

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

September 9, 2020

The regular meeting of the Lockwood Water and Sewer District Board of Directors was held on September 9, 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, Assistant Manager Tony Reed, Jill Cook of Morrison-Maierle, and Evelyn Pyburn of *Yellowstone County News*. Guest present was Lockwood resident Brian Richardson.

Attendance and voting record attached to minutes

PUBLIC COMMENT:

None.

APPROVAL OF MINUTES:

The minutes of the August 12, 2020 Board meeting were presented for approval. One correction was noted on Page 3, last full paragraph. The last sentence should read, "So, in their mind, they weren't **in violation of the standard**" instead of "weren't quite at the standard" . . .

- I. Nancy Belk moved to approve the minutes of the August 12, 2020 Board meeting as amended. Carlotta Hecker seconded the motion. Motion carried.

NEW BUSINESS:

- * **Approval of KLE Construction Pay Application #1 for the Johnson Lane Bulk Water Station Project.**

KLE Construction submitted pay application #1 for work on the Johnson Lane Bulk Water Station project in the amount of \$140,387.36. The pay application covers the majority of the dirt and foundation work that they have done onsite.

- II. Nancy Belk moved to approve KLE Construction's Pay Application No. 1 in the amount of \$140,387.36. Stuart Deans seconded the motion. Motion carried.
Copy of KLE Pay Application No. 1 attached to minutes

* **Approval of the 2020 Mill Levy for Phase II Sewer G.O. Bond.**

Manager Ariztia reported that the 2020 Phase II Sewer GO Bond taxable valuation is \$3,982,913, which equates to \$3,983 per 1 mill; $145 \times \$3,983 = \$577,535$. Total payment due in 2020 is \$545,986.25; therefore, Mill Levy for 2020 will be at 145 mills, the same as last year.

III. Nancy Belk moved to approve the 2020 Phase II Sewer GO Bond Taxable Valuation Levy at 145 mills. Merrill Walker seconded the motion. Motion carried.

* **Review and possible approval of Petition for Inclusion into Water District #1 from James Todd Hertz for Certificate of Survey C/S 632, Tract 1-9.**

A Petition for Inclusion in Water District #1 and Sewer District #1, dated 9-1-2020, was received from James Todd Hertz on behalf of Lockwood Farms, LLC, covering Certificate of Survey 632, Tracts 1-9.

The property can be brought into Water District #1 as the District can change the boundary without City approval. It cannot be brought into the Sewer District without obtaining permission from the City for expansion of the Sewer District boundary. The Petition will have to be changed to only designate inclusion in Water District #1. This property is also within the TEDD.

The Board decided to table this matter until the October Board meeting to obtain answers to questions surrounding the TEDD impact on this property if it were to be brought into the District and given service, and who will pay to oversize facilities, if necessary. Manager Ariztia will contact the representative for the property, Big Sky Economic Development, and District legal counsel, Mike Usleber, for their input.

* **Review and possible approval of an amendment to Task Order No. 12 to the Water Master Agreement for the Lockwood 2020 Water Treatment Plant Improvement Project**

Manager Ariztia advised that an amendment to Task Order 12 to the Water Master Agreement will need to be made to cover the additional engineering work and time that's been put into the controversy with DEQ surrounding interpretation of the plans and filter and clarifier issue. At this time, Jill Cook is not at a point where she can confidently give the Board a cost for the extra time. This item was also tabled until the October Board meeting.

* **Approval of a 3-year audit contract with Wipfli LLP to perform the District's annual audits**

Wipfli presented a three-year Audit Contract covering preparation of LWSD audits for 7/1/19 to 6/30/20 in the amount of \$17,750; 7/1/20 to 6/30/21 in the amount of \$18,250; and,

7/1/21 to 6/30/22 in the amount of \$18,800.

- IV. Nancy Belk moved to approve the Wipfli LLP three-year LWSD audit contract as follows: 7/1/19 to 6/30/20 in the amount of \$17,750; 7/1/20 to 6/30/21 in the amount of \$18,250; and, 7/1/21 to 6/30/22 in the amount of \$18,800. Merrill Walker seconded the motion. Motion carried.

