

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

November 10, 2020

The regular meeting of the Lockwood Water and Sewer District Board of Directors was held on November 10, 2020. President Peters called the meeting to order at 7:00 p.m. in the Lockwood Fire Station Community Meeting Room, 501 Johnson Lane, Billings, Montana 59101.

Present at the meeting were Board members' Carl Peters, Nancy Belk, Carlotta Hecker, and Stuart Deans. Also present was Manager Mike Ariztia and Jill Cook of Morrison-Maierle. Assistant Manager Tony Reed and Board member Merrill Walker were absent.

Guests present were Lockwood residents Terry Seiffert and Brian Richardson, 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 October 14, 2020 Board meeting were presented for approval. No corrections were noted.

- I. Stuart Deans moved to approve the minutes of the October 14, 2020 Board meeting as written. Nancy Belk seconded the motion. Motion carried.

NEW BUSINESS:

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

By letter dated November 5, 2020, Steve Arveschoug, Executive Director of Big Sky Economic Development, thanked the Lockwood Water and Sewer District Board of Directors and staff for their assistance, guidance and patience during negotiations with the City of Billings to develop the Lockwood TEDD.

The First Amendment to the Wastewater Service Agreement was passed by the Billings

City Council by a margin in favor of the amendment of 9 to 2. Mr. Arveschoug encouraged the Board to support the proposed amendment to the Agreement.

Also, by letter to the LWSD Board dated November 10, 2020, Woody Woods, Chair of the Lockwood TEDD Advisory Board, expressed the TEDD Advisory Board is in support of the First Amendment, and also encouraged the Water and Sewer Board to support the First Amendment to the Agreement.

After further Discussion, with the input of Attorney Terry Seiffert, Lockwood landowner, along with BSED representative Thom Maclean, the Board agreed to approve the provisions of the First Amendment to the Agreement contingent upon the property owners in the TEDD approving the expansion, and the Board’s approval of the expansion.

- II. Stuart Deans moved to approve the First Amendment to the Wastewater Service Agreement with the City of Billings, contingent upon property owners in the TEDD requesting and approving the expansion, and the LWSD Board approving the expansion. Nancy Belk seconded the motion. Motion carried.

Copies of BSED 11/5/20 letter to Board; Lockwood TEDD Advisory Board letter dated 11/10/20, and First Amendment to Wastewater Service Agreement attached to minutes

*** Approval of KLE Construction Pay Application #3 for the Johnson Lane Bulk Water Station Project**

KLE Construction submitted pay application No. 3 for work on the Johnson Lane Bulk Water Station project covering work completed from 10/3/2020 to 10/30/2020, in the amount of \$199,306.52.

- III. Nancy Belk moved to approve KLE Application No. 3 for services performed on the Johnson Lane Bulk Water Station in the amount of \$199,306.52. Stuart Deans seconded the motion. Motion carried.

Copy of KLE Pay Application No. 3 attached to minutes

*** Ordinance No. 2020-3 covering the Petition for Inclusion into Water District #1 from James Todd Hertz for Certificate of Survey C/S 632, Tract 1-9**

Ordinance 2020-3 was presented to the Board as the formal approval to incorporate this property into Water District No. 1. Added to the ordinance under Section 2, item 2.02, was the provision that if the District should in the future modify the Sewer Service boundary with the City of Billings to include CO-632, Tracts 1-9, it would automatically become part of the joint Water and Sewer Service Boundary.

Manager Ariztia advised he will need the signatures of the President and Secretary before a Notary Public, and thought it advisable to check with the property owner to see if he still wants to pursue inclusion. The Board was in agreement to table approval until the next Board meeting.

* **Discussion and possible award of the construction contract for the Lockwood Water and Sewer District 2020 Water Treatment Plant Improvement Project**

Four bids were received for the Water Treatment Plant Improvement Project on October 29, 2020. They were from Record Steel and Construction, Inc. (RSCI); KLE Construction; COP Construction, and Dick Anderson. Engineer's Estimate from Morrison-Maierle was \$6,011,938.00. The low bid was received from RSCI in the amount of \$7,352,100.00.

