

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

October 14, 2020

The regular meeting of the Lockwood Water and Sewer District Board of Directors was held on October 14, 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*.

Guests present were Woody Woods, representing the Lockwood Pedestrian Safety Board, Tom Llewellyn, Realtor, representing Lockwood Farms, LLC, and Thom Maclean, representing Big Sky Economic Development.

Attendance and voting record attached to minutes

PUBLIC COMMENT:

None.

APPROVAL OF MINUTES:

The minutes of the September 9, 2020 Board meeting were presented for approval. One correction was noted on Page 2 in the paragraph referring to Task Order 12. Delete the word "**numbers**" in the next to the last sentence.

- I. Carlotta Hecker moved to approve the minutes of the September 9, 2020 Board meeting as amended. Stuart Deans seconded the motion. Motion carried.

NEW BUSINESS:

*** Approval of KLE Construction Pay Application #2 for the Johnson Lane Bulk Water Station Project**

KLE Construction submitted pay application #2 for work on the Johnson Lane Bulk Water Station project in the amount of \$50,162.41.

- II. Merrill Walker moved to approve KLE Application No. 2 for work

done on the Johnson Lane Bulk Water Station in the amount of \$50,162.41. Nancy Belk seconded the motion. Motion carried.

Copy of KLE Pay Application No. 2 attached to minutes

* **Review and possible approval of Petition for Inclusion into Water District No. 1 from James Todd Hertz for Certificate of Survey CS 632, Tracts 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. This matter was brought before the Board at the September meeting and tabled until the October meeting for Manager Ariztia to obtain further information.

Tom Llewellyn, realtor, is representing Lockwood Farms and advised it will go to market next spring. The survey work has been done, the engineer is in the process of doing design work, and contractors are waiting to proceed. Nancy Belk questioned where Tract 9 is, as she could only see 8. Tract 9 is the road.

The real purpose for the water is concern surrounding fire suppression. It isn't the use of the water, it's having water available for any industrial property that may need fire suppression. Mr. Llewellyn advised the property is designated as an industrial park and will be promoted as such. Subject to Board approval, an ordinance will be prepared for signature at the next Board meeting to officially expand that boundary.

- III. Nancy Belk moved to approve the inclusion of Lockwood Farms, LLC, Certificate of Survey 632, Tracts 1-8, Tract 9 being the road, into Water District No. 1. Merrill Walker seconded the motion. Motion carried.

Copy of Petition for Inclusion dated 9/1/2020 attached to minutes

* **Review and possible approval of Amendment No. 2 to Task Order No. 12 to the Water Master Agreement for the Lockwood 2020 Water Treatment Plant Improvement Project**

This matter was also tabled to the October meeting. Amendment No. 2 covers the significant additional design required for DEQ project approval, specifically for the UV system and the configuration of the new clarifiers and filters. The amount of Amendment 2 to Task Order No. 12 is \$27,000. Final design tasks will continue through September, 2020, with final design approval from DEQ and bid opening expected to occur in October, 2020.

- IV. Stuart Deans moved to approve MMI's Amendment No. 2 to Task Order No. 12 in the amount of \$27,000. Merrill Walker seconded the motion. Motion carried.

Copy of Amendment No. 2 to Task Order 12 attached to minutes

* **Approval of Task Order No. 16 to the Water Master Agreement to conduct survey for the preliminary design of the Mid-Zone tank**

Morrison-Maierle Task Order No.16 covers the Mid-Zone Tank survey to be completed in October, 2020. The survey will be completed by drone to determine the type of soil and suitability for a tank. The estimated cost of engineer's services is \$4,200.00.

- V. Nancy Belk moved to approve Morrison-Maierle Task Order No. 16 to conduct the drone survey for the preliminary design of the Mid-Zone Tank, in the amount of \$4,200.00. Merrill Walker seconded the motion. Motion carried.

Copy of Task Order No. 16 attached to minutes

* **Approval of Task Order No. 17 to the Water Master Agreement to provide construction and post-construction phase service for the Lockwood 2020 Water Treatment Plant Improvement Project**

Morrison-Maierle Task Order No. 17 covers construction and post-construction phase services for the 2020 Water Treatment Plant Improvement Project. The total compensation to engineer is not to exceed \$672,000.00.

