

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

**May 12, 2021**

The regular meeting of the Lockwood Water and Sewer District Board of Directors was held on May 12, 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, Merrill Walker, and Stuart Deans. Also present was Manager Mike Ariztia, Assistant Manager Tony Reed, and Jill Cook of Morrison-Maierle.

Guests attending were Bob Riehl, Lockwood resident, Eric Allen of Allen & Associates Insurance, Matt Hjelm of Wipfli, Thom Maclean of BSED, and Woody Woods, President of the TEDD Advisory Board.

**Attendance and voting record attached to minutes**

**PUBLIC COMMENT:**

None.

Manager Ariztia announced that Nancy Belk had resigned from the Lockwood Water and Sewer Board of Directors. Nancy served as a Board member for approximately 25 years. Her insight into problem solving and dedication to the Board will be greatly missed.

**APPROVAL OF MINUTES**

The minutes of the April 14, 2021 Board meeting were presented for approval.

Corrections were noted as follows:

Page 2, Paragraph 1, first sentence should read: **“The entire Phase 3 area was originally broken into two phases, 3A and 3B (strike the remainder of the sentence.)**

Page 2, Paragraph 2, first sentence should read: **“The current plan is to go forward with the combined Phase 3 project, which includes 3A and 3B.”**

Page 5, Paragraph 2, “potion” should be **Portion**.

Page 7, Paragraph 2, first sentence, word “reduced” should be **increased** rates . . .

Page 7, Paragraph 7 should read: “reclaimed wastewater **for** snow making (not from).

President Peters requested the following information pertaining to Senate Bills that were

discussed in the April meeting associated with water and sewer districts:

**Bills passed into law:**

SB 178; prohibiting state building codes from requiring mandatory fire sprinklers  
SB-348; revise laws for use of reclaimed wastewater for snow making  
SB 358; repeal numeric nutrient standards for water quality  
SB-403; revise county water and/or sewer district rate notification laws

**Failed to pass:**

HB-255 failed after the third reading for revising time period to protest sewer and water district assessments

- I. Stuart Deans moved to approve the minutes of the April 14, 2021 Board meeting with the changes and additions as set forth above. Carlotta Hecker seconded the motion. Motion carried.

**NEW BUSINESS:**

\* **Review and approval of the District 2020 Audit (Matt Hjelm with Wipfli)**

Matt Hjelm of Wipfli, LLP, presented the 2020 fiscal year audit for Board review.

Wipfli's audit was based on district-wide figures, combining sewer and water. The audit opinion was unmodified and designated as "clean". There were no reportable issues.

- II. Carlotta Hecker moved to approve the 2020 District audit report from Wipfli. Stuart Deans seconded the motion. Motion carried.

The Wipfli 2020 audit report is available for public review at the LWSD District office, 1644 Old Hardin Road.

\* **Discussion and possible approval of proposal for long and short-term disability insurance**

Eric Allen of Allen & Associates Insurance, presented three proposals for long-term and short-term employee disability insurance. Guardian Life Insurance Company was shown to have the best coverage and rates. After discussion and review, the Board decided to delay any decision until the next Board meeting.

**Short and long-term disability insurance proposals attached to minutes**

\* **Rate Study Update**

Andrew Rheem of Raftelis participated by teleconference to present an update on the 2020 Financial Plan and Rate Setting Overview. Topics covered were Water Fund Financial Plan; Sewer Fund Financial Plan; System Development Fees; Sewer System Development Fees; Preliminary Water System



## Development Fees, and Capital Improvements.

A District System Development Fees Advisory Committee will be appointed as in the last rate study process. The committee will meet three times after which the process will be finalized and the Advisory Committee will report to the Board regarding recommendations.

Minimum cash reserves are established targeting 25% of O&M for both water and sewer. An additional target in terms of normal capital reserves, in round numbers. \$1 million in water and \$800,000 in sewer.

In terms of growth of water customers, the District is generally 1.5%, which translates to about 30 new customers each year. On the sewer side, in terms of Phase 2, they are anticipating 25 new customers or customers who are water customers with septic tanks connecting to the sewer system each year. As Phase 3 is completed and their connections begin, 25 new connections each year are anticipated.

