

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

February 14, 2018

The regular meeting of the Lockwood Water and Sewer District Board of Directors was held on February 14, 2018. 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, Merrill Walker and Stuart Deans. Also present were Manager Mike Ariztia, Assistant Manager Tony Reed, and Jill Cook of Morrison-Maierle. Guest present was Terry Mcguinness of Terry Mcguinness Insurance.

Attendance and Voting Record attached to minutes

PUBLIC COMMENT:

Stuart Deans advised the Board that Fisher Water Service has discontinued their downtown water service, resulting in LWSO being the primary water service in the east end of Billings, and that this would be an opportunity for the District to expand or put in another station. President Peters asked if there was some way to speed up the water delivery process at the existing station. Manager Ariztia advised the delay is finding a piece of property of sufficient size and access for installation of another station. He will continue checking for a proper location.

APPROVAL OF MINUTES:

The minutes of the December 13, 2017 Board meeting were presented for approval. One correction was noted: first page, last sentence, change west of the “**ditch**” to “west of the **100'** canal”.

- I. Stuart Deans moved to approve the minutes of the December 13, 2017 Board meeting with the correction as noted. Merrill Walker seconded the motion. Motion carried.

The minutes of the January 3, 2018 Board meeting were presented for approval.

- II. Carlotta Hecker moved to approve the minutes of the January 3, 2018 Board meeting as written. Stuart Deans seconded the motion. Motion carried.

NEW BUSINESS:

* **2018 District health insurance renewal**

The District employee health insurance policy is due for renewal. Terry Mcguinness of Mcguinness Insurance presented a breakdown of various insurance programs available to the District. After discussion, Blue Cross/Blue Shield policy G933PFR was selected as the plan closest to meeting the needs of the District. The rate of increase is 5.67%, to become effective March 1, 2018.

- III. Merrill Walker moved to select Blue Cross/Blue Shield Policy No. G933PFR to be effective March 1, 2018. Stuart Deans seconded the motion. Motion carried.

BCBS Comparison Sheet attached to minutes

* **Approval of Change Order No. 2 to the Water Intake Project**

Change Order No. 2 to the Water Intake Project was presented for approval. The Change Order covers: (1) video inspection of four HDPE intakes lines - \$680; (2) 1" - 3" rock (no fines) will be allowed for use to backfill with approximately 4' of additional rock on front, sides and back of screen and to preexisting river bed - \$3,690; (3) new screens required welding modification to align flanges - \$1,679.14; (4) Sheets E-2 and E-3 updated depicting a change in conduit. - \$112.83. Total: \$9,337.92.

- IV. Merrill Walker moved to approve payment of Western Municipal Change Order No. 2 in the amount of \$9,337.92. Nancy Belk seconded the motion. Motion carried.

Jill Cook advised that while doing a video inspection of the 14" HDPE intake pipe, it was discovered there was a leak. It appeared that maybe during construction there was enough pressure on the coupler that caused it to shift to where it allowed water to flow through an approximately 4" gap. There was also a bolt that wasn't tight.

It was not a major leak, but it became a matter of do we fix it now, or if in the future something significant occurred, is the District faced with the prospect that yes, we knew about it but didn't think it was that important. The decision was to do the repair now, which consisted of jack hammering the concrete out from around the pipe, taking the coupler off and inserting a small 4" piece of pipe in the gap, putting a full circle repair clamp around that and then replacing the concrete and the rebar. It was then re-videoed.

Western Municipal repaired the leak. The cost for that repair is not included on this Change Order, but will be included in Change Order No. 3. The agreement was to do the repairs on a time and materials basis.

Copy of Change Order No 2 attached to minutes

* **Approval of Western Municipal Construction Pay Application #3 for the Water Intake Project**

Western Municipal Pay Application #3 in the amount of \$243,835.51 was presented for payment for services performed as of January 26, 2018 on the Water Intake Project.

- V. Merrill Walker moved to approve Western Municipal Construction Pay Application #3 in the amount of \$243,835.51. Nancy Belk seconded the motion. Motion carried.

Copy of Pay Application #3 attached to minutes

* **Discussion and possible approval of professional service agreement with Nittany Grantworks to prepare grant applications for the 2020 Water CIP Projects**

A proposal was received from Nittany Grantworks to prepare grant applications to the Biennium Treasure State Endowment Program (TSEP) and Renewable Resource and Loan (RRGL) Program. The fee for professional services will not exceed \$7,920. Nittany has prepared prior grant applications and has always done an excellent job for the District.

