

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

February 9, 2022

The regular meeting of the Lockwood Water and Sewer Board of Directors was held on February 9, 2022. 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, and Stuart Deans. Board members Scot Bowen and Merrill Walker were absent. Also present was Manager Mike Ariztia, Assistant Manager Tony Reed, Jill Cook of Morrison-Maierle, Inc., and Evelyn Pyburn of *Yellowstone County News*.

Guests present were Mike Vinton, Lockwood resident and owner of Vinton Construction, and Davis Mutch, YPS Construction.

PUBLIC COMMENT

1. Any member of the public may be heard on any subject that is not on the agenda.

There was no public comment.

APPROVAL OF MINUTES

January 12, 2022

2. The January 12, 2022 Board meeting minutes were presented for approval. No corrections were noted.
 1. Stuart Deans moved to approve the January 12, 2022 Board minutes as written. Carlotta Hecker seconded the motion. Motion carried.

NEW BUSINESS

3. **Potential Highway 87 development project and request to be included in Phase III sewer project boundary. (Mike Vinton)**

Mike Vinton, of Vinton Construction, contacted Manager Ariztia requesting to be placed on the agenda to address the Board regarding potentially including two pieces of property he owns adjacent to Highway 87 E be included in the Phase III Sewer Subdistrict.

Mr. Vinton's plan is to develop multi-family units in a multi-family subdivision, which he feels complements the direction Lockwood is taking in terms of growth. The initial density study indicated he could develop up to 146 units. They are potentially all separate tax units. However, Mr. Vinton stated he needs a guarantee that sewer will be available so they can move ahead with planning and development.

Jill Cook provided User Rate Calculations, one based on excluding the Vinton property, and two including the Vinton property, calculated with 12 assessed units and 176 assessed units. Special assessment bonds will be levied against all benefited properties within the Phase III Sewer Subdivision.

Original Phase III boundary: Estimated combined monthly sewer and water rate per parcel - \$192.50. Estimated cost of construction \$25,643,500 with grants and RD and SRF loans.

Extension of sewer on Highway 87 E to serve an additional 12 parcels:
Estimated combined monthly sewer and water rate per parcel - \$193.20.
Estimated cost of construction \$26,082,400 with grants and RD and SRF loans.

Extension of sewer on Highway 87 E to serve an additional 172 parcels:
Estimated combined monthly sewer and water rate per parcel- \$176.20.
Estimated cost of construction \$24,870,400 with grants and RD and SRF loans.

Calculation sheets and boundary maps attached to minutes

II. Stuart Deans moved to approve inclusion of the Vinton Highway 87 E property in the Phase III Sewer Boundary. Carlotta Hecker seconded the motion. Motion carried.

4. Discussion on Phase III Sewer project; updated cost estimate; funding, and timeline.

Manager Ariztia reported that in Phase III, including the Vinton Highway 87 E property, debt reserve also has to be calculated along with construction, inflation, administration, legal and engineering costs. Debt reserve amounts to \$840,000. The total cost encompassing all of the above items is approximately \$26,082,400. This does not include grants, RD and SRF loans.

ARPA funding has been applied for, which is a maximum of \$2 million. Also, in applying for an SRF loan, there is potential for the District to obtain some of the Infrastructure bill money available through SRF, which Manager Ariztia understands would be in terms of loan forgiveness in an amount not known as yet.

The Implementation Schedule has not changed from the January meeting.

5. Resolution No. 170, Intention of the District to establish a Phase III Sewer Subdistrict within the District and to set a Public Hearing

Resolution No. 170 is to establish the boundary to Phase III. The public hearing notice will be advertised twice in the newspaper followed by the hearing on March 9th.

Carlotta Hecker read Resolution 170 into the record as follows:

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the District as follows:

Section 1. Intent to Establish Phase III Sewer Subdistrict. The Board hereby determines that the properties of the District on the map attached hereto as Exhibit A and also legally described in Exhibit A (which is hereby incorporated herein and made a part hereof) are the properties in the District that will be served by and benefited from the District's proposed Phase III Sewer Improvement and which area shall constitute the District's Phase III Sewer Subdistrict.

For purposes of this section, property is benefited by the proposed Phase III Sewer Improvements if the District's proposed Phase III Sewer Improvements will extend to the vicinity of the property or make available central sewer facilities to the property and the District has created or will create sewer capacity to serve the property. The property currently in the District and proposed to be excluded from the Phase III Sewer Subdistrict is depicted by the shaded area on the map attached as Exhibit B hereto (which is hereby incorporated herein and made a part hereof).

Section 2. Adjustment to Boundaries of Phase III Sewer Subdistrict. The Board reserves the right to adjust the boundaries of the Phase III Sewer Subdistrict based on information and comments it receives prior to and/or at the public hearing described in Section 5. The final map and legal description of the Phase III Sewer Subdistrict shall be as set forth in the final resolution establishing such Subdistrict to be adopted by the Board following the public hearing

Section 3. Estimated costs of the Phase III Sewer Improvements. The total estimated cost of the Phase III Sewer Improvements, including associated costs of financing, is approximately \$26,082,400.

Section 4. Phase III Sewer Improvements. The Phase III Sewer Improvements consist of installation of gravity sewer mains, manholes, service line stubouts, lift stations, and other appurtenances to extend sewer service to certain property in the District.

