

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

December 12, 2018

The regular meeting of the Lockwood Water and Sewer District Board of Directors was held on December 12, 2018. President Peters called the meeting to order at 7:00 p.m. in the conference room of the Lockwood Water and 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 was Manager Mike Ariztia, Assistant Manager Tony Reed, Jill Cook of Morrison-Maierle, and Evelyn Pyburn, *Yellowstone County News*.

Attendance and Voting Record attached to minutes

PUBLIC COMMENT:

Merrill Walker inquired if anyone knew what they were planning on doing with the old Tour America building. Manager Ariztia advised his understanding was that Pape Equipment would be moving into that space.

APPROVAL OF MINUTES:

The minutes of the November 14, 2018 Board meeting were presented for approval. Two corrections were noted: Page 2, "Steve" Vlahos should be "**Chris**" Vlahos; Motion IV, "carriers" should be "**carried**".

- I. Stuart Deans moved to approve the minutes of the November 14, 2018 Board meeting with the corrections as noted. Nancy Belk seconded the motion. Motion carried.

NEW BUSINESS:

*** Update on land purchase for proposed future bulk water station**

Manager Ariztia advised that the property owners of the proposed acreage for the bulk water station approved LWSD's appraised value bid of \$11,400 for the 1.2 acre parcel of land. A sales agreement was prepared and reviewed by District counsel for submission to the property owners, and after signed, the project will move on from there to develop the bulk water station.

*** Discussion of scope of work for the Johnson Lane water line installation and future Prairie Drive bulk water station**

Manager Ariztia advised that looking ahead on development of the bulk water station, the main line will have to be extended down Johnson Lane to at least Prairie Drive. Part of the Master Planning is to eventually loop Johnson Lane and Highway 87. So, as they are looking at extending the main line for the fill station, the decision is how far does the District want to extend the line for this portion of the project; do they want to take it to Prairie; do they want to take it all the way down to Johnson Lane, or do they just want to go all the way down to Highway 87. Board discussion followed regarding the three options.

In the 2018-2019 Water CIPs, \$500,000 was budgeted for water main upgrades and replacements, which falls in line with taking the extension down to Highway 87. Manager Ariztia advised he feels the first project will be constructing the water main and getting the water on site, and then look at construction of the site and how the actual facility will be built. The Board agreed that the recommended plan at this time should be to extend the main to Highway 87. The January MMI contract will be for design and engineering costs of the main line extension, which is 4650 lineal feet extending down Johnson Lane to Highway 87, then west on Highway 87 to Hillside Village, and the section of the water main on Prairie Drive. Bidding will be structured to allow either Johnson Lane and Prairie Drive only, or to build the entire project.

Water proposed CIP and bulk water station project estimated costs attached to minutes

*** Discussion on Draft Wastewater PER**

Manager Ariztia passed out the information in the packets on the draft wastewater PER to see if the Board had any questions or comments on the PER. Stuart Deans inquired if in the previous negotiations on providing sewer service in Lockwood, there were interviews with individuals, what areas wanted sewer service that were not included in Phase 1 or Phase 2, and is that information available. Ms. Cook advised they have the old maps that show who responded to the surveys. She can bring the map which outlined what areas of Lockwood predominately didn't want sewer and what areas did. Manager Ariztia said part of the boundary setting process for Phase 3 will be public meetings for public input. Further discussion will be held at future Board meetings.

OLD BUSINESS:

None.

FINANCIAL REPORTS

The Yellowstone County trial balance was not received.

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

APPROVAL OF BILLS DUE FOR SIGNATURE:

- II. 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**

Everything is progressing. The control centers should arrive in January. It appears that the March deadline for the panels and the VFDs will be met.

Manager Ariztia presented a schedule to the Board setting out the Board meeting dates for the year 2019. The Board meetings will continue to be held on the second Wednesday of each month.

- III. Carlotta Hecker moved to accept the 2019 Board meeting schedule. Stuart Dean seconded the motion. Motion carried.

Copy of Schedule attached to minutes

MANAGER REPORTS:

The water pumping record is as follows:

November, 2017	19,758,200
November, 2018	18,970,300

Wastewater record:

October, 2017	5,022,072
October, 2018	4,873,220

Preliminary flow testing was done on Exxon lines, along with testing of communications between Exxon, Lockwood and the City of Billings, to make sure that Lockwood is receiving the signal. The signal that Lockwood receives is based on gallons per minute, and enables Lockwood to receive a total flow per day. The flow can be calculated each day through the Scada system in order to bill Exxon. At the end of each month there will be a reconciliation between Exxon, Lockwood and the City of Billings. Manager Ariztia drew up an emergency plan for Lockwood and Exxon if there are ever any issues in the system and how notifications will go to Exxon verbally and through the District's Scada system, and then what the expectations are from Exxon once they receive those notifications from Lockwood as far as their

discharge goes. This part of the system seems to be operating without any issues.

Manager Ariztia again brought up the reserve capacity fee, which is based on improvements that happen in the Billings treatment plant. Lockwood's portion of those cost are based on the amount of flow that they reserve for Lockwood. The only way to reduce that reserve capacity fee is to reduce the amount of reserve capacity that is being held for Lockwood in the treatment plant. The decision lies in does Lockwood continue to pay the reserve capacity fee of approximately \$23,000 a month or withdraw from the reserve capacity agreement. The City would like to know if the District is considering dropping the reserve capacity so they can figure it in the City's rate study in July, 2019. The capacity question will be an agenda item at the January, 2019 meeting.

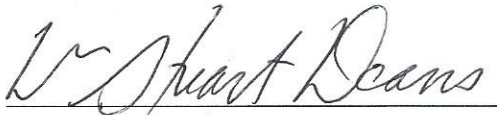
Manager Ariztia has asked the City to look into the million dollar bond currently required by the City, and requesting the City to either eliminate the bond completely or reduce its amount. Another item Manager Ariztia asked the City to look into was the 15% rate of return in the agreement. The 4% franchise fee was eliminated.

ADJOURNMENT:

- IV. 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 8:50 p.m.

The next Board meeting will be held on January 9, 2019.


Attest


Attest