

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

April 13, 2022

The regular meeting of the Lockwood Water and Sewer Board of Directors was held on April 13, 2022. President Peters called the meeting to order at 7:10 p.m. in the Lockwood High School Community Room, 1932 Highway 87 E, Billings, Montana, 59101.

Present at the meeting were Board members Carl Peters, Carlotta Hecker, Stuart Deans, and Scot Bowen. Board member Merrill Walker was absent. Also present was Manager Mike Ariztia, Assistant Manager Tony Reed, Jill Cook of Morrison-Maierle, Inc., and Michael Marino of *Yellowstone County News*.

Guests present were Lockwood residents William "Frosty" Erben, Suzanne Erben, and Bob Riehl.

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.

2. APPROVAL OF MINUTES

The March 9, 2022, Public Hearing and Regular Meeting Minutes were presented for approval. One correction was noted, William Frosty "Erban" should be spelled "Erben".

1. Carlotta Hecker moved to approve the March 9, 2022 Public Hearing and Board minutes with the correction as set forth above. Scot Bowen seconded the motion. Motion carried.

NEW BUSINESS

- 3. Resolution No. 171, creating and establishing its Phase III Sewer Subdistrict within the District**

Jill Cook advised that Exhibit A attached to the Resolution no longer shows the Highway 87 area. The property owner who had originally requested that area be included later requested the area be excluded. In addition, there was a property owner that submitted a written request to be added, which is not shown on this exhibit, which are the two Honcoop properties. Dan Semmens of Dorsey

Whitney Law Firm was contacted and he suggested that rather than modify the exhibit at this time, that if the Board wants to add those two properties, it should add them verbally stating that the Board is adopting the boundary as shown with the addition of the two Honcoop properties. The addition of the Honcoop properties does not include any other properties because the main line already goes to the edge of his property and it would stub there and he would be responsible to extend the line across his own properties. It brings in two properties with approximately 250 additional feet of main line, described as Tax Codes D06497 and D06471.

- II. Scot Bowen moved to adopt the boundary with the addition of the Honcoop properties as listed by Tax Codes D06497 and D06471, and that Exhibit A and A-1 to Resolution 171 be modified to reflect this motion. Stuart Deans seconded the motion. Motion carried.

Resolution No. 171 was read into the record by Carlotta Hecker as follows:

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

Section 1 Recitals.

The Board of the District adopted Resolution No. 170 on February 9, 2022, which set forth the Board's intention to create the Phase III Sewer Subdistrict within the District as the area to be served by the District's proposed Phase III Sewer Improvements, and caused notice to be published in a newspaper of general circulation in the District. The notice contained a description of the Subdistrict and the proposed sewer project and its estimated cost.

1.02 All correspondence received by the Board from owners of property in the District has been made of public record and considered by the Board.

1.03 A public hearing on the proposed Phase III Sewer Subdistrict was duly noticed and held on March 9, 2022, at which all persons residing or owning property in the District were given an opportunity to speak. In accordance with Resolution No. 170 and with the notice of public hearing published February 25 and March 4, 2022, the Board reserved the right to adjust the boundaries of the proposed Phase III Sewer Subdistrict based on information and comments it received prior to and/or at the public hearing. At the public hearing the Board heard all comments, including comments from one property owner who withdrew a prior request to be included in the Phase III Sewer Subdistrict.

1.04 The Board closed the public hearing held on March 9, 2022 and determined that it would defer a determination on the boundaries until a subsequent public meeting. The Board hereby approves the boundaries of the Phase III Sewer Subdistrict as initially contemplated, which boundaries exclude the properties of the owner who requested withdrawal from the Subdistrict and certain properties in the vicinity of the properties of such owner, as such boundaries may be further adjusted by public comment and the final determination of the Board.

Section 2. Phase III Sewer Subdistrict

2.01 Benefited Land: Creation of 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 as Exhibit A1 (which exhibit 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 Improvements and which area shall constitute the District's Phase III Sewer Subdistrict (the "Phase III Sewer Subdistrict"),

For purposes of this section but not necessarily for purposes of any special assessments, 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 Board hereby finds and declares that it is in the best interests of the owners of land in the Phase III Sewer Subdistrict and of the District to establish the Phase III Sewer Subdistrict that the Phase III Sewer Subdistrict constitutes all land in the District to be benefited by the Phase III Sewer Improvements and that the establishment of the Subdistrict and the financing of the Phase III Sewer Subdistrict for the benefit of the Phase III Sewer Subdistrict will not violate any covenants of the District made with owners of outstanding bonds of the District.

2.02 Proceedings on Incurrence of Debt. The District proposes to conduct proceedings on the incurrence of indebtedness for the purpose of paying a portion of the costs of constructing the Phase III Sewer Improvements and costs incidental thereto. It is contemplated that only those properties within the Phase III Sewer Subdistrict will be assessed to pay the debt service on District bonds issued to finance the Phase III Sewer Improvements in accordance with special assessment proceedings to be conducted by the District and only those persons owning property in the Phase III Sewer Subdistrict will be entitled to participate in proceedings related to the incurrence of indebtedness to pay costs of the Phase III Sewer Improvements.

Passed and approved this 13th day of April, 2022.

Copy of Resolution No. 171 with Exhibits A Exhibits A-1 attached

- III. Scot Bowen moved to adopt Resolution No. 171 setting the Phase III boundary for the Phase III Sewer Subdistrict. Stuart Deans seconded. Motion carried.

