

**MINUTES OF REGULAR MEETING
OF BOARD OF DIRECTORS
OF LOCKWOOD WATER AND SEWER DISTRICT**

December 13, 2017

The regular meeting of the Lockwood Water and Sewer District Board of Directors was held on December 13, 2017. President Carl Peters called the meeting to order at 7:00 p.m. in the conference room of the Lockwood Water & Sewer District Office, 1644 Old Hardin Road, Billings, Montana.

Present at the meeting were Board members Carl Peters, Nancy Belk, Carlotta Hecker, and Stuart Deans. Board member Merrill Walker was absent. Also present were LWSD Manager Mike Ariztia, Assistant Manager Tony Reed, Jill Cook of Morrison-Maierle, and Evelyn Pyburn of *Yellowstone County News*.

Attendance and Voting Record attached to minutes

PUBLIC COMMENT:

None.

APPROVAL OF MINUTES:

The minutes of the Board meeting of November 8, 2017 were presented for approval. Page 2, bottom paragraph under Intake Project Update, the last two sentences were rephrased to read as follows: **"The main provision is that Lockwood Irrigation has access by May 1st, 2018. The pump station does not need to be running by then, as long as they are providing adequate temporary water to the Water and Sewer District."**

- I. Stuart Deans moved to approve the Board meeting minutes of November 8, 2017 with the corrections as noted. Carlotta Hecker seconded the motion. Motion carried.

NEW BUSINESS:

- * **Request from Michael and Melinda Oedekoven to extend District facilities for the proposed Country Meadows Subdivision**

A request for extension of the District facilities was received for a new subdivision of townhouses in Section 30, Township 01 North, Range 27E S30, T01 N. R27E, C.O.S. 1168 Parcel 1A, AMD TR1, designated Country Meadows Subdivision. When completed, the subdivision will comprise 10 duplexes and one single structure totaling 21 individual units, not including the existing house, and will encompass the parcel west of the 100' canal and south of the Fire

Department.

Manager Ariztia is suggesting as a condition that it be broken into two phases. The first phase to construct a temporary access road to the top five units, tapping into the water and sewer and running that up to the end for those units.

The second phase would be installation of water and sewer to the remainder of the development. There will be one road accessed off of Johnson Lane heading east, called Country Meadow Lane. Another road will tee off of it heading north, called Summer Breeze way. The last road will run east and west, called Clover Valley Place. Three phases were originally considered, but due to the small size of the project, Manager Ariztia did not believe three phases were feasible for the District, and agreed to recommend to the Board that they be allowed to do it in two phases.

The Oedekovens will retain ownership of the land to begin with and the units will be rented out. There may be potential in the future for sale of the units. If each half of the duplexes were owned by separate parties, there would be a requirement that an individual service be installed to each of those units.

This property is not within Phase 1 or Phase II. A system development fee was figured by Raftelis for properties that are outside Phase 1 connecting into Phase I infrastructure. The System Development Fee is per unit, not the entire development. The project has to be designed, inspected and upon completion, signed off by a licensed engineer verifying installation per specifications and per standards. The engineer presently doing the design work is Performance Engineering.

- II. Carlotta Hecker moved to tentatively approve the Oedekoven request for an extension of District facilities for their proposed Country Meadows subdivision of townhouses, providing verification of its ability to perform utility work and that all requirements and specifications are followed before final approval is given. Stuart Deans seconded the motion. Motion carried.

Copy of request for extension with attached maps attached to minutes

*** Approval of Western Municipal Construction Pay Application #1 for the Water Intake Project**

Western Municipal Pay Application #1 in the amount of \$281,057.50 was presented for payment in connection with the Water Intake Project for services performed as of November 29, 2017.

- III. Nancy Belk moved to approve Western Municipal Construction Pay Application #1 in the amount of \$281,057.50. Carlotta Hecker seconded the motion. Motion carried.

