

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

**August 12, 2020**

The regular meeting of the Lockwood Water and Sewer District Board of Directors was held on August 12, 2020. 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 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 and Jill Cook of Morrison-Maierle. Assistant Manager Tony Reed was absent.

**Attendance and voting record attached to minutes**

**PUBLIC COMMENT:**

None.

**APPROVAL OF MINUTES:**

The minutes of the July 9, 2020, Board meeting were presented for approval. One correction was noted on Page 2, the last sentence, "Capital Budgets Truck", should read "Capital Budget's Truck, budgeted in 2020". . .

- I. Merrill Walker moved to approve the minutes of the July 9, 2020 Board meeting with one correction as noted. Carlotta Hecker seconded the motion. Motion carried.

The minutes of the Special Board meeting of July 27, 2020 were presented for approval. No corrections were noted.

- II. Stuart Deans moved to approve the minutes of the Special Board meeting of July 27, 2020 as written. Nancy Belk seconded the motion. Motion carried.

**NEW BUSINESS:**

**\* Discussion and possible motion on District insurance for FY 2021**

The District's business insurance premium through MACo was increased approximately \$19,000 for 2021. LWSD's insurance agent, Pete Hetherington of PayneWest, provided quotes

from two other insurance companies, Cincinnati Insurance with a premium amount of \$65,942 per year, and OneBeacon Insurance for \$61,595 per year.

Cincinnati allows for payment of the premium in installments. It is for a three-year term, and has full earthquake coverage. OneBeacon Insurance premium requires full payment and has a limit of \$1 million earthquake coverage. Cincinnati has local adjusters if there is a claim. Cincinnati also has replacement value versus OneBeacon's cash value on claims.

Both companies are designed specifically for water/sewer districts. Directors and officers insurance for OneBeacon is not as comprehensive, and Cincinnati's coverage is more specifically designed for directors and officers.

After discussion, the Board decided Cincinnati was closer in terms to the MACo policy that is in effect now, and would be the best option for the District.

- III. Stuart Deans moved to accept the Cincinnati Insurance coverage offer of \$65,942 annual premium for a three-year term. Nancy Belk seconded the motion. Motion carried.

\* **Discussion and possible motion regarding annual wage increases for fiscal year 2021**

Manager Ariztia advised the Board of wage percentage increases by Billings and Laurel water and sewer districts. After discussion, the Board agreed to a 2-1/2% wage increase for fiscal year 2021. The manager's salary will also be increased by 2-1/2%.

- IV. Carlotta Hecker moved to adopt the annual wage increases for fiscal year 2021 by 2-1/2%. The Manager's salary will also be increased by 2-1/2%. Merrill Walker seconded the motion. Motion carried.

\* **Discussion regarding Lockwood Irrigation District**

Merrill Walker requested that this item be placed on the agenda to discuss the future of the Irrigation District and possibilities for interaction between the Irrigation District and LWSD.

Merrill Walker advised that through the Montana Code Annotated, 2019, there are two pertinent items; § 7-13-2218(1) MCA, sets forth what an incorporated district may do, including produce, convey, drain water or sewage. Beneficial uses include irrigation.

§ 7-13-2218(7), provides to lease, purchase, carry on, maintain existing water rights, waterworks, sewers, canals, and reservoirs. To Merrill, those are the two most pertinent items to undertake future action on behalf of the Irrigation District.

In the Board Agreement for Joint Operations, § 85-7-1905, MCA, in that part for the irrigation board, part (1), the board shall have power and authority to enter into and do any acts

necessary or proper for the performance of any agreements with any state, county, district of any kind. In effect, the Irrigation District can set up a more elaborate joint operation between the two Boards if they desire to.

Discussion followed regarding various avenues that could be beneficial to both districts. These possibilities, however, are for the future, and at this time are projections to be considered and discussed further.

**OLD BUSINESS:**

None.

**FINANCIAL REPORTS**

The Yellowstone County Trial Balance ending June 30, 2020, shows a balance of \$3,284.09 due the District.

Financial reports attached to the minutes are: Check/Claim Detail for the Accounting Periods June and July, 2020; Trial Balance with Revenue and Expenditures for the Accounting Periods June and July, 2020; Statement of Revenue Budget vs. Actual for the Accounting Periods Statement, June and July, 2020, Statement of Expenditures - Budget vs. Actual Report for the Accounting Periods, June and July, 2020.