This bid was higher than budgeted, and believed to be caused by substantially rising costs, and effects of COVID on supply chains, labor, and other concerns. In the original budget submitted to the funding agencies in January of 2020, total project cost was \$7,138,000.00. Presently, the total project cost is at \$9,584,996.00. The original contribution from LWSD was approximately \$1.8 million towards the project, with approximately \$4.5 million in loans.

After receipt of the bids, Manager Ariztia updated the budget in an attempt to reconcile the increased amount needed. The updated budget total cost amounts to \$2.9 million from the District. Almost a half a million dollars of that is in contingency, which would result in \$2.5 million out of Lockwood funds.

On the SRF loan side, \$4.5 million was increased to \$5.75 million with \$250,000 in contingency. The goal would be a loan at the end of the project for \$5.5 million, which would be an increase of \$1 million from what was originally forecasted the loan amount to be. The updated budget was sent to the funding agencies along with the 2021 budget currently in place, and LWSD actuals from 2020 pre-audit. After review of the budget figures, the agencies provided an acceptance letter stating the District was approved for the \$5.75 million. The District met the coverage on both 2019 and 2020 user rates. Manager Ariztia will try to keep the loan at \$5.5 million or less. The \$5.5 million loan over a 20-year period, would generate loan payments of approximately \$370,000 a year.

- IV. Carlotta Hecker moved to authorize acceptance of the RSCI low bid for the construction contract of the LWSD 2020 Water Treatment Plant Improvement Project in the amount of \$7,352,100, pending DEQ review of Policy 1 by submitting the bidding package to the DEQ for funding approval. Stuart Deans seconded the motion. Motion carried.

**Copy of MMI Bid letter dated November 4, 2020;
2020 upgraded budget figures attached to minutes**

- * **Review and possible approval of Amendment No. 1 to Task Order No. 15 to the Water Master Agreement for the Johnson Lane Bulk Water Station**

Morrison-Maierle Amendment No. 1, Task Order 15 to the Water Master Agreement for the Bulk Water Station was presented for approval. The Task Order covers Engineer's ongoing construction administration services relating to Contractor's delay in completion of the project and additional days granted to the Contractor. The additional services are estimated to be \$6,500, all of which will apply only to time after 10/26/20.

- V. Nancy Belk moved to approve Morrison-Maierle Amendment No. 1 to Task Order No. 15 for additional construction administration services on the Johnson Lane Bulk Water Station project in the amount of \$6,500. Stuart Deans seconded the motion. Motion carried.

Copy of Amendment No. 1 to Task Order 15 attached to minutes

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 October, 2020; Trial Balance with Revenue and Expenditures for the Accounting Period October, 2020; Statement of Revenue Budget vs. Actual for the Accounting Period Statement, October, 2020, Statement of Expenditures - Budget vs. Actual Report for the Accounting Period, October, 2020.

- VI. 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 that beyond the bid opening and approval of the RSCI bid, there is not much to report at present. As far as starting construction, a lot will depend on the weather, but hopefully it can be started in the spring.

* **Bulk Water Station project update**

The bulk water station is nearing completion. Piping and electrical is being finished.

There have been three change orders on the project, all three were approved by Manager Ariztia. The first one was for bends in pipe; the second for additional road material; the third to add additional asphalt to the front of the building; adding concrete barriers, and addition of 12 contract days. The change order amounted to an increase in price of the project to \$5,169 plus the additional contract days.

MANAGER REPORTS:

Pumping Record - Water:

October, 2019	22,036,300
October, 2020	30,222,800

Wastewater record:

September, 2019	6,183,716
September, 2020	5,461,896

Exxon Wastewater:

September, 2019	76,266,828
September, 2020	65,482,164

There has only been one application for the advertised new position.

ADJOURNMENT:

VII. 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 8:40 p.m.

The next Board meeting is tentatively scheduled for December 15, but if there are no pressing matters, it will be cancelled.



Attest



Attest