024 and will then increase annually by 3% unless specified otherwise by contract.

** Technology/Communications Charge – this is an hourly fee charged monthly for each hour worked on the project to recover telephone, facsimile, computer, postage/overnight delivery, conference calls, electronic/computer webinars, photocopies, etc.

*** For services related to the preparation for and participation in deposition and trial/hearing, the standard billing rates listed above will be increased by an amount up to 50%.

File Attachments for Item:

3. Resolution - A Resolution Of The City Council Authorizing The Additional Extension Of Approval Of Application For Special Review For J. Johnson Properties Pursuant To Resolution Nos. R22-07, R23-05, And R23-75.

RESOLUTION NO. R24-_____

A RESOLUTION OF THE CITY COUNCIL AUTHORIZING THE ADDITIONAL EXTENSION OF APPROVAL OF APPLICATION FOR SPECIAL REVIEW FOR J. JOHNSON PROPERTIES PURSUANT TO RESOLUTION NOS. R22-07, R23-05, AND R23-75.

WHEREAS, the City of Laurel (hereinafter “the City”) previously approved the Application for Special Review (hereinafter “the Application”) for J. Johnson Properties (hereinafter “the Applicant”), pursuant to Resolution No. R22-07, on February 8, 2022;

WHEREAS, the City thereafter approved an extension of approval of the Application, pursuant to Resolution No. R23-05, on January 24, 2023;

WHEREAS, the City thereafter approved an extension of approval of the Application, pursuant to Resolution No. R23-75, on September 12, 2023;

WHEREAS, the approval of the Application was subject to conditions that have not yet been completed by the Applicant;

WHEREAS, the conditions included that “[c]onstruction of any improvements to the site and building must be completed within twelve (12) months of special review approval”;

WHEREAS, the conditions also specified that the Applicant could request an extension, if necessary;

WHEREAS, the Applicant needs additional time to complete the conditions, and the Applicant has requested an additional six (6) month extension from the City; and

WHEREAS, the City is agreeable to the Applicant’s request, by way of formally extending the provisions of Resolution Nos. R22-07 and R23-05 and R23-75 for an additional six (6) months from the date of this Resolution.

NOW THEREFORE BE IT RESOLVED, by the City Council of the City of Laurel, Montana that the terms and conditions of Resolution Nos. R22-07 and R23-05 and R23-75 are hereby extended by six (6) months from the date of this Resolution to allow the Applicant time to meet the conditions for approval of the Application for Special Review.

Introduced at a regular meeting of the City Council on the _____ day of _____, 2024 by Council Member _____.

PASSED and APPROVED by the City Council of the City of Laurel, Montana on the _____ day of _____, 2024.

APPROVED by the Mayor on the _____ day of _____, 2024.

CITY OF LAUREL

Dave Waggoner, Mayor

ATTEST:

Kelly Strecker, Clerk-Treasurer

APPROVED AS TO FORM:

Michele L. Braukmann, Civil City Attorney



JOHNSON RESTAURANT GROUP, INC

229 East 2nd St. Suite 200 (82601) | PO Box 50630 | Casper, WY 82605

PHONE 307.265.3029 | FAX 307.473.2909

March 7, 2024

City Council
115 W. 1st Street
Laurel, MT 59044

Re: Resolution No. R22-07
Request for Extension

Dear City Council.

We are requesting a 60 Day extension to Resolution No. R22-07 per Condition 3 to complete the remodel of 305 South 1st Avenue.

We are almost complete and anticipate opening in mid-April 2024.

We respectfully request this sixty day extension. Please contact us if you need more information or have further questions.

Sincerely,

John Johnson
J Johnson Properties





Alcoholic Beverage/Gambling Operator Short Form



Checklists and Instructions

Transfer of Location for On Premise (ONP) / Gambling Operator (GOA) / Wholesaler & Distributor (WSL) / Brewery (DBR) / Winery (DWR) / Distillery (DSM) The documents listed below verify the licensee has possessory interest in the building where the business is operated. The need for these documents will depend on whether you own or lease the new location.