*** Approval of Change Order #1 to the Water Intake Project**

Change Order #1 to the Water Intake Project was presented for approval. The Change Order decreases the contract price by \$4,000 for substitution of an 18" gate valve to be installed on the existing 18" raw water line to the water treatment plant, and allowing an 18" butterfly valve to be installed in its place. This reduces the original contract from \$2,454,000 to \$2,450,000.

- IV. Nancy Belk moved to approve Change Order #1 to the Water Intake Project, decreasing the contract price by \$4,000. Stuart Deans seconded the motion. Motion carried.

*** Change Order approval process, procedures, and authorization delegation for approved construction projects.**

Manager Ariztia reported in construction on Phase II, all the change orders came before the Board for approval. The question arose that as the manager, does he have the authority to approve work and additional expenses such as change orders for approved construction projects. Past change orders were presented to the Board for formal approval. Stuart Deans stated he felt the time factor is critical to any project, and delaying the project for approval of a change order could be seriously detrimental.

After discussion, the Board determined that Manager Ariztia, with the advice and assistance of Jill Cook of Morrison-Maierle, be allowed to approve change orders on a cumulative 5% of the contract amount on a monthly basis, and the change order be brought before the Board at the next Board meeting for any discussion or questions the Board might have.

- V. Nancy Belk moved to grant authority to the LWSD Manager to approve change orders on a cumulative 5% of the project contract amount on a monthly basis. Carlotta Hecker seconded the motion. Motion carried.

*** Discussion on paying off existing State Revolving Fund Water Loans**

Manager Ariztia, after looking through documentation and talking with bond counsel, advised the Board that the District has three outstanding water SRF loans totaling \$822,381.25. The semi-annual payments made every January and July are a little over \$54,000. The new loan, if the maximum amount is used for the intake project, is approximately \$1.8 million. The semi-annual payments for the new loan will be approximately \$58,000, resulting in the semi-annual payments becoming more than double.

There is approximately \$383,000 in the three loan accounts. If the three SRF loan accounts were paid off with the money in the accounts, along with an additional \$440,000 from the reserves, those loans would be paid off. With the new intake project, there would be only one

loan to pay in approximately the same amount the District is paying now semi-annually.

The benefits would be the District would have one loan; the payment would be relatively the same as the District is paying now every six months; and, looking towards the future, in additional applications for funding of future projects, one loan would be a plus to funding agencies rather than having four loans.

- VI. Nancy Belk moved to pay off the three State Revolving Fund Water Loans in the amount of \$822,381.25. Stuart Deans seconded the motion. Motion carried.

- * **Resolution No. 146 – Resolution relating to \$1,832,000 water system revenue bonds series 2018; authorizing the issuance and fixing the terms and conditions thereof.**

Resolution No. 146 tabled until the next meeting.

- * **Request from Yellowstone County Parks to waive the water system development fee for Harris Park.**

Manager Ariztia presented to the Board an email from Cal Cumin, Director of Yellowstone County Parks, requesting a waiver of a System Development Fee for Harris Park to hook the park into the Lockwood water system. Apparently there was a water main break in the line connecting the park's irrigation system to the water well used for irrigation. As repair costs would be very expensive, Mr. Cumin is requesting the District consider waiving the System Development Fee.

- VII. Carlotta Hecker moved to waive the water System Development Fee for Harris Park. Stuart Deans seconded the motion. Motion carried.

Cumin email attached to minutes

- * **Discussion on PER for the Phase 3 sewer project.**

Manager Ariztia reported that the Board had directed him and Jill Cook to look into the potential Phase 3 sewer subdistrict. The planning grant was received to start the preliminary engineering part of the project. Two maps were provided to the Board for review for Option 1 and Option 2 outlining the Phase 1 area, Phase 2 area, and preliminary Phase 3 area.

Option 1 encompasses all of the older homes in Lockwood to the east minus the Dickey Road area. The second option would be splitting the older properties into Phase 3 and Phase 4. To do the PER, Morrison-Maierle will need to have a boundary, and this will be up to the Board to decide. The Board does not desire to have Morrison-Maierle do any intensive surveys at this time.

