
FLATHEAD COUNTY WATER DISTRICT #101

POB 1141, Columbia Falls, MT 59912

*** Minutes for Jan 3rd Meeting ***

I. Meeting called to order at 7:01pm on January 3rd, 2017.

Directors present include Aaron Anderson, Harold Herman, Joanna Adams and Naomi Einarson.

Additionally, Russ Barnett (prospective board member), Tina Bondy Board Secretary, Certified Water Operator Wes Kruse, Engineer Matt Nerdig and Mr. Clarence Taber (property owner) were present.

II. Reading and approval of the December 12, 2016 meeting minutes by Secretary.

Brief discussion about some changes to the minutes.

Joanna made a motion to approve the Minutes with changes; Harold seconded and all voted in favor.

III. Public comment.

Mr. Taber mentioned that he had been doing some snow removal around the pump house for the benefit of the Water District.

IV. Operator's report.

Wes discussed that the pump house is done. It's been online for a month. The design of circulating water is keeping it from freezing, and it is working.

Wes was looking at the numbers from the meters, and usage appears to be up considerably for November versus December/January. It may be attributable in part to the holidays, but may be a leak. If there was a good leak, 24 hours a day, that would affect the usage rates. He will keep on it month to month.

Reservoir full and working well. Would be nice to make some removable vent covers for the reservoir. We should be able to block those off – to keep a little of the cold out just for winter time. So when we have the heated summer/moisture – we can remove to let vent.

North and south are still disconnected. Pressure completely different. Will get a pin finder to verify. If it is all the way open, that means it's still blocked somewhere, even though it didn't seem like it.

Pressure: 30 in one pump house, 40-60 in the other. There's a brand new pressure switch on both sides, so that says somethings up.

The spray-out hose on the RV dump station behind the C-store needs a backflow preventer as a double check valve. Where the hose connects to the water supply, laying in a puddle of poo – affects the water district. A backflow preventer must be installed. The DEQ won't be very understanding about this one come springtime. This is a priority. The district will be responsible, although the C-store is the one making money off of this.

RPZ – a couple hundred bucks, plus installation. Depending on the piping size. Better if we could find where the line goes from the store, on the frost-free outside, when shut – doesn't let the barrel drain. Want this inside, not outside if possible. Better because it won't freeze in the winter.

If we found the line inside the building – could be done anytime. Otherwise, need to do in spring/summer. Harold will talk to the owner.

DEQ won't forget about it – it was cited as a violation. Considered a significant deficiency. If not rectified, means enforcement and fines.

We are having a good winter, it may be good to talk to Mr. Taber (present at the meeting) about creating a zone around the well head to keep the snow away. If we could push the snow away from that area, so it won't drain into the well, could alleviate potential runoff issues in the spring melt.

Mr. Taber agreed to do this with his loader, about 20' around.

Sample wise- doing fine. Everything is operational. Will double check the valve and the water usage. Not affecting operation.

No complaints received this month (per Joanna).

Reservoir turned out great – full, clean and works fine. Money well spent.

Discussion with Matt/Wes – potentially went over on the money from the grants/loans.

2 different bills – from first loan money and then second loan money – 2 different drafts.

Wes didn't submit a bill last month (November's bill). Joanna – paid TM contracting. Travis hasn't been paid the last \$5962.50.

Mike Sands confronted the team and wouldn't allow them to dig. Travis tried to avoid conflict. Went to what they thought was the end of the line behind the C-store. Actually capped the line. Back the next day – dug it again, reconnected, but went over by about \$800 when they spent another $\frac{1}{2}$ - $\frac{3}{4}$ day.

Matt wasn't contacted until after this had all happened.

There's a \$3000 reserve – we can go into that if we need to cover the additional \$800, and then just pay that back.

You have to have a minimum of \$3000 in the account at all times. Matt hasn't submitted for a final draw on the loan. Now that he has all of the bills,

wait for the draw to come through, like last time. The draw will take 3-4 weeks for the final paperwork, will have to sign it, won't have to do the resolution again, there for the whole amount, just taking the last piece of the loan out.

Setting up loan payment – making sure that the loan payment to INTERCAP gets paid. Have to make the last draw, and Matt will ask how we should have that repay set up.

V. Financial report.

Tina Bondy, Secretary, provided current financials.

Board discussion about the amounts in the regular account, and upcoming payables. Currently, there is \$13k in regular account.

Wes - we can pay \$1000 out of our regular account.

Eclipse - \$400 due once they send the bill.