- \$200 Processing Fee** *The fee applies to alcoholic beverage licenses only. These transactions require Department of Revenue to publish a notice in the local newspaper.*
- Copies of mortgage loan documents (if a purchase) OR **new lease agreement.**
- Certified Survey Affidavit (On-Premises (ONP) licenses only).
- Floor plan (including business name, alcoholic beverage license number, physical address, outer dimensions, seating, service bar, alcoholic beverage storage, etc.). Please do not send the original blue prints, only a **copy of the floor plan (8 1/2 x 11, one page).**
- ~~Updated TTB Notice/Permit (WSL/DBR/DWR/DSM)~~ Not Applicable

Note: The Gambling Control or Alcoholic Beverage Control Division may require the applicant to send additional documents or information. This application and the documents and information provided will be reviewed under an amended license process and final approval will correspond with those procedures. If you have any questions, contact the Gambling Control Division at (406) 444-1971.

Mail application, required documents listed above, and fees to:

Gambling Control Division
PO Box 201424
Helena, MT 59620

***If Wholesaler & Distributor (WSL), Brewery (DBR), Distillery (DSM) mail application, required documents listed above, and fees to**

Montana Department of Revenue
PO Box 1712
Helena, MT 59624-1712

REAL ESTATE LEASE

This Lease Agreement (this "Lease") effective as of April 1, 2022, between J Johnson Properties, LLC ("Landlord") and Tavern Partners, Inc. dba Lucky Louie's Tavern & Casino (Tenant") agree as follows:

PREMISES. Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant beginning April 1, 2022 all of the property (the "Premises") located at 305 S. 1st Ave., Laurel, Montana 59044.

FURNISHINGS. The lease of the Premises includes the furnishings listed on the attached exhibit. Tenant shall return all such items at the end of the lease term in a condition as good as the condition at the beginning of the lease term, except for such deterioration that might result from normal use of the furnishings.

TERM. The lease term will begin on April 1, 2022, and will terminate on March 31, 2023. The lease shall automatically renew annually for a period of one year unless cancelled by either party by giving notice (60) days prior to the expiration of the lease. The terms and conditions of the renewal shall be the same as the original lease and any written modifications.

LEASE PAYMENTS. Tenant shall pay to Landlord monthly payments of \$4,000.00 per month, payable in advance on the 1st day of each month. Lease payments shall be made to the Landlord at Landlord's designated address.

NON-SUFFICIENT FUNDS. Tenant shall be charged \$35.00 for each check that is returned to Landlord for lack of sufficient funds.

POSSESSION. Tenant shall be entitled to possession on the first day of the term of this Lease, and shall yield possession to Landlord on the last day of the term of this Lease, unless otherwise agreed by both parties in writing or automatically renewed.

USE OF PREMISES. Tenant may use the Premises only for the purposes of a Bar and Casino. The Premises may be used for any other purpose only with the prior written consent of Landlord, which shall not be unreasonably withheld. Tenant shall notify Landlord of any anticipated extended absence from the Premises not later than the first day of the extended absence.

- a. Landlord hereby consents to the Tenant obtaining a liquor license and serving alcoholic beverages in the leased Premises.
- b. Landlord hereby consents to the Tenant obtaining a gambling license and operating a gambling casino in the leased Premises.

REMODELING OR STRUCTURAL IMPROVEMENTS. Tenant shall have the permission of Landlord to do the construction or remodeling (at Tenant's expense) that may be required to use the Premises as specified above. Tenant may also construct such

fixtures on the Premises (at Tenant's expense) that appropriately facilitate its use for such purposes. Such construction or remodeling shall be undertaken and such fixtures may be erected only with the prior consent of the Landlord, which shall not be unreasonably withheld. At the end of the lease term, Tenant shall be entitled to remove (or at the request of the Landlord shall remove) such fixtures, and shall restore the Premises to substantially the same condition of the Premises at the commencement of this Lease.

MAINTENANCE. Tenant shall have the responsibility to maintain the Premises in good repair at all times.

ACCESS BY LANDLORD TO PREMISES. Subject to Tenant's consent (which shall not be unreasonably withheld), Landlord shall have the right to enter the Premises to make inspections, provide necessary service, or show the unit to prospective buyers, mortgagees, tenants or workers. As provided by law, in the case of an emergency, Landlord may enter the Premises without Tenant's consent.

