

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

April 10, 2019

The regular meeting of the Lockwood Water and Sewer District Board of Directors was held on April 10, 2019. 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, Evelyn Pyburn of the *Yellowstone County News*, and guest Matt Hjelm of Wipfli, LLP.

**Attendance and Voting Record attached to minutes**

**APPROVAL OF MINUTES:**

The minutes of the March 13, 2019 Board meeting were presented for approval. The following additions or deletions were noted:

Page 2, bottom paragraph, delete **"It is going to be approved."**

Page 3, first paragraph under Update on the District Reserve Capacity, second line should read: "meeting with the **City** to inquire . . ."

Page 3, second paragraph under 204 Hickory request, first sentence should read: **"City/County Planning** advised . . ."

- I. Carlotta Hecker moved to approve the minutes of the March 13, 2019 Board meeting as corrected. Merrill Walker seconded the motion. Motion carried.

**NEW BUSINESS:**

**\* Review and approval of the District 2018 Audit**

Matt Hjelm of Wipfli, LLP, presented the 2018 fiscal year audit for Board review.

Wipfli's audit was based on district-wide figures, combining sewer and water. The audit opinion was unmodified and designated as "clean". There were no reportable issues.

- II. Carlotta Hecker moved to accept the June 30, 2018 District Financial Audit of prepared by independent auditor Wipfli.

Stuart Deans seconded the motion. Motion carried.

**A copy of the Auditor's 2018 report is available for viewing at the District office.**

**\* Approval to purchase dump trailer**

Manager Ariztia presented a detail sheet on three dump trailers, a Load Trail, PJ, and Iron Bull. The main one of interest is the DT14 Load Trail 14', 14,000 pound capacity tandem dump trailer. There is a 2018 Load Trail used model in stock for \$6,350 or a new one for \$7,890. Over time, a dump trailer would save the District money for hauling materials and other jobs which now require the District to hire an outside entity.

- III. Nancy Belk moved to approve the purchase of a Dump Trailer, either new or used. Stuart Deans seconded the motion. Motion carried.

**Copy of Detail Sheets attached to minutes**

**OLD BUSINESS:**

None.

**FINANCIAL REPORTS**

The March Yellowstone County trial balance indicated a balance due the District of \$9,675.39.

Financial reports attached to the minutes are: Check/Claim Detail for the Accounting Period March, 2019; Trial Balance with Revenue and Expenditures for the Accounting Period March, 2019; Statement of Revenue Budget vs. Actual for the Accounting Period Statement, March, 2019; Statement of Expenditures - Budget vs. Actual Report for the Accounting Period March, 2019.

**APPROVAL OF BILLS DUE FOR SIGNATURE:**

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

As previously approved, a direct mailing will be sent out advising residents in Phase II that they only have until July 1, 2019 to lock in the current sewer system development fee.

**OTHER BUSINESS:**

\* **Intake Project Update**

Currently all the pumps are installed in the river and running on the new VFDs and new control panels. Pump No. 1 is still not functioning to its full capacity in that it's not pushing out the full 2,000 gallons per minute. Tests of the pumps showed pump 1 was putting out less pressure and lower amperage. The decision was made to operate the pumps, put them in the normal sequence and run them for awhile and see how pump 1 performs. Jill Cook has been coordinating with Western Municipal advising it of the District's concerns with the pump. Substantial completion has not been issued on the project.

\* **Johnson Lane and Prairie Drive property purchase update**

The Mylar maps have been sent to the property owners for signature. The sales information has been submitted to a title company. Once the Mylar maps are returned from the sellers, and signatures are securing from City/County Planning, the documents will be recorded separating the properties and conveying ownership of the designated bulk water station property to the District.

\* **Update on the District Reserve Capacity**

A meeting was scheduled for Manager Ariztia to meet with the City to review the reserve capacity matter the first part of April. However, Mr. Mumford was ill, and the meeting was cancelled. The meeting is now set for later this month.

\* **Lockwood TEDD update**

At a meeting held on April 1<sup>st</sup> at a work session of the City Council, Manager Ariztia did a joint presentation with Big Sky Economic Development on the TEDD. Big Sky outlined a history of the TEDD, including what the plan is for the TEDD, after which Manager Ariztia followed with a brief history on the District's agreement with the City of Billings. Based on the language of the agreement, Manager Ariztia conveyed a request that the City enter into a Memorandum of Agreement with the District to allow the District to potentially expand its boundary to include the TEDD.

The presentation of that section of the meeting almost instantaneously went a different direction. It went from expanding the boundary and educating the City Council on the TEDD, to the City potentially wanting to annex the TEDD into the City boundary and provide water and sewer service to it. However, Manager Ariztia pointed out that the TEDD area is not within any of the City's planned or potential annexation areas and is not contiguous to any of the City's boundaries. They would have to cross properties that aren't currently in the City boundary and they would have to cross the river. The District's plans are on hold for at least 90 days until the City decides which way it intends to proceed.

There will be a regular meeting of the TEDD at Big Sky Economic Development on April 17<sup>th</sup> at 2:30 p.m.

**MANAGER REPORTS:**

The water pumping record is as follows:

March, 2018	21,419,200
March, 2019	22,632,100

Wastewater record:

February, 2018	4,498,472	
February, 2019	4,590,476	
February, 2019	Exxon Wastewater	52,685,000

Manager Ariztia advised he had received a draft copy of the new City of Billings rate study. Reserve capacity is presently \$20,555 per month. Tentatively in 2020, it would be \$21,591 per month; in 2021, \$27,102 per month. A meeting is planned with the City at the end of the month to discuss the rate changes. Manager Ariztia has also contacted Andrew Rheem from Raftelis, who may attend the meeting with him.

The usage fee the District pays the City per CCF is currently \$8.82. In 2020, the fee would be \$8.08 per CCF, and in 2021, \$8.11 per CCF. The System development fee paid to the City per hookup is currently \$920 for the standard 3/4" service. Beginning July 1, 2019, the system development fee paid to the City will be \$1,355.

Last year there was testing done on the water taken from the river. It's called LT2 sampling. It is a measurement of E-Coli or Coliforms in the water and the results determine whether you need to do additional treatment or additional sampling. The results indicated that the District did reach what is called a Bin 1 level, wherein the District would be required to do additional sampling either once a month for two years or twice a month for one year.

Because the testing is for cryptosporidium, if the results come back good, then you're fine and you can operate as normal. If they don't, then you have to incorporate additional treatment techniques into your plant for disinfection. For right now, the plan is to do the sampling, but with the treatment plant expansion next year, and taking into account that regulations don't decrease, at some point in the future the District will be required to do additional disinfection. Sampling will cost between \$10,000 and \$15,000 a year.

Manager Ariztia asked Jill Cook of Morrison-Maierle to put together rough numbers incorporating the amount of water the District produces now, the amount of water anticipated

being produced at build-out, and what are some rough costs for UV, what are some costs for ozone, etc. Jill estimated engineering time costs would amount to \$6,500.

- V. Nancy Belk moved to approve a preliminary engineering study by Morrison-Maierle on options for additional water treatment in the amount of \$6,500. Merrill Walker seconded the motion. Motion carried.

**ADJOURNMENT:**

- VI. Merrill Walker 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 8:55 p.m.

The next Board meeting will be held on May 8, 2019.

  
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