Phase 3 would more than likely not be started until 2023, contingent upon the PER, the public meetings, the boundary setting, the bonding and tying into a funding cycle, which is every two years. The next time the District can make application for funding will be 2020, due to the

filter upgrade project in line to submit in Spring 2018. Further discussion will be held at the January Board meeting.

Manager Ariztia outlined the tentative 5-year CIP planning as follows:

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|------|----|---|
| 2018 | -- | Raw intake and WTP Project; Construction |
| 2018 | -- | Wastewater lift station; design, bid and construction (paid for by Exxon) |
| 2018 | -- | 2020 Water project from Water PER; update costs; submit to lenders; Staff recommendation of funding. |
| 2018 | -- | Water Distribution Annual Replacement Project; design 2019 project |
| 2018 | -- | Phase 3 sewer; PER preparation with preliminary boundary |
| 2019 | -- | 2020 Water project from water PER; consideration by legislature; preliminary notice of funding award; funds received if successful; start design |
| 2019 | -- | Water Distribution annual replacement project; Finish design, bid; construction 2019 project (included in 2010 PER project) |
| 2020 | -- | 2020 Water project from Water PER; finish design, bid |
| 2020 | -- | Water Distribution annual replacement project; design 2021 project |
| 2020 | -- | Phase 3 Sewer; submit to Funders; staff recommendation of funding |
| 2021 | -- | 2020 Water project from Water PER; Construction |
| 2021 | -- | Water Distribution annual replacements project; finish design, bid; Construction 2021 project; design 2022 project |
| 2021 | -- | Phase 3 Sewer; Consideration by Legislature; preliminary notice of funding award; funds available if successful; legal boundary setting; bond election/special assessment process. Start. |
| 2022 | -- | Water Distribution annual replacements project; finish design, bid; construction 2022 project; design 2023 project |
| 2022 | -- | Phase 3 Sewer; Design; bid and start construction |
| 2023 | -- | Water Distribution annual replacements project; finish design, bid; construction 2023 project |
| 2023 | -- | Phase 3 Sewer; Construction |

This timeline is based on the Master Plan and is subject to change.

Option 1 and Option 2 Maps and 5-year CIP Planning draft attached to minutes

OLD BUSINESS:

None.

FINANCIAL REPORTS

The Yellowstone County trial balance was not available.

Financial reports attached to the minutes are: Check/Claim Detail for the Accounting Period November, 2017; Trial Balance with Revenue and Expenditures for the Accounting Period November, 2017; Statement of Revenue Budget vs. Actual for the Accounting Period Statement November, 2017; Statement of Expenditures - Budget vs. Actual Report for the Accounting Period November, 2017.

- VIII. Nancy Belk moved to approve payment of the bills submitted on the Check/Claim Detail List. Carlotta Hecker seconded the motion.
Motion carried.

OTHER BUSINESS:

*** Intake project update**

Jill Cook advised progress the last few days has been a little bit slow. Western has been doing some rearranging, getting trench boxes in, and it had to swap the bucket out on one of their excavators, so they have not made great progress in the last few days. The screens are uncovered, and Jill thought tomorrow they will dig down and get to the intake piping at the point where they'll connect. The Board was encouraged to tour the project.

MANAGER REPORTS:

The water pumping record is as follows:

November, 2016	19,163,300
November, 2017	19,758,200

Wastewater record:

October, 2016	4,164,116
October, 2017	5,022,072

Manager Ariztia advised he had prepared a letter to the City of Billings requesting it give the District some of its water reservation. It was forwarded to attorney Matt Williams, who reviewed it and made some edits before sending it to the City of Billings.

- IX. Nancy Belk moved to adjourn the meeting. Carlotta Hecker seconded the motion. Motion carried.

There being no further business to come before the Board, the meeting was adjourned at 9:30 p.m.

The next Board meeting will be held on January 3, 2018.


Attest


Attest