Manager Ariztia reported he participated in a phone conference with TSEP and other parties that had lost their funding as did LWSD. They advised the District that those projects that were approved for funding this session and didn't get funded, would take the top of the priority listing for money on the next funding cycle. With that said, the District can go forward and apply for funding the next funding cycle. Even if the project is finished, the District would potentially be eligible for reimbursement for that funding because it was approved. However, that is based on if and when they approve the projects for the upcoming funding cycle.

The second question was, if the District is put on the list to move the District's project funding to the next cycle, is the District still eligible to submit an application for new projects. The answer was yes, because the request for the current project was already approved and is not considered an application, and the District will be able to submit an application for the 2020 project.

- VI. Merrill Walker moved to approve the proposal of Nittany Grantworks to prepare and submit grant applications to TSEP and RRGL for the 2020 funding cycle in an amount not to exceed \$7,920. Nancy Belk seconded the motion. Motion carried.

Copy of Nittany Grantworks Proposal and Scope of Work attached to minutes

* **Approval of request from Superior Builders to extend District facilities for the Sanctuary Canyon Subdivision**

A letter and plat map of Sanctuary Canyon Subdivision was received from Blueline Engineering on behalf of Superior Builders, requesting extension of the District water system into the subdivision. The extension would consist of an 8-inch water main and appurtenances for 20 lots to begin Phase 1 of its project. The next step would be submittal to the DEQ for approval.

- VII. Nancy Belk moved to approve Superior Builder's request for the District water system extension into Sanctuary Canyon Subdivision, Phase I. Merrill Walker seconded the motion. Motion carried.

Copy of Blueline letter and plat map attached to minutes

* **Approval to purchase new District vehicle**

With previous Board approval, Manager Ariztia obtained five quotes to replace the present car with a mid-size SUV. The quotes were on a Dodge Durango, Jeep Grand Cherokee, Ford Explorer, GMC Acadia, and a Chevy Traverse. The 2018 budget allowed \$30,000 for the purchase of a new vehicle. Quotes were in the \$45,000 range for the Dodge Durango and Jeep Cherokee. The GMC Acadia was \$31,500, Ford Explorer, \$30,511, and Chevy Traverse \$28,000. The Board left it to Manager Ariztia's discretion to pick out whichever vehicle he thought would be the best fit for the District.

* **Discussion on future Sewer Boundary expansion and possible request to the City of Billings to open up the Sewer Agreement**

Manager Ariztia advised the reason this topic has come up for discussion is the development of the TEDD. The TEDD has been approved by the County Commission. They are working now on going before the Commission to formalize the advisory Board for the TEDD. It is Manager Ariztia's understanding that the plan has been since its inception that the District will provide water and sewer service to the TEDD. The TEDD's boundary is outside of the approved water and sewer service boundary, and the District will have to submit a request to the City of Billings to expand the service boundary.

Montana Code Annotated provides that properties are required to request an extension to an existing boundary, and then the Board can approve the request, but the District cannot expand the boundary unless it is brought before the City for approval. Manager Ariztia proposed to negotiate with the City to allow the District to expand without having to go before the City every time expansion of the boundary is needed, inasmuch as the District already has a set limitation based on the flow that the District can send to them.

With regard to the reserve capacity fee, Manager Ariztia does not believe that can be renegotiated. The City is holding the reserve capacity for the benefit of the District, and the

District is obligated to share the operation, maintenance and capital improvements of that portion of the plant that is reserved. The District could reduce the amount of capacity that is reserved which would reduce the reserve capacity fees, but at that point it doesn't guarantee that capacity is available in the future if the District should need it.

The other option is that if the TEDD comes on line, the additional capacity at the treatment plant can be used to cover the TEDD because it wasn't part of the District's normal planning.

Manager Ariztia proposed putting together a formal letter to the City of Billings with a tentative boundary that would be specific to the TEDD and to any additional properties that are currently within the water boundary but outside the water/sewer boundary that the District wanted to include in the boundary.

OLD BUSINESS:

None.

