

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

January 13, 2021

The regular meeting of the Lockwood Water and Sewer District Board of Directors was held on January 13, 2021 President Peters called the meeting to order at 7:00 p.m. in the Lockwood Water and Sewer District Office, 1644 Old Hardin Road, Billings, Montana 59101.

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

Attendance and voting record attached to minutes

PUBLIC COMMENT:

None.

APPROVAL OF MINUTES:

The minutes of the December 15, 2020 Board meeting were presented for approval.

On Page 5, the Wastewater record for October, 2019 was changed to 4,496,976, and the Exxon Wastewater figure for October, 2019 was changed to 69,052,368. Also, President Peters requested the fourth paragraph of Page 5 be clarified to read "process necessary to expand the **water and sewer boundary for the TEDD.**"

- I. Merrill Walker moved to approve the minutes of the December 15, 2020 Board meeting with the changes as set forth above. Stuart Deans seconded the motion. Motion carried.

NEW BUSINESS:

*** Approval of 2021 Board Meeting Schedule**

The 2021 Board Meeting Schedule was presented to the Board for its approval.

- II. Nancy Belk moved to approve the 2021 Board Meeting Schedule. Carlotta Hecker seconded the motion. Motion carried.

Copy of 2021 Board Meeting Schedule attached to minutes

*** Approval of KLE Construction Pay Application #5 for the Johnson Lane Bulk**

Water Station Project

KLE Construction submitted pay application No. 5 for work on the Johnson Lane Bulk Water Station project for the period covering 12/1/2020 to 12/18/2020, in the amount of \$25,714.64. This is the final payment for the project contingent upon final consent by the Surety.

- III. Nancy Belk moved to approve payment application No. 5 to KLE Construction in the amount of \$25,714.64, contingent upon final approval by the Surety. Merrill Walker seconded the motion. Motion carried.

Copy of KLE Pay Application No. 5 attached to minutes

OLD BUSINESS:

None.

FINANCIAL REPORTS

The Yellowstone County Trial Balance as of 11/30/20 showed a balance due the District in the amount of \$20,863.60.

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

- IV. 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 Expansion Update**

Jill Cook reported they received the contracts from RSCI along with its final insurance documents. The contracts were sent to Mike Usleber, attorney for the District, for his review. Assuming they are found to be in order, they will be ready for signature. RSCI was given Notice of Award and once the contracts are signed they will be given Notice to Proceed. Construction is planned to start in April.

In response to questions raised regarding the increases in estimated costs for expansion of the water treatment plant, Ms. Cook provided information to the Board covering the evolution of the costs for the project.

The 2018 PER update added two conventional trains at 2018 dollars projected into 2020, to achieve an estimate to include in a 2019 funding narrative. This estimate was prior to adding UV, which was a result of source water testing done in the Yellowstone River wherein Lockwood was found to need additional treatment in order to comply with water standard requirements. Construction costs before the addition of UV was \$5.3 million. UV increased the estimated cost for construction and engineering by \$476,000.00.

The total cost at the planning stage was \$5,744,000, with a 20% contingency. In October of 2020, MMI provided an opinion of probable cost on the expansion of the water treatment plant. At that time, they were estimating construction at \$6,011,938, dropping the contingency from 20% to 10%, with the 10% at that point being reserved basically for construction changes.

In early 2020, they started to see inflation in material prices, mostly resulting from COVID-19 and supply change concerns, as well as some risk. By the time they opened the bids for the project, the actual bid price came in at \$7,352,000. The 735,210 is a mathematical calculation of a 10% contingency resulting in the total cost at that point of \$8,087,310.

The original Task Order 12 was design at \$491,000. Amendment No. 1 was for SK Geotechnical to do additional bores at the water treatment plant to make sure excavation would not undermine the building and there was an adequate shoring plan in place.

Amendment No. 2 was for \$27,000. Most of it encompassed additional coordination that was done with DEQ along with significant structural redesign to provide the gap in the wall.

