

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

July 9, 2020

The regular meeting of the Lockwood Water and Sewer District Board of Directors was held on July 9, 2020. President Peters called the meeting to order at 7:00 p.m. in the conference room of the Lockwood Fire Station, 501 Johnson Lane, Billings, Montana 59101.

Present at the meeting were Board members' Carl Peters, Merrill Walker, Nancy Belk, Carlotta Hecker, and Stuart Deans. Also present was Manager Mike Ariztia, Assistant Manager Tony Reed, Jill Cook of Morrison-Maierle, Evelyn Pyburn of the *Yellowstone County News*, and Steve Arveschoug and Thom Maclean of Big Sky Economic Development.

Attendance and voting record attached to minutes

PUBLIC COMMENT:

None.

APPROVAL OF MINUTES:

The minutes of the June 10, 2020, Board meeting were presented for approval. There were no corrections noted.

- I. Carlotta Hecker moved to approve the minutes of the June 10, 2020 Board meeting as written. Stuart Deans seconded the motion. Motion carried.

NEW BUSINESS:

*** Lockwood Targeted Economic Development District (TEDD) Update**

Steve Arveschoug and Thom Maclean of Big Sky Economic Development reported on the TEDD progress.

Mr. Arveschoug stated they want to compliment Manager Ariztia for his patience and consistent participation in the TEDD development. In April of 2019, Manager Ariztia and BSED went before the Billings City Council requesting the City's consideration and cooperation in entering into an agreement between LWSD and the City to expand LWSD's service area.

Manager Ariztia stated that in his interactions personally with the Council members he had never heard anything negative about his participation. The conversation has been very specific to the TEDD.

Mr. Maclean reported that on April 1, 2019, they went before the City Council and asked to extend the sewer district to include the TEDD study area, which under the existing agreement, is basically on the other side of the Interstate. There's been no dispute that that agreement has been a good agreement on both sides. It's good for the City, it's been good for Lockwood.

The City would agree to extend that sewer district boundary with some conditions that are still in the negotiation stage. Ultimately, the agreement for expanding the service area would be a written amendment to LWSD's existing agreement with the City of Billings, and they would amend it to represent an expansion of the service area for purposes of providing sewer service to the TEDD.

Manager Ariztia was given direction by the Board to move forward with further talks with the City.

* **Ordinance No. 2020-2 covering the petition of Rodney Morse and Barbara Morse to include lands in Water District #1 and Sewer District #1, being (COS-2446 Parcel 1), SE1/4, NW1/4, Sec. 31, T01 N, R27 E, Yellowstone County Montana, Tax Code D06617A**

II. Carlotta Hecker moved to adopt Ordinance No. 2020-2 ratifying the Petition of Rodney Morse and Barbara Morse for inclusion into Water District No. 1 and Sewer District No. 1, Certificate of Survey No. 2446 (Parcel 1), Tax Code D06617A. Merrill Walker seconded the motion. Motion carried.

Copy of Ordinance No. 2020-2 attached to minutes

* **Amendment to the 2021 Sewer and Water Operations Budgets, Resolutions 160 and 161**

Manager Ariztia presented a memo to the Board of Directors dated July 2, 2020, recommending an amendment to the 2021 Water and Sewer Operations Budgets that were approved during the June 10, 2020 Board meeting. The requested changes consist of the following:

Receipt of the 2021 Montana Association of Counties (MACO) Property & Casualty Trust Insurance statement which increased \$19,254.36 from last year.

Addition of a new truck in the amount of \$37,000.00 to the Capital Budget Truck

budgeted in 2020 but not purchased

These additions will be reflected as follows:

Water Expense Budget Line Item 510 (Insurance) increase from \$45,000 to \$60,000.

Sewer Expense Budget Line Item 510 (Insurance) increase from \$40,000 to \$42,000

Water Capital Budget add new truck for \$27,000

Sewer Capital Budget add new truck for \$10,000

III. Merrill Walker moved to accept the Amendment to the 2021 Water and Sewer Operations Budget, approved June 10, 2020 by Resolutions 160 and 161. Stuart Deans seconded the motion. Motion carried.

Copy of Memo attached to minutes

* **Resolution No. 162 to Accept the Determination that an Environmental Assessment is Appropriate for the Lockwood Water and Sewer District Phase 3 Sewer**

Resolution No. 162 was presented to accept the determination that an environmental assessment is appropriate for LWSD Phase 3 sewer.