ME Labs – Will prepare check for \$264. Linda had said that we were getting close on our balance with ME Labs. Need to have money on account with them. If we pay a year in advance, get a discount.

Tina Bondy/Secretary Invoice - \$171

DEQ – community connection fee - \$152

Approximately \$2000 out tonight, not including \$800 to push over from this account – but probably won't need it until next month.

Would still leave approximately \$10000 in regular account. Joanna would like to see Harold paid off - \$1667, and \$1000 to Linda (still at \$3900).

Joanna made a motion to pay the amounts as listed above. All voted in favor.

Other financial discussion:

Joanna talked to Katy and Melissa about concerns with Eclipse. Emailed them about 5 biz days to get stuff deposited and processed through QuickBooks. Having Harold deposit checks to the account and then sends to the accountants for adding to QuickBooks. Seem to be more on top of things since then. Joanna has copied the Board on the communications.

Eclipse also changed – Mr. Bruce Schultz called them, and others have called with problems with their water. Joanna has access to the accounts.

Eclipse doesn't want to take checks to the bank, would prefer to have someone else do that, and then email them with the deposits and they can book in QuickBooks.

Discussion about having Secretary collect checks, catalogue, scan checks in and email every time the batch deposit. For time being, Harold has been doing this and will continue to collect and deposit the checks. He will scan and email, and we have asked

the accountants to respond with “done” so we know each deposit has been processed through QuickBooks.

Joanna started to draft a basic budget, though she won’t be here next month. In March, we should break down the numbers. Need some further amounts for compliance cycles (Wes can provide this). Lead and copper tests must happen every so often. These are pretty labor intensive for CWO, and so we should budget for this. Wes will break those down for the year.

Other budget line items should include accountants, electrical, legal and advertising.

There was a discussion about whether the Board Members should be getting paid for their time. The District can afford to do this. Per the Bylaws and the industry standard, board members should be receiving \$60 a month. That would be \$300 per month for our 5 board members.

Aaron made a motion to start paying Board Members \$60 a month beginning with February. Harold seconded. All voted in favor.

Harold made a proposal as a thank you for the Badrock Fire Hall allowing us to meet and use their space, to get them a card of appreciation and a \$100 donation to the fire department.

Harold motion to sign a thank you card and donate \$100 to the Badrock Fire Department. Aaron seconded, and all voted in favor.

VI. Correspondence.

Lee Morris keeps sending letters about frozen pipes. Harold went over a week ago – pressure is fine and noted that Mr. Morris’ house freezes every year. Our responsibility ends at the curb stop. The line within the yard and into the house is the owner’s responsibility.

Harold chatted with Mrs. Baggs following her complaint at last month’s meeting, her water looked good. Mr. Baggs said most of the problems they had with the manganese were in the past. All seems fine. Mr. Taber (the property owner) hasn’t heard anything further from her.

Brandy needed a recorded deed. She hasn’t gotten back to Joanna yet.

Keith’s bill was fixed – billed for 1 connection, rather than 3.

No other correspondence.

VII. New business.

There are 8 items to discuss under new business this evening.

1. Review and discuss draft letter to owners/purchasers regarding delinquent accounts.

There are a few owners that have not been paying. The Board would like a report with a history of delinquent accounts.

Matt provided a draft notification letter based on Polson's district by email, attached to the end of this document as Exhibit "A".

Discussion about the disconnect/reconnect charges. The board had previously voted the \$200 disconnect / reconnect. But that may be overkill for the delinquent accounts. It's different to shut off vs. disconnect. Because we don't have shutoffs, we would have to hire Travis to come out with an excavator and install a curbstop. Probably cost \$500. Discussion about owners being responsible for the property bill. If water service is not paid - will eventually go onto their taxes. Owners get the bills and technically owners are bound to pay. Easier for the renter/owner to establish that.

Drafted letter seems to be compliant with the MCA. Some districts will spell out in the bylaws - how they handle people that don't pay. Could make a bullet point - first step, second step, third step. Polson letting people get up to \$200 behind and then a disconnect fee for \$50. In Polson's case, all the CWO needs to do is turn a key.

A lot of people are frustrated with Larry Streeter's system, as a result, many people weren't paying their water bill. Some have had bad pressure, are upset and don't believe they should have to pay. Mostly when people call Joanna and she explains all that we have done and are doing, they usually will start paying.

There was a suggestion to create one letter that would work for both commercial and residential accounts. If anyone past due more than \$100.