Task Order 17 was construction services and included 50 hours a week of RPR time. Most contracts only include 40 hours a week. The benefit to the District is it is only paying for what it actually uses.

Engineering went up 6%. The final budget with the bid prices and final engineering contracts resulted in the total cost of the project being \$9,584,996, the bulk of that change being construction cost. Construction is now occurring in 2021 not 2020, so there is an inflationary increase of probably \$150,000. There was a complexity increase in the design adding the wall gap. The building was built in 1988 and was designed based on codes from 1988 resulting in more complexity issues.

As an example of increase in costs, concrete was estimated at \$600,000, which was comparable to a project MMI engineered in Whitefish. In this expansion project, the bid was 1.1 million for the concrete. Jill also believes the increases are COVID related whether it be problems obtaining materials, or fears and uncertainty. The contractor advised Jill in November that in the last 60 days, wood prices had doubled, PVC had gone up 30%, and cost of materials continue to rise to the present.

Copy of Spread Sheets attached to minutes

* **Bulk Water Station Update**

The station was opened January 4th. A sign was posted on the water station in the office yard to let people know there was a new station available. The overall public comments have been very, very positive as far as the station as a whole. There were 179 uses, with total water sales of \$433.00.

MANAGER REPORTS:

Pumping Record - Water:

December, 2019	25,072,300
December, 2020	19,806,300

Wastewater record:

November, 2019	4,155,888
November, 2020	4,048,176

Exxon Wastewater:

November, 2019	57,635,644
November, 2020	63,354,852

Manager Ariztia reported there will potentially be a petition for inclusion into the District coming before the Board next month, from the new owner of a piece of property on the corner of Taylor Place and Klenck Lane. The property is within the District, but is not in Water/Sewer District 1 and not part of Phase 1.

With regard to the rate study, a teleconference was held at the end of December to begin an updated rate study with Raftelis. One thing Manager Ariztia did ask Andrew Rheem to explore was to give the District an option for an increase in a block rate system to encourage water conservation.

Manager Ariztia met with the developer and City/County Planning to review a preliminary plat on a new development in Lockwood. He inquired as to whether the developer and City/County Planning could possibly include in their covenants a limitation on irrigated landscaping to a certain percentage of the lot size as an incentive for water conservation. The developer and City/County Planning were not adverse to the proposal.

There is no change on the TEDD. There is a meeting scheduled with the TEDD property owners on January 14 to update the property owners on the status of the TEDD.

This item was not an agenda item, but Manager Ariztia is interested in purchasing a 7-1/2 foot snow plow that would mount on the front of two trucks fitted for the plow. He obtained two quotes. The cheapest quote was a Snowdogg plow for \$4,900, which included the plow and the setup for the truck. Snowdogg will also set up a second truck for \$1,800, for a total of \$6,700 to get the plow and two trucks set up, as opposed to buying one of the other plows for approximately the same price. The Board agreed it was a good idea.

Manager Ariztia reported he had received a Project Completion Notice Reminder from the Montana DNRC stating that LWSD needed to file a project completion notice for one of its permits. The application was completed and hand delivered to the DNRC on December 29th.

President Peters advised there was a State Fund dividend for 2018, and he had noticed an article in the *Yellowstone County News* that the Heights Water District refunded it back to the employees. The dividend is based on safety in the workforce.

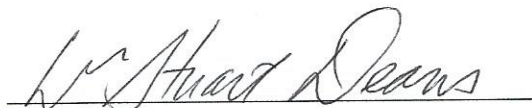
Manager Ariztia advised in the next week or two, he will be providing testimony to the Legislature on the District's TSEP and RRGL funding. He elected to provide testimony via Zoom.

ADJOURNMENT:

- V. Merrill Walker moved to adjourn the meeting. Nancy Belk 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 February 10, 2021.



Attest



Attest