UTILITIES AND SERVICES. Tenant shall be responsible for all utilities and services in connection with the Premises.

PROPERTY INSURANCE. Tenant shall maintain casualty insurance on the Premises in an amount equal to 100% of the full replacement value. Landlord shall be named as insured in such policies. Tenant shall deliver appropriate evidence to Landlord as proof that adequate insurance is in force. Landlord shall have the right to require that the Landlord receive notice of any termination of such insurance Policies. Tenant shall also maintain any other insurance which Landlord may reasonably require for the protection of Landlord's interest in the Premises.

LIABILITY INSURANCE. Tenant shall maintain liability insurance in a total aggregate sum of at least \$500,000.00. Tenant shall deliver appropriate evidence to landlord as proof that adequate insurance is in force. Landlord shall have the right to require that the Landlord receive notice of any termination of such insurance policies.

INDEMNITY REGARDING USE OF PREMISES. Tenant agrees to indemnify, hold harmless, and defend Landlord from and against any and all losses, claims, liabilities, and expenses, including reasonable attorney fees, if any, which Landlord may suffer or incur in connection with Tenant's use or misuse of the Premises.

DANGEROUS MATERIALS. Tenant shall not keep or have on the Premises any article or thing of a dangerous, inflammable, or explosive character that might substantially increase the danger of fire on the Premises, or that might be considered hazardous by a responsible insurance company, unless the prior written consent of Landlord is obtained and proof of adequate insurance protection is provided by Tenant to Landlord.

TAXES. Taxes attributable to the Premises or the use of the Premises shall be allocated as follows:

Real Estate Taxes. Tenant shall pay all property taxes and assessments for the Premises.

Personal Property Taxes. Tenant shall pay all personal property taxes and any other charges which may be levied against the Premises and which are attributable to Tenant's use of the Premises.

MECHANICS LIENS. Neither the Tenant nor anyone claiming through the Tenant shall have the right to file mechanics liens or any other kind of lien on the Premises and the filing of this Lease constitutes notice that such liens are invalid. Further, Tenant agrees to (1) give actual advance notice to any contractors, subcontractors or suppliers of goods, labor, or services that such liens will not be valid, and (2) take whatever additional steps that are necessary in order to keep the Premises free of all liens resulting from construction done by or for the Tenant.

NOTICE. Notices under this lease shall not be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed as follows:

LANDLORD: J Johnson Properties, LLC
PO Box 50630
Casper, Wyoming 82605

TENANT: Tavern Partners, Inc.
dba Lucky Louie's Tavern & Casino
P.O. Box 50630
Casper, Wyoming 82605

Such addresses may be changed from time to time by either party by providing notice in writing.

ENTIRE AGREEMENT / AMENDMENT. This Lease Agreement contains the entire agreement of the parties and there are no other promises or conditions in any other agreement whether oral or written. This Lease may be modified or amended in writing, if the writing is signed by the party obligated under the amendment.

SEVERABILITY. If any portion of this Lease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision, it would be valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

WAIVER. The failure of either party to enforce any provisions of the Lease shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease.

CUMULATIVE RIGHTS. The rights of the parties under this Lease are cumulative, and shall not be construed as exclusive unless otherwise required by law.

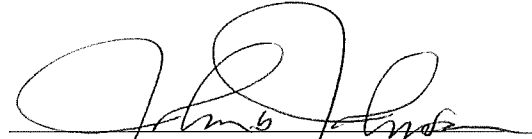
GOVERNING LAW. This Lease shall be construed in accordance with the laws of the State of Wyoming.

ADDITIONAL PROVISIONS. Any and all interior repairs will be the sole responsibility of the Tenant.