4. Approval of Change Order No. 5 to the 2020 Water Treatment Plant Upgrade Project.

Manager Ariztia advised Item No. 1 to Change Order No. 5 is Contractor shall paint the existing doors on the north side of the water treatment plant building, pre-sedimentation building and the lift station building. Item No. 2 is Contractor shall also clean the existing CMU of the Water Treatment Plant building and apply a penetrating sealant. The Change Order would result in an increase of \$27,149.22 to the contract.

- IV. Stuart Deans moved to approve Change Order No. 5 for painting and cleaning on the water treatment plant building, pre-sedimentation building and the lift station building including cleaning of the CMU of the Water treatment plant building and applying a penetrating sealant which resulted in an increase of \$27,149.22 to the contract price. Carlotta Hecker seconded the motion. Motion carried.

Copy of Change Order No. 5 attached

5. Approval of Pay Application No. 13 to Record Steel and Construction, Inc. (RSCI) for the 2020 Water Treatment Plant Upgrade Project.

RSCI Pay Application No. 13 was submitted for the 2020 Water Treatment Plant Upgrade, covering services rendered 3/1/2022 through 3/31/2022 in the amount of \$774,628.66.

- V. Carlotta Hecker moved to pay RSCI Pay Application No. 13 in the amount of \$774,628.66 for services rendered 3/1/2022 through 3/31/2022. Scot Bowen seconded the motion. Motion carried.

Copy of RSCI Pay Application No. 13 attached to Minutes

6. Discussion and possible direction to Staff on projects for upcoming MCEP (Montana Coal Endowment Program) and RRGL (Renewal Resource and Loan Program) applications

Manager Ariztia and the Board discussed the possibility of applying for grant funding through State sponsored projects, MCEP and RRGL.

The RRGL submission deadline is May 16, 2022, and the MCEP submission deadline is May 19, 2022. RRGL requires submission of an application fee of \$250 which needs to be mailed with the application materials.

Specific requirements to accompany the applications are an updated Master Plan CIP, which identifies the specific projects, and an Environmental Assessment for those projects. This will require implementation of a Task Order with Morrison-Maierle covering the updates to the Master Plan and an Environmental Assessment. The total Task Order Fee will be not to exceed the amount of \$18,900.

Nittany Grantworks presented a proposal to complete the scope of work in no more than 110 hours at an hourly fee of \$72. The fee for professional services will not exceed \$7,920.00.

Manager Ariztia recommended the application for funding be for the mid-zone reservoir and Johnson Lane Reservoir. Morrison-Maierle provided Task Order No. 18, which set forth the requirements and documents to be provided with the applications and Morrison-Maierle's fee, which is not to exceed \$18,900.00.

Manager Ariztia advised the Board of the requirements and costs, the Board decided to proceed with the applications.

- VI. Carlotta Hecker moved to accept Nittany Grantworks proposal to complete the MCEP funding application by May 19, 2022, and the RRGL funding application by May 16, 2022 at \$72 per hour, in an amount not to exceed \$7,920.00 for services rendered. Scot Bowen seconded the motion. Motion carried.
- VII. Scot Bowen moved to accept Morrison-Maierle Task Order No. 18 covering updating of the Master Plan and preparation of an Environmental Assessment to satisfy the requirements of the RRGL and MCEP funding applications, in an amount not to exceed \$18,900. Carlotta Hecker seconded the motion. Motion carried.

Copy of Nittany Proposal and Task Order No. 18 attached

OLD BUSINESS

FROSTY ERBEN: May I ask a question?

PRESIDENT PETERS: Question from the audience. Frosty Erben. What's your address?

FROSTY ERBEN: 805 Granite Estates Lane.

Do you have a draft proposal of the letter that's going to go out to the Phase III residents as to what that's going to look like?

MANAGER ARIZTIA: Not yet.

7. FINANCIAL REPORTS

Financial reports attached to the minutes encompass the March, 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

8. VIII. Carlotta Hecker moved to approve the bills for signature. Scot Bowen seconded the motion. Motion carried.

OTHER BUSINESS

9. Phase III Sewer Project Update

Jill Cook reported that the main update is that the boundary was approved. The draft plan would be that in May, the Board may choose to pass a Resolution of Intention to Levy the special assessment. At that time, the public notice and protest period would start. There is a formal public hearing required after the protest period ends. The Board would then adopt or not adopt the special assessment.

Manager Ariztia did not feel it appropriate to make an award announcement to the public at this time as there has not been a formal award notification.

The Board gave direction to staff to move forward on placing the Resolution of Intent to Establish Assessments at the May meeting.

10. Water Treatment Plant Expansion Update

Manager Ariztia reported RSCI is moving forward on the Water Treatment Plant. There are still several pours of concrete on the interior to be done. There was a shutdown of the plant where they tied in a portion of the discharge line from the UV area into the

effluent lines. There will be another shutdown next week to do the final underground tie-in on the inlet side.

Jill Cook added that RSCI will be making claims for additional time. The claims will be evaluated against the contract.

MANAGER'S REPORT

11. Pumping Record – Water

March, 2021	19,589,000
March, 2022	26,398,600

Wastewater Record

February, 2021	4,258,688
February, 2022	5,864,000

Exxon Wastewater

February, 2021	63,063,880
February, 2022	72,847,000

Manager Ariztia announced he is advertising to hire a seasonal employee.

ADJOURNMENT

- IX. Stuart Deans moved to adjourn. Scot Bowen seconded the motion.
Motion carried.

There being no further business to come before the Board, the meeting was adjourned at 8:25 p.m.


Attest


Attest