Resolution to Accept the Determination that an Environmental Assessment is appropriate for the Lockwood Water and Sewer District Phase 3 Sewer Subdistrict Project 3A

WHEREAS, the Lockwood Area/Yellowstone County Water and Sewer District has completed an assessment to identify potential environmental impacts of the Phase 3 Sewer Subdistrict Project 3A;

WHEREAS, the draft Environmental Assessment was made available for public comment and the findings were presented and reviewed at a public meeting;

WHEREAS, no substantive public comment was received;

WHEREAS, the Lockwood Area/Yellowstone County Water and Sewer District has determined that the Phase 3 Sewer Subdistrict Project 3A will not significantly affect the quality of the human environment and accordingly the Lockwood Area/Yellowstone County Water and Sewer District has determined an Environmental Impact Statement is not necessary;

NOW, THEREFORE, BE IT RESOLVED by the Lockwood Area/Yellowstone County Water and Sewer District Board as follows:

That Lockwood Area/Yellowstone County Water and Sewer District, Montana, adopts the final Environmental Assessment for the Phase 3 Subdistrict Project.

Passed and approved on July 9, 2020.

- IV. Nancy Belk moved to adopt Resolution No. 162 to accept the determination that an environmental assessment is appropriate for the Lockwood Water and Sewer District Phase 3 sewer. Merrill Walker seconded the motion. Motion carried.

Copy of Resolution No. 162 attached to minutes

OLD BUSINESS:

* **BGI-YELP Update**

Manager Ariztia reported that he provided BGI with two proposals, the first being from Raftelis to put together a rate study for their system development fee and their monthly usage rates. He also provided a proposal to them from Morrison-Maierle to do the hydraulic analysis based on the flow they said they would want to discharge into the wastewater system. BGI requested a meeting to discuss the proposals.

Manager Ariztia and Assistant Manager Reed met with BGI local representatives. Manager Ariztia agreed it is a significant cost, but BGI understands the need for the studies and the reasoning behind it. The shareholders are questioning the cost, one of the reasons being is they wouldn't want to spend the money to have these studies done if the final outcome was going to be that the Board would not let them come into the District. If all things work out, if LWSD has the capacity and they pay for the rate and hydraulic study, the Board has no objection. The Board will put it on hold until they hear further from BGI.

FINANCIAL REPORTS

There were no financial reports due to the fact that June 30th is the end of the fiscal year, and there are still invoices that are coming in now that were from June that have to be paid. The fiscal year will have to be closed out before the reports can be finalized.

OTHER BUSINESS:

* **Johnson Lane Bulk Water Station project update**

A preconstruction meeting was held the morning of July 9, 2020. The KLE contracts were signed and signed by LWSD's attorney July 8, 2020. All items on the agenda as far as normal contractual requirements, construction requirements, reporting requirements and engineering requirements were reviewed by the parties.

KLE provided a construction schedule. Jill Cook advised they were looking to start

construction by July 29th, to be completed by September 18th. Jill advised they actually have 45 calendar days to final completion and 15 days after that for cleanup and miscellaneous items that may arise.

*** Water Treatment Plant Upgrade Project update**

Originally bids were planned to be opened Thursday, July 2, 2020, and potentially to make an award week of July 6, 2020. However, there have been delays with DEQ getting the project reviewed due to some of their staff working from home because of the pandemic. They have 50 days to review the project and this has not been possible. There is one particular design item that is in contention. Additional documentation has been provided, and Morrison-Maierle has filed a deviation request and is waiting for a response.

MANAGER REPORTS:

Pumping Record - Water:

June, 2019	31,018,700
June, 2020	35,963,900

Wastewater record:

May, 2019	2,538,712
May, 2020	4,905,384

Exxon Wastewater:

May 2019	61,001,644
May, 2020	64,967,540

Manager Ariztia advised he talked to Chief Staley of the Lockwood Fire Department and brought up fire service to non-Lockwood customers. It may not be a per hydrant fee, but it could be that if somebody who lives outside the District has a fire and if the Fire Department responds to that fire, that at least LWSD would be covered for the water usage. This would also include water used for wildfires.

The search for water rights continues. Manager Ariztia will discuss with the water rights attorney what water rights are presently worth and how much should be offered to obtain the rights. The Board would then be in a position to give Manager Ariztia a not to exceed number. There will be further discussion at the next Board meeting.

ADJOURNMENT:

- V.. 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 9:45 p.m.

The next Board meeting will be held on August 12, 2020, at the District Office at 7:00 p.m.



Attest



Attest