One of the drivers on the sewer side is Exxon potentially reducing their discharges going from a full level to a million gallons per day for a period of four months out of the year and then maintaining about .4 million gallons per day in other parts of the year. With that, it will certainly end up being a reduction in the amount of volume based revenue under the existing rate structure.

In terms of the sewer side, O&M expenses from the City of Billings represent about 50% of the O&M for the sewer fund. Second year of the rate period both the reserve capacity fee and the volume rates are increasing in aggregate roughly about 8%. Within Raftelis' financing planning model, they are anticipating 4% increase annually.

Montana law regulates how System Development fees are calculated and administered. An SDF Advisory Committee is required by the Montana Code Annotated. Woody Woods, President of the TEDD Advisory Board cautioned LWSD not to price itself out of development.

### **Copy of Presentation offered to those attending**

(Item 8 moved forward)

- \* **Review and possible approval of the expansion of the Lockwood Water and Sewer District Boundary and into Water District #1 and Sewer Service District #1 submitted by Lockwood TEDD property owners**

Approval was given in an Amendment to the Wastewater Agreement in October of 2020 allowing the District to expand its sewer boundary. The Amendment provided that the City agree to take all wastewater within the boundary of the TEDD Study Area. Stipulations included approval of the

amendment by Lockwood Water and Sewer District Board; approval of the property owners to come into the Water and Sewer District and approval from the District accepting the petitioners and expanding the boundary.

A map was presented showing a total of 28 properties within the TEDD itself, not the TEDD Study Area. The blue boundary on the map is the TEDD Study Area, the yellow boundary is the TEDD itself. Within the TEDD itself there's a total of 33 properties, so out of the 33 properties that are part of the TEDD, there are 28 properties that have petitioned to come into the District.

The petition from the property owners is that the Board accept and approve the petitions for inclusion into the District for those 28 properties, and that it is for both water and sewer.

Thom Maclean of BSED advised of the five parties not wishing to petition into the District, there was only one that was adamantly opposed. One had two properties and its legal counsel thought the petition was a little vaguely worded. One is plotted as a residential, and they intend to live there, and one is in flux right now for a change of ownership.

Manager Ariztia stated that he had let the Board and the parties present know what has happened as far as the wastewater amendments because those conditions haven't been met yet and it hasn't been executed and signed. The Board has already approved the amendment the same as the City did, contingent upon the property owners petitioning in or voting into the District and then the Board approving those petitions.

An email was sent out to the City Administrator stating what LWSD's plan was, that we were going to bring in the properties that had petitioned and were part of the original TEDD into the TEDD. Any properties after that fact would petition in individually LWSD would expand the boundary based on those petitions. Woody Woods said he agreed with Manager Ariztia's interpretation that the City would agree to the amendment.

III. Merrill Walker moved to accept the petitions by the property owners for inclusion in the Water and Sewer District and to expand the Water and Sewer District boundary into the TEDD. Stuart Deans seconded the motion. Motion carried.

\* **Review and possible approval of Petition for Inclusion into Water District #1 and Sewer Service District #1 from Wayne Rottrup, for Eagle Cliff Estates, S29, T01 N. R27 E, C.O.S. 1884, PARCEL 1A2, AMND TR1 (LESS EAGLE CLIFF MEADOW\*)**

On May 7, 2021, a request was received from Craig Dalton, Project Manager for Performance Engineering covering the above-captioned land consisting of 22 residential lots into Phase 1 of the project.



IV. Stuart Deans moved to accept the Eagle Cliff Estates water extension request of Wayne Rottrup for inclusion in Water District No. 1 and Sewer Service District No. 1. Merrill Walker seconded the motion. Motion carried.

- \* **Request to extend District facilities for Eagle Cliff Estates Phase 1. The proposed extension would include water mainline services, fire hydrants and a PVR to service a maximum of 22 residences.**

The estimated peak water demand of the subdivision to be 17.52 gpm. The project will include installation of 3,185 feet of 8-inch pipe diameter C900 PVC pipe, 1,460 lf of 10-inch diameter C900 PVC pipe and eleven fire hydrants.