- VI. Stuart Deans moved to approve MMI Task Order No. 17 covering construction and post-construction phase services for the 2020 Water Treatment Plant Improvement Project in an amount not to exceed \$672,000.00. Nancy Belk seconded the motion. Motion carried.

Copy of MMI Task Order No. 17 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).**

There have been several versions of a draft amendment to the Wastewater Services Agreement between LWSD and the City of Billings. In this last version, many of the items the Board has been concerned with have been removed. Water has been completely removed from the agreement, annexation has been completely removed from the agreement, and waivers of right to protest future annexation has been removed.

Woody Woods, chair of the TEDD Advisory Board, advised the Advisory Board has not been in agreement with any provisions that the City has proposed, short of expanding the

boundary and allowing Lockwood to send its wastewater to the City.

Mr. Woods reported that a letter was drafted for the Commissioners to submit to the City which proposed the City and County would agree to work on the inner belt-loop way in conjunction. It does not outline a plan, it was just a letter that John Ostlund felt the Commissioners could sign so this could move forward.

This agreement will be brought before the Council on October 28, and it will be the last date for an agreement. If the agreement is not approved, then the County will move forward with the TEDD in a different direction. That direction could allow for property owners to contact LWSD and request inclusion into the Water Service District in the same manner as Mr. Llewellyn did.

The TEDD Advisory Board would then be looking at a total onsite sewer waste disposal, which would basically be by evaporation. It would be a big increase in cost to the property owners and is not what you really want to see, but if it becomes such a problem that you can't reach an agreement, then it is an option. The agreement is simple – let us send more wastewater to you.

Mr. Maclean advised he felt the items in the agreement that were of concern to LWSD would be removed from the contract. It should be handled as a separate item, and he felt it would be, and that's basically what the letter from the Commissioners to the City Council was intended to do. The agreement amendment with LWSD should only encompass extension of wastewater disposal, and have nothing to do with water.

Manager Ariztia summarized that any amendment to the agreement will set forth that it allows LWSD to increase its boundary to include the TEDD. It will still be contingent upon going through the legal process to expand the boundary and the property owners voting to do so. The additional 12% surcharge for flows and plant capacity that is used by the TEDD, combined with the 6% surcharge covering LWSD waste disposal, would total an 18% surcharge. Manager Ariztia advised the 18% surcharge will be based on actual flows.

Nancy Belk emphasized that it should be made clear that anything the Board decides cannot affect LWSD's current customers in any way.

Manager Ariztia went through the First Amendment to the Wastewater Service Agreement with the Board citing the items that are to be deleted and replaced. If it is not approved by the City Council on October 26th, negotiations will be considered finished.

OLD BUSINESS:

None.

FINANCIAL REPORTS

The Yellowstone County Trial Balance was not available.

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

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

OTHER BUSINESS:

* **Water Treatment Plant Upgrade expansion update**

The project is at present out for bid. The bid opening was scheduled for October 15; however, several contractors requested the bidding process be extended due to difficulty in obtaining pricing from their suppliers. A site visit was held for the contractors that wanted to walk through the treatment plant and look at it. There is another walk-through scheduled for tomorrow morning. The bid opening will be on October 29th.

* **Bulk Water Station project update**

The site work is mainly complete. The building was delivered last week on Friday. The facility should be completed and functioning by the end of the month.

MANAGER REPORTS:

Pumping Record - Water:

September, 2019	38,520,000
September, 2020	37,320,800

Wastewater record:

August, 2019	4,468,552
August, 2020	5,906,956

Exxon Wastewater:

August, 2019	90,411,508
August, 2020	73,709,416

Governor Bullock came out last Monday to tour the treatment plant facility, and to talk about improvements to the treatment plant. They also visited about funding and different projects.

Manager Ariztia advised he had talked to Andrew Rheem at Raftelis regarding an update to the rate study. As part of that, there will be a System Development Fee Committee formed. He will try to get the same people together for the committee as the last time.

There was an ad placed for hiring of a new employee. So far, there has only been one application. It is advertised on LWSD's website, the *Yellowstone County News*, Montana Rural Water website, and through the Department of Labor on their job website.

ADJOURNMENT:

VIII. 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 8:45 p.m.

The next Board meeting will be held on Tuesday, November 10, 2020, at the District Office at 7:00 p.m., due to Veterans Day being on Wednesday.



Attest



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