Section 5. Public Hearing. A public hearing on the establishment of the Phase III Sewer Subdistrict will be held on March 9, 2022, commencing at 7:00 p.m. at the Lockwood High School Community Room at 1932 U.S. Highway 87 E in Lockwood, Montana. All persons residing or owning property in the District shall be given an opportunity to speak at the public hearing.

Section 6. Notice. The District Secretary is hereby authorized and directed to publish or cause to be published a copy of a notice of the passage of this resolution in the *Yellowstone County News*, a newspaper of general circulation in the District, on February 24, 2022 and March 3, 2022, in the form and manner prescribed by law.

Passed and approved this 9th day of February, 2022.

President, Board of Directors

Attest: _____
Secretary

III. Stuart Deans moved to adopt Resolution No. 170 confirming the Intent of the District to establish the Phase III Sewer Subdistrict within the District. Carlotta Hecker seconded the motion. Motion carried.

6. Approval of Pay Application No. 11 to Record Steel and Construction, Inc. (RSCI) for the 2020 Water Treatment Plant Upgrade Project.

RSCI Pay Application No. 11 was submitted for the 2020 Water Treatment Plant Upgrade, covering services rendered 1/1/2022 through 1/31/2022 in the amount of \$310,484.80.

IV. Stuart Deans moved to pay RSCI Pay Application No. 11 in the amount of \$310,484.80, for services rendered 1/1/2022 through 1/31/2022. Carlotta Hecker seconded the motion. Motion carried.

Copy of RSCI Pay Application No. 11 attached to minutes

With regard to the Water Treatment Plant Expansion, RSCI is mostly doing rebar, concrete and encased piping. The trusses are scheduled to be shipped the week of February 21. The UV system was lost in shipping and has been reordered. Substantial completion is now scheduled for the beginning of July, and final completion the beginning of August, 2022.

6. Discussion on submitting a CDBG application for the Phase III Sewer Project.

Manager Ariztia advised that the purpose of CDBG is to provide funding resources to help property owners within the project that would be classified as low income to moderate income. There are caps on the projects, and based on information obtained, there is \$20,000 available per applicant, and \$600,000 maximum receivable as grant money. It is mandated that everybody that applies for the grant and qualifies has to receive that benefit.

An income study of the Phase III area was discussed to determine the estimated number of households that would qualify as low income and moderate income. The deadline for this round of CDBG applications is this March. Another round of funding will be available in the fall. Manager Ariztia suggested that the Board do more investigation such as an income study, and look at other requirements which could be very restrictive. This item was tabled for further review in the fall.

8. Discussion on submitting a BRIC Grant application for the Phase III Sewer Project, Water system improvements and new tanks.

The BRIC (Building Resilient Infrastructure and Community) grant can be used for construction and a BRIC scoping project. The construction grant has to tie into natural disasters, hazard mitigation, items of that sort. There are options to be able to apply for funding for water main replacements and possibly some tanks. Those items can be tied to drought, fire storage, emergency water supplies, and other items. The application process starts in September. The District will apply for grant money covering water tanks and waterline replacements that can be done in conjunction with Phase III.

With regard to the scoping project, there is money available for engineering and an assessment of the project to see if it would qualify for BRIC grant funding. That could be applied for in connection with Phase III for design and analysis. Manager Ariztia recommended applying in September for the construction projects for the water tanks and waterline replacements, and apply for the scoping project money to cover some of the engineering costs for the Phase III Sewer project.

9. Approval of 2022-2023 Health Insurance renewal.

The Blue Cross/Blue Shield health insurance policy will increase 15% this year, which is approximately a \$10,000 increase. After discussion, the Board decided to keep the present policy in force.

- V. Stuart Deans moved to retain the existing Blue Cross/Blue Shield insurance policy with a 15% increase. Carlotta Hecker seconded the motion. Motion carried.

10. Approval to attend Montana Rural Water Systems 2022 Conference.

The Montana Rural Water Systems 2022 conference will be held March 23 through 25, 2022 in Great Falls, Montana. Manager Ariztia will attend along with one employee who has not been chosen at this time. Board members are invited to attend.

OLD BUSINESS

11. Water Treatment Plant Expansion Update. (See Item 6.)

FINANCIAL REPORTS

12. Financial reports attached to the minutes encompass the January, 2022 accounting period, and are as follows: Claim Details; Trial Balance with Revenues and Expenditures (Water Fund); Trial Balance with Revenues and Expenditures (Sewer Fund); Statement of Revenue Budget vs. Actuals (Water Fund); Statement of Revenue vs. Actuals (Sewer Fund); Statement of Expenditures, Budget vs. Actual Report (Water Fund); Statement of Expenditures, Budget v. Actual Report (Sewer Fund).

APPROVAL OF BILLS DUE FOR SIGNATURE

13. VI. Stuart Deans move to approve the bills for signature. Carlotta Hecker seconded the motion. Motion carried.

OTHER BUSINESS

None.

MANAGER'S REPORT

14. Pumping Record – Water

January, 2021	19,585,100
January, 2022	22,813,900

Wastewater Record

December, 2020	4,458,828
December, 2021	5,255,000

Exxon Wastewater

December, 2020	67,794,232
December, 2021	65,913,000

ADJOURNMENT

- VII. Carlotta Hecker moved to adjourn. Stuart Deans 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 a Public Hearing on March 9, 2022, at 7:00 p.m., at the Lockwood High School Community Room.

Carlotta Hecker
Attest

Stuart Deans
Attest