LANDLORD:


J Johnson Properties, LLC

TENANT:


Tavern Partners, Inc
dba Lucky Louie's Tavern & Casino



Certified Survey Affidavit

Street Address of Proposed Premises 305 S. 1st Street
City Laurel County Yellowstone

In the case of a location outside the corporate boundary, include the following:

I, _____, am a County Surveyor City Surveyor Private Licensed Land Surveyor and have the knowledge and the authority to attest that the distance was measured by radial survey method from the nearest corporate city boundary to the nearest entrance of the proposed premises known as _____ (Business Name). Plat(s)/map(s) verifying the location that indicate the points between which the measurement was made and the distance can be provided upon request.

In the case of a location inside the corporate boundary, include the following:

I, Douglas W. Pezoldt, am a County Surveyor City Surveyor Private Licensed Land Surveyor and have the knowledge and the authority to attest to the location of the premises known as J Johnson Properties, LLC (Business Name) was determined by examination of corporate plats or other official records.

Location of Premises (check one)

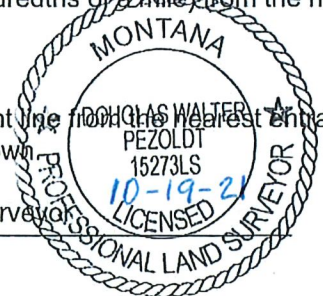
- Within the incorporated boundaries of Laurel, Montana (Name of City)
- Less than five miles from the nearest corporate boundary of _____ (Name of City)
- More than five miles from any incorporated city within _____ (Name of County)

If the premises is outside an incorporated city, please provide the exact distance (in hundredths of a mile) from the nearest corporate boundary to the nearest entrance of the premises. .

By signing this form, I recognize state law requires the distance be measured in a straight line from the nearest entrance of the premises proposed for licensing to the nearest corporate boundary of the city or town.

Douglas W. Pezoldt
Signature

Professional Land Surveyor
Title



Surveyor License or Registration Number 15273LS

Subscribed and sworn to before me this _____ day of _____ 20_____.

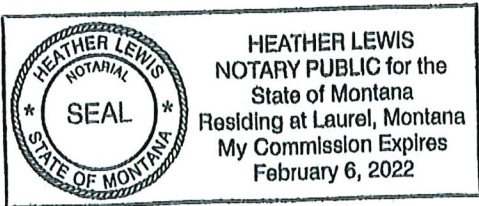
On this 19 day of October 2021.