- V. 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:**

**\* Water Treatment Plant Upgrade Project update**

Jill Cook reported plans and specs are at DEQ and they have been at the DEQ for awhile. In a call with the DEQ today talking through the last main issue, Jill believes they have agreed on a solution to the issue of interpretation in the Circular regarding common wall construction. The circular was what Morrison-Maierle used to base its design on. The Circular sets forth all the requirements that an entity has to comply with.

When Morrison-Maierle read the Circular, it interpreted potable water to mean it can be sent to the system. Chlorine has been added and it has had contact time to inactivate viruses, bacteria and it's ready to pump out. So, in their mind, they weren't quite in violation of the standard because they didn't have any common wall between non-potable water going through the treatment process and potable water which had been chlorinated.

Manager Ariztia added the comment that the existing facility has a common wall between

the clarifiers and the filters.

Morrison-Maierle's design mirrored what the District has now, there are two treatment trains, a clarifier and a filter, and MMI was mirroring two more with basically the same construction. DEQ said that doesn't meet the standard, because they are interpreting the standard not really as potable and non-potable but as non-potable and a little closer to potable. So since you've got one basin farther along in the treatment process, they don't want a common wall with the other basin.

Manager Ariztia added that the reason for that is because they are saying that if for some reason there was a crack or a void that happened in the concrete, you could have water seepage from basin to basin, from the clarifier to the water that's gone through the filters, which is a little bit further along in the treatment process, but not yet considered potable water.

After DEQ called out the issue, MMI submitted a deviation request, which is not unusual, and asked for permission to put on a high performance coating on both sides of the wall coming from each basin, and have the basins drained and inspected periodically. This matches what's existing which has been performing fine.

The water level on both sides is essentially equal so there's no hydrostatic force driving, there is equal pressure on both sides.

The request was denied and DEQ said the District needed to somehow provide separation whether it's six inches or five feet, they have to each have their own separate wall. What they didn't want to do is expand the footprint of the building because that site is quite busy already with underground utilities.

The concept will be a four-inch void that will be CMU block in the middle and then 12-inch walls on either side of the four-inch void with two of the clarifiers being slightly smaller than the other two clarifiers.

There will be additional costs for construction, conferences with DEQ and changing the details on the plans, that are unknown at this time.

Bidding the project will be delayed, with potential advertising by September 4<sup>th</sup> for the first ad. Advertising four times puts opening around October 1<sup>st</sup>, approval by the Board October 7<sup>th</sup>, and possible groundbreaking near the end of October. The estimated construction timeline has been delayed by possibly four or five months, which also depends on the weather.

\* **Bulk Water Station project update**

Jill Cook reported construction has been started. KLE is mostly moving dirt right now doing site work. They are still working through submittals with KLE. The project is

progressing smoothly and should be completed by the beginning of October.

**MANAGER REPORTS:**

**Pumping Record - Water:**

July, 2019	42,558,700
July, 2020	54,050,800

**Wastewater record:**

June, 2019	4,404,224
June, 2020	4,850,032

**Exxon Wastewater:**

June 2019	58,576,628
June 2020	75,536,780

BGI: Manager Ariztia advised there was no update on BGI.

TEDD: It appears that the City is going to allow the District to expand its boundary without annexation waivers. Manager Ariztia will be meeting with the City tomorrow to go over some of the points in the agreement. He is hoping the City will approve the expansion with the stipulations, and contingent upon LWSD going through the formal process to expand the boundary, if there are property owners who choose not to come into the boundary for water and sewer, then there will be no need for the agreement.

Water Rights: Manager Ariztia advised LWSD water attorney, Matt Williams, to proceed with water right's negotiations.

Manager Ariztia is moving forward with Black Mountain software and the bank to provide options for customers to pay their water or sewer bills by automatic withdrawal (ACH). There is no charge associated with the withdrawal for the customer.

In looking through the billing records, Manager Ariztia discovered that the Lockwood high school has not paid its system development fee for the sewer and water services in the amount of \$260,000. It appears this may have been overlooked. Manager Ariztia prepared a comprehensive statement broken down by individual charges.

The sewer costs were broken down by the City of Billings and LWSD's costs consistent with LWSD's agreement with the City of Billings for system development fees.

Manager Ariztia advised he is going to move forward to hire and train a new employee.

**ADJOURNMENT:**

VI. 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 9:05 p.m.

The next Board meeting will be held on September 9, 2020, at the District Office at 7:00 p.m.

  
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