V. Stuart Deans moved to approve the Eagle Cliff Estates petition to extend District facilities to Phase 1. Merrill Walker seconded the motion. Motion carried.

**Site maps and letters from Performance Engineering attached**

- \* **Approval of Pay Application No. 2 to Record Steel and Construction (RSCI) for the 2020 Water Treatment Plant Upgrade Project.**

RSCI presented their second pay application for the Lockwood Water Treatment Plant Upgrade for services rendered 4/1/2021 through 4/30/2021, covering mobilization and general requirements in the amount of \$49,476.00.

V. Merrill Walker moved to approve payment of RSCI's Pay Application No. 2 in the amount of \$49,476.00 Carlotta Hecker seconded the motion. Motion carried.

**Copy of RSCI Pay Application No. 2 attached to minutes**

- \* **Discussion and approval of an Amendment to Task Order No. 3 of the Water Master Agreement relating to On Call Water System Services with Morrison Maierle**

Morrison Maierle submitted for approval Amendment No. 1 to Task Order No. 3. The scope of services is modified to provide on-call services beyond those already provided in this fiscal year due to the amount of services that have been requested related to water rights. For the additional services, Owner shall pay the Engineer \$7,000.00 for a revised total cost of \$17,000.00 for fiscal year ending June 30, 2021.

VI. Merrill Walker moved to approve Amendment No 1 to Morrison-Maierle Task Order No. 3 in the amount of \$7,000.00. Stuart Deans seconded the motion. Motion carried.

## FINANCIAL REPORTS

The Yellowstone County Trial Balance was not available.

Financial reports attached to the minutes are: Check/Claim Detail for the Accounting Period April 2021; Trial Balance with Revenue and Expenditures for the Accounting Period April, 2021; Statement of Revenue Budget vs. Actual for the Accounting Period Statement April, 2021, Statement of Expenditures - Budget vs. Actual Report for the Accounting Period April, 2021.

- VII. Carlotta Hecker moved to approve payment of the bills submitted on the Check/Claim Detail List. Stuart Deans seconded the motion. Motion carried.

## OTHER BUSINESS:

### \* Water Treatment Plant Expansion Update

Jill Cook reported it has been a slow start. RSCI has been working on submittals, working with DEQ to get their de-watering permit, waiting for materials to be ordered, and setting up job trainers. Some materials were delivered this week. They started some work to reroute the power lines. De-watering wells will be installed soon, and they will start working on the filter to waste lift station and piping.

## MANAGER REPORTS:

### Pumping Record - Water:

April, 2020	27,149,500
April, 2021	20,494,700

### Wastewater record:

March, 2020	5,139,508
March, 2021	4,969,712

### Exxon Wastewater:

March 2020	54,353,420
March, 2021	68,140,556

Exxon apparently has been able to solve some of their permitting issues and do some improvements on their system to be able to start discharging back into the river. Exxon still intends to discharge half a million gallons a day to LWSD.

Montana Rural Water Conference is May 19<sup>th</sup> through the 21<sup>st</sup>. Manager Ariztia and Justin will be attending.

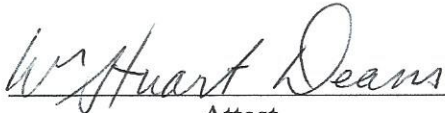
There are 3 pots of federal money for infrastructure restoration, one directly to the counties and the cities. The second one also goes to the counties and cities, but it's specifically earmarked for water and sewer infrastructure. The third pot goes to the states for water, sewer, bridges, telecommunications, but not just water and sewer. Manager Ariztia has been in contact with the state agencies for any possible grants or loans that may be available. The pot 3 money is a dollar-for-dollar match. The Board gave permission to Manager Ariztia to proceed with applications when or if the money becomes available.

**ADJOURNMENT:**

VIII. Carlotta Hecker moved to adjourn. Merrill Walker seconded the motion. Motion carried.

There being no further business to come before the Board, the meeting was adjourned at 10:15 p.m.

The next Board meeting will be held on June 9, 2021.

  
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