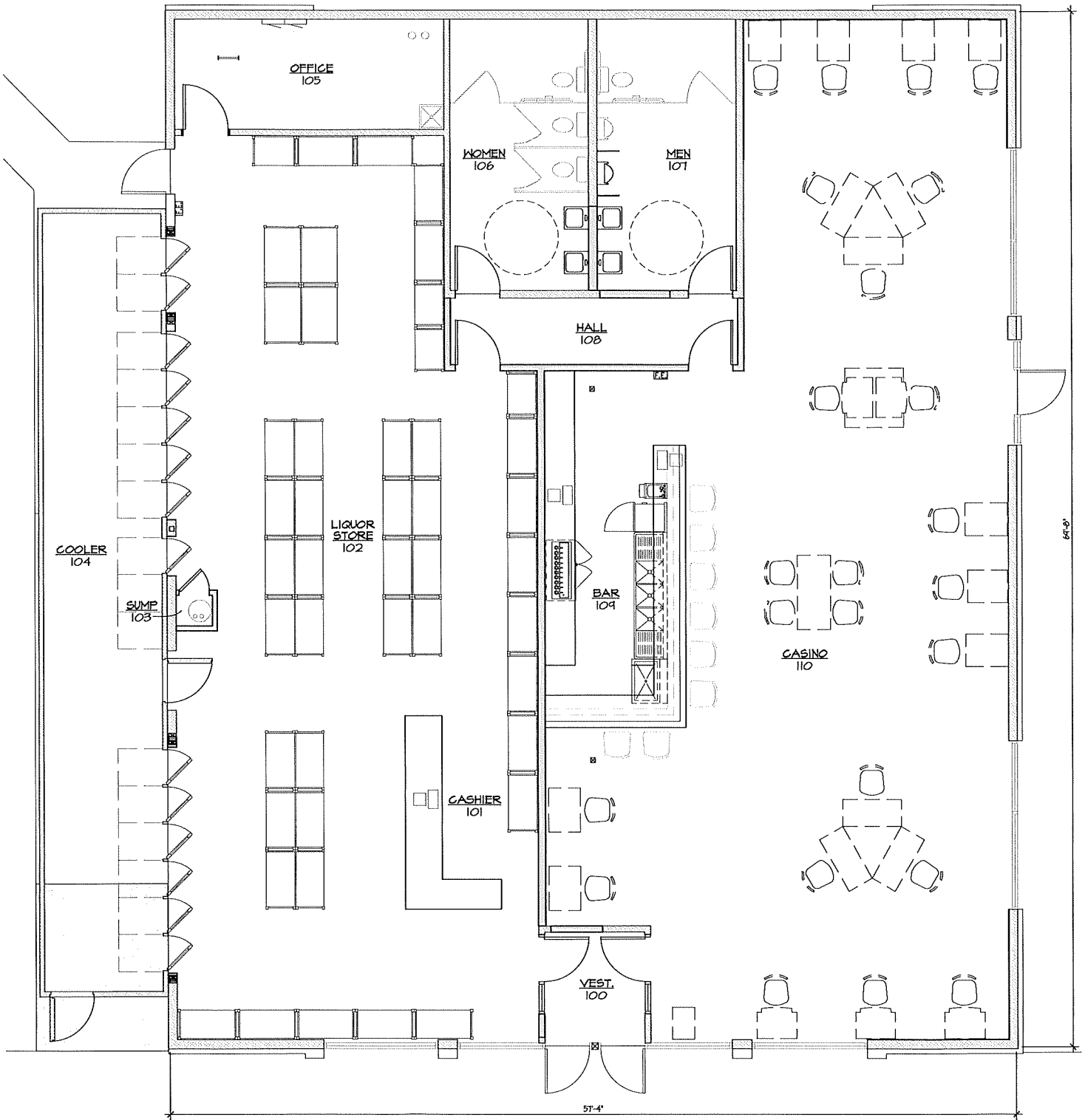
Personally appeared Douglas W. Pezoldt
before me a Notary Public for the State of Montana

Heather Lewis Notary Signature
Heather Lewis Print Name of Notary

My Commission Expires Feb 6, 2022 Month, Day and Fourth digit of Year

Notary Seal





1 REMODEL FLOOR PLAN
 ASJ
 Scale: No Scale

File Attachments for Item:

4. Resolution - A Resolution Of The City Council Approving A Memorandum Of Understanding By And Between The City Of Laurel And Yellowstone County For The Golf Course Road Paving Project.

RESOLUTION NO. R24-_____

A RESOLUTION OF THE CITY COUNCIL APPROVING A MEMORANDUM OF UNDERSTANDING BY AND BETWEEN THE CITY OF LAUREL AND YELLOWSTONE COUNTY FOR THE GOLF COURSE ROAD PAVING PROJECT.

BE IT RESOLVED by the City Council of the City of Laurel, Montana,

Section 1: Approval. The Memorandum of Understanding by and between the City of Laurel and Yellowstone County for the Golf Course Road Paving Project (hereinafter “the MOU for the Golf Course Road Paving Project”), a copy attached hereto and incorporated herein, is hereby approved.

Section 2: Execution. The Mayor is hereby given authority to execute the MOU for the Golf Course Road Paving Project on behalf of the City.

Introduced at a regular meeting of the City Council on the _____ day of March, 2024, by Council Member _____.

PASSED and APPROVED by the City Council of the City of Laurel the _____ day of March, 2024.

APPROVED by the Mayor the _____ day of March, 2024.

CITY OF LAUREL

Dave Waggoner, Mayor

ATTEST:

Kelly Strecker, Clerk-Treasurer

APPROVED AS TO FORM:

Michele L. Braukmann, Civil City Attorney

2024

Golf Course Road Paving PROJECT

MEMORANDUM OF UNDERSTANDING (MOU)

Between Yellowstone County and the City of Laurel

SECTION I: PARTIES

This Memorandum of Understanding (MOU), has been made and entered into by Yellowstone County, (County), and the City of Laurel, (City).