Copy of Audit Contract attached to minutes

- * **Discussion and review of a possible amendment to the Wastewater Service Agreement between the City of Billings and the Lockwood Water & Sewer District for the purpose of expanding the sewer service area to include the Lockwood Targeted Economic Development District (TEDD).**

Manager Ariztia reported that in response to the District's request to expand its boundary, the City had presented a draft amendment to the original agreement entered into by the City and the District. It was his original impression, based on conversations with various people, that it would be a simple thing to go to the City of Billings and advise the City that the District wanted to offer service to the TEDD; the City would sign off on it and then allow the expansion of the boundary.

After bringing the boundary change request before the Billings City Council in April of 2019, it became apparent there were several issues that needed to be resolved before any agreement could be reached. Some headway has been made, in that it appears the City would allow the District to expand the boundary; however, there are stipulations in the draft amendment and changes in the original agreement that may negate that possibility.

There has been back and forth discussions on these issues. A copy of the original agreement and the draft amendment will be sent to District legal counsel Usleber, the Board members and to Andrew Rheem, Raftelis rate consultant. for review and comment. The TEDD would be of benefit, but the Board agreed it must not be entered into so as to cause detriment to the District's customers.

Initially the District was scheduled to again go before the City Council on September 14th. However, it appears that would be too soon to provide for proper review and comment by legal counsel, Manager Ariztia and the Board. It will be set for a later date.

OLD BUSINESS:

None.

FINANCIAL REPORTS

The Yellowstone County Trial Balance ending July 31, 2020, shows a balance of

\$5,833.52 due the District.

Financial reports attached to the minutes are: Check/Claim Detail for the Accounting Period August, 2020; Trial Balance with Revenue and Expenditures for the Accounting Period August, 2020; Statement of Revenue Budget vs. Actual for the Accounting Period Statement, August, 2020, Statement of Expenditures - Budget vs. Actual Report for the Accounting Period, August, 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 expansion update**

Jill Cook reported DEQ has been provided the expansion update plans and specs, and they are working through approval. There have been rounds of question/answer sessions. Some of the answers generated additional questions, and more answers were provided today. The only item DEQ is questioning at this time is the detail of the structure design on the wall blade. All other items seem to be resolved or have a plan for resolution. Some items may need deviation requests, and MMI will be working on those to be sent to DEQ within the next few days.

MMI is hopeful that DEQ's approval would allow them to start advertising next Friday, the 18th. They will advertise for four weeks, resulting in a bid opening mid-October after the October Board meeting.

* **Bulk Water Station project update**

Jill Cook reported KLE has completed the onsite work, all the grading, dug the retention basin, poured the foundation, the stem wall, and backfilled everything. They are now just waiting for the building to come in. A suspend work order was issued so all work has stopped. Once the building arrives, there will be a resume work order issued. Hopefully, work will resume by mid-October.

MANAGER REPORTS:

Pumping Record - Water:

August, 2019	49,297,700
August, 2020	62,884,000

Wastewater record:

July, 2019	2,244,152
July, 2020	5,767,828

Exxon Wastewater:

July, 2019	73,170,856
July, 2020	64,285,364

With regard to the water main break, no definitive cause was found, although Manager Ariztia brought up the fact that the pipe had been in the ground for 34 years and sitting underneath a rock.

Manager Ariztia thanked Yellowstone County Department of Emergency Management who helped with putting the information out to the public regarding the main break, and also Askin Construction, who was called at 3:00 a.m. and by 6:00 a.m. had assembled a crew to take care of the break.

President Peters thanked the employees and Manager Ariztia for doing an excellent job and maintaining their composure and professionalism throughout the repair. The District was never without water during the repair process.

The Hydroburst System that purges the screens at the river is down. They can still operate with their portable compressor. The Hydroburst System is under warranty. It will be repaired next Thursday or Friday.

Manager Ariztia advised he will be gone next week from Friday, the 11th, through Thursday, the 21st of September.

ADJOURNMENT:

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

There being no further business to come before the Board, the meeting was adjourned at 8:40 p.m.

The next Board meeting will be held on October 14, 2020, at the District Office at 7:00

p.m.

W. Hart Deans

Attest

Nancy Bell

Attest