FINANCIAL REPORTS

A trial balance was not received from Yellowstone County

Financial reports attached to the minutes are: Check/Claim Detail for the Accounting Period January, 2018; Trial Balance with Revenue and Expenditures for the Accounting Period January, 2018, Statement of Revenue Budget vs. Actual for the Accounting Period Statement January, 2018; Statement of Expenditures - Budget vs. Actual Report for the Accounting Period January, 2018.

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

OTHER BUSINESS:

- * **Intake project update**
Sewer PER update
2020 Water CIP project discussion

Jill Cook presented slides showing the intake project and the progress that's been made. Jill advised Western is a little behind schedule, but they are hoping to be able to make up the time.

Manager Ariztia advised there was a slight modification to the pump tubes. The manufacturer provided a delivery date of the pit-less adapter, which they extended an additional month. This would put the building on hold for a month because of the space restrictions and the

fact that the adapter is located near the building footing.

One of the options was to move the building to the east closer to the Lockwood Irrigation District building and give some space there in between the pump tubes and the building to be able to start working on the building. The Irrigation District had concerns about their footprint and access to the bridge out towards the levee. The Irrigation District and LWSD were able to arrive at a compromise wherein they moved the pump tubes towards the river so construction could proceed forward without the month delay.

The pump tubes fit in a concrete vault at grade and the vault has traffic-rated grating over it. There will be concrete encasement around the pipes, and between the vertical pump tubes and the clean-outs there is a massive triangle, which will be flow-filled because of the need for good compaction where the building is sitting. The whole triangle void will be filled with flow-fill. Anything outside of that, Western can backfill with native materials.

Sewer PER:

Jill reported on the Sewer PER that they have started updating the wastewater PER that they did in 2010 when they first defined Phase 2. This sewer PER has a deadline of August and will be submitted for 2020 funding.

2020 Water CIP project discussion

The 2020 Water System upgrade project was brought up for discussion. The Master Plan upgrades are additional conventional treatment train; fire flow recommended upgrades (annual program); water main recommended upgrades (annual program); and new 0.45 MG mid-zone reservoir, which is now run off the Noblewood Booster Station. The total cost of the projects is \$5,920,000.

With these improvements, specifically to the water treatment plant, the District's capacity remains the same, it just meets DEQ redundancy requirements. If two filter trains were installed raising the filter trains to four, it would meet the redundancy requirements and increase the capacity at the plant to be able to put out more water. Right now the firm capacity is 3 million gallons per day, adding a third train would give you firm capacity of 3 million gallons. Adding a fourth train, you would be able to generate 4.5 million gallons per day firm, with a standby train so if one train were down for maintenance it wouldn't affect delivery of water.

The question is does the District want one additional train for the DEQ redundancy requirements, or does it want to incorporate the fourth filter because the intake is now capable of putting out more water. The cost for two filter trains is \$9.2 million complete, ready to be put in operation along with the mid-zone water reservoir and some water main upgrades.

Another alternative is building a third filter train, but at the same time building all the structure for the fourth filter train. With this alternative, you are not installing the filter media,

pipng, and equipment in the clarifier. It would cost almost \$9 million. The money for this option would have to come out of reserves and the rest would be loans and/or grants.

In the first alternative, to install one filter train for redundancy requirements, and the other CIP projects, the \$5.9 million was factored into the new rates that are being put into place over the next four years.

Many options were discussed for managing the CIP projects and the priorities given to the various CIP items. The Board is agreeable to using the second option, upgrading to the fourth filter train and removing the piping and the reservoir upgrades for a later time of the District's choosing. The upgrade to the fourth filter train would be taken forward to the funding agency for the project.

MANAGER REPORTS:

The water pumping record is as follows:

January, 2017	21,887,800
January, 2018	20,011,400

Wastewater record:

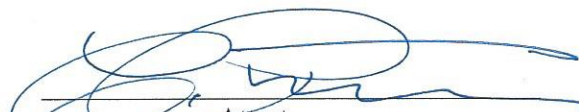
December, 2016	3,839,484
December, 2017	3,950,936

- IX. Merrill Walker moved to adjourn the meeting. Nancy Belk seconded the motion. Motion carried.

There being no further business to come before the Board, the meeting was adjourned at 10:00 p.m.

The next Board meeting will be held on March 14, 2018.


Attest


Attest