SECTION II: PURPOSE

The county is asphalt overlaying a portion of Golf Course Road, a portion of Golf Course Road is in the city limits. The city would like to have their portion of Golf Course Road overlayed as well. The county will send out an invitation for bid for the paving project. The project will include the county's portion and the city's portion of Golf Course Road. The city has agreed to pay the county for the portion of Golf Course Road that is in the city.

A general map of the project is shown as Exhibit A. The City and the County agree via this MOU to pay their proportionate share of this Project.

SECTION III: RESPONSIBILITIES

County Responsibilities:

The County shall solicit invitations for bid, award the project to the lowest responsible bidder, enter into a contract with the contractor for the project. Once the project is completed the county will pay the contractor for the entire project.

Developer Responsibilities:

Upon successful completion of the Project, the city shall reimburse the County for the cost of their portion of the project.

SECTION IV: INDEMNIFICATION

The County agrees to hold harmless and indemnify the City from and against all claims, losses damages, or liability, resulting from the negligence of the County or its employees and agents in the performance of this MOU.

The City agrees to hold harmless and indemnify the County from and against all claims, losses damages, or liability, resulting from the negligence of the Developer or its employees and agents in the performance of this MOU.

SECTION V: MISCELLANEOUS

Any claims or disputes arising out of this MOU, its performance that is not disposed of by agreement of the parties, shall be submitted to mediation for resolution of the disagreement. If mediation fails the dispute shall be submitted to arbitration before a single arbitrator according to the rules and practices of the American Arbitration Association and the findings of the arbitrator shall be binding on all parties to this MOU. Any costs associated with medication and arbitration shall be born equally by both parties.

SECTION VI: TERMINATION AND DURATION

Both parties are bound by the terms of this MOU until the Project is completed and the Project has been closed out. The Project will end when the Project has been closed out.

John Ostlund
Chairman
Yellowstone Board of County Commissioner

Authorized representative
City of Laurel

Date

Date

File Attachments for Item:

5. Resolution - A Resolution Of The City Council Approving Accrued Vacation Pay-Out For City Clerk-Treasurer.

RESOLUTION NO. R24-_____

**A RESOLUTION OF THE CITY COUNCIL APPROVING ACCRUED VACATION
PAY-OUT FOR CITY CLERK-TREASURER.**

WHEREAS, the City of Laurel (hereinafter “the City”) has utilized the services of employee Kelly Strecker, the City’s Clerk-Treasurer, this previous year;

WHEREAS, the Clerk-Treasurer has not been able to, because of the demands of the Clerk-Treasurer position, utilize her accrued vacation time;

WHEREAS, the Clerk-Treasurer will lose her accrued vacation time, if not paid out by the City of Laurel;

WHEREAS, because of the demands upon her position the previous year, and the needs of the Clerk-Treasurer Department, the City believes it is justified to pay out the accrued vacation time for the Clerk-Treasurer; and

WHEREAS, the total amount of accrued vacation time to be paid out to the Clerk-Treasurer is one-hundred (100) hours of accrued vacation time.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Laurel, Montana, that the Mayor is authorized to pay-out accrued vacation time for the City Clerk-Treasurer of one-hundred (100) hours.

Introduced at a regular meeting of the City Council on the _____ day of _____, 2024 by Council Member _____.

PASSED and APPROVED by the City Council of the City of Laurel the _____ day of _____, 2024.

APPROVED by the Mayor the _____ day of _____, 2024.

CITY OF LAUREL

Dave Waggoner, Mayor

ATTEST:

Kelly Strecker, Clerk-Treasurer

APPROVED AS TO FORM:

Michele L. Braukmann, Civil City Attorney

File Attachments for Item:

6. West Railroad Funding Discussion



Memorandum

To: Laurel City Council Members

From: Thaddeus Lesnik, P.E.
Consultant Design Project Engineer

Date: February 29, 2024

Subject: STPU 6902(5)
West Railroad Street - Laurel
UPN 10121000

Summary

The estimated cost for the completion of this project including design, utility involvement, R/W involvement, construction, and construction administration is \$10,437,319. The project is currently funded to an estimated amount of \$7,700,000. A \$2,737,319 funding addition is necessary for the completion of this project. An agreement to show commitment to this amount is required, but payment is not required until an estimated sixty days before bid letting.

Preliminary Cost Estimate

Please see January 16, 2024 memo and January 25, 2024 update for original project cost table totaling \$10,437,319.

Sanderson Stewart prepared an estimate of project cost by dividing the project area into two regions: S. 8th Ave to S. 5th Ave. (west segment) and S. 5th Ave to S. 1st Ave. (east segment). To provide a cost of project splits for comparison, I am going to proportion cost of IC, and R/W based on the CN cost. These proportions are academic only, splits of MDT's urban funding are not actually anticipated and have not been explored.

Total Project Construction Cost:

West Railroad Street - S. 8th Ave. to S. 1st Ave. (0.5 miles) = \$5,846,000 (from January 16 memo)

Split Construction Costs (from Sanderson Stewart spreadsheet):

West Railroad Street - S. 8th Ave. to S. 5th Ave. (0.2 miles) = \$2,396,000

West Railroad Street - S. 5th Ave. to S. 1st Ave. (0.3 miles) = \$3,450,000

Calculating proportion, \$2,396,000 (west segment) divided by \$5,846,000 (total) equals 41% (rounded).

Preliminary Cost Estimate (with estimated division)

	Costs		
	Complete	8th to 5 th (west)	5th to 1st (east)
Project Engineering & Design (PE) **	\$1,400,000	\$574,000	\$826,000
Construction Cost (CN)	\$5,846,000	\$2,396,000	\$3,450,000
Administration during construction (CE)	\$672,000	\$275,000	\$397,000
Utility Relocation Costs (IC)	\$375,000	\$154,000	\$221,000
Right of Way (Temp, Easement, etc.) ***	\$50,000	\$21,000	\$29,000
Total of costs above:	\$8,343,000	\$3,420,000	\$4,923,000
Inflation (~10.2%)	\$848,017	\$347,687	\$500,330
MDT IDC (13.56%)	\$1,246,302	\$510,898	\$735,404
Total Costs	\$10,437,319	\$4,278,585	\$6,158,734

** The costs above noted with are estimated due to the current (early) development. Future funds may need to add effort for plan development currently not scoped between MDT and Sanderson Stewart.

*** The R/W phase cost may be unnecessary if no R/W, easements, or construction permit are required.

Laurel City Council Funding Discussion

STPU 6902(5), West Railroad Street - Laurel, UPN 10121000
EPS Project Manager: Thaddeus Lesnik

Page 2 of 2

The estimated 2026 STPU funds used for calculation will be \$5,200,000 (per January 16 memo). PE costs are being spent and reducing STPU so balance at time of letting will be reduced by the cost of PE; the available funds will cover CN, CE, IC, R/W, etc. because PE will not remain.

To spend money on paper and estimate the deficit, assume the project from S. 8th Ave. to S. 5th Ave. is funded using the currently committed Laurel funds of \$2,500,000 and STPU funds. Continuing the exercise, (west segment cost) subtract (current Laurel funds) equals (the amount of STPU fund to be used). The remaining STPU funds will be used for the east segment. Putting numbers to this, \$4,278,585 subtract \$2,500,000 = \$1,778,585 of STPU funds for the west segment. (Remaining STPU funds) equals (2026 STPU) subtract (used funds) = \$5,200,000 subtract \$1,778,585 = \$3,421,415

An amount of funding shortfall for the S. 5th Ave. to S. 1st Ave cost can be calculated as (east segment cost) subtract (Remaining STPU funds). Putting values to this, \$6,158,734 subtract \$3,421,415 = \$2,737,319 shortfall of completing the project.

STPU funds (up to five years of current allocation) can be borrowed against at time of letting, but not included to justify less than sufficient funding at time of planning/designing a project. Rounding up of the funding is suggested so borrowing against the STPU funds can be used for a stop-gap without exploring a funding amendment if contractor bids exceed this currently estimated value. Per the current funding and maintenance agreement local dollars are not expected until billed by MDT approximately sixty days before bid letting.

DRAFT