Discussion about meters -good measuring tool. More of an accurate system. Would need everyone using meters though. Meters will help us track leaks, whereas now, the only way to find them, potholing and pressure differential. Slowly figuring out where all of the pipes are.

Per DEQ - CWO has to be the one to turn on/off the water. The CWO is held responsible for contamination, etc. Wes comes up monthly to do water testing, it wouldn't take much more too shut off a few valves.

Discussion about including in letter that the owner would be responsible for the fees associated with turning off/on the water, which could be up to \$200.

Matt will revise that part of the drafted letter and re-send.

Joanna made a motion that with discussed amendments to the letter, get it on letterhead and have Tina send out to delinquent accounts. Harold seconded and all voted in favor.

2. Discuss letter to property owners regarding election votes and drafted message to be distributed in upcoming bill.

Joanna did contact Election dept. Harold's certificate needs to be filed. There was a question though, whether we have to hold an election if no one else files to run. Joanna will call again to dig up info.

To run on the board, must be a property owner and voting resident.

To vote, you must be a resident. A non-resident property owner can request a ballot. Per state law, even if a property owner owns more than 1 property, still only gets one vote. Letter to send to people with the bills (to property owners) will let them know, they need to request a ballot from the election department if they want to vote.

Annexation. There are approximately 13 properties that need to annex into the district or be disconnected from water. Per Matt, all property descriptions have been drafted. They are going through a review because they went off the certificate of survey, so want to double check. Once checked, they will provide the text blocks to Tina and she will pull addresses, incorporate into the proper annexation document and send.

That may be a good time to add election letter notification.

Discussion about the address numbers corresponding with the building. When Linda started creating the list – she just numbered the lots to help herself keep track.

Accountants removed those. Mr. Taber would like the address of the property to be referenced on the bills. The mailing address does not always correspond with the physical address. Joanna will discuss this with the accountants to make sure that reference is on the bills.

3. Update on water rights and switching all claims to a decree by June 2017.

Tabled for upcoming meeting.

4. Board to vote on Vice President position.

The Board needs a Vice President. Discussion about role and responsibilities for VP. Joanna asked the rest of the board members whether anyone would like to be VP. Naomi would be game for it, but is new to the board. Harold would be willing to be VP.

As no one wanted to run against Harold, the Board took a vote. Joanna, Naomi, Aaron, voted for Harold. Harold Herman is the new FCWD #101 Board Vice President.

Joanna will go to the bank and get Harold added to the account, so he can do paychecks next month. Joanna will send him an email with the payables for February.

5. Review and Approval of Revised Bylaws.

- ➔ **Tina to amend the Bylaws with the Ordinance 7, and then email to Joanna for review.**
- ➔ **Amended and Restated Bylaws to be printed for signature in March meeting.**

6. Add parameters re Board seats

There is a desire to add some parameters around the Board seats: specifically, (1) no spouses can serve on Board at the same time; and (2) must be current in payment of all assessments.

Tabled for time being.

7. Discussion and vote on the banning of car washes in the district.

Tabled for time being.

8. Review of proposed 2017 budget.

Previously addressed during Financial discussion.

VIII. Old business.

1. Updates to website.

2. Hiring a GM.

Per the Montana state law, the GM is referenced, although the proposal is to combine the GM/Board Secretary position. Joanna will come up with a proposed list of potential duties for a GM job description to discuss at a later meeting.

3. Information for seats up for election in May 2017.

Awaiting on news from election department.

4. President to give status of payments owing to Streeter for tank house meter.

Paid last month - and doing these quarterly.

Serena getting billed for property - straightened that out - so started again in December. Looked like all accurate now.

5. Status re emergency and grant funds. (Remove this for Feb agenda).

Matt - the emergency grant - all done - administered, money spent. Report that he completed was the final step to the grant.

Loan - final draw and then that will be finalized, and Matt will find out about our repayment obligations.

Matt and Rob did track down the TSEP grant. The money (after tracking through) had gotten approved, and then was lost in the shuffle. The one trick about the TSEP - money is approved for us, but it won't be distributed until we can submit a rough draft

copy of the PER for them to review, then they will approve the funds and write the check.

A2Z has gone quite a few more hours ahead of what we have been billed for. Until we get the income survey complete, hesitant to expedite another \$20k in engineering time.

Matt provided an explanation of the PER and grant process for the Board.

A PER is the preliminary engineering report, which is the basis for chasing any federal money. When district hired A2Z initially, it was to write the PER, which analyzes the whole system. It is done through a uniform application and looks at all of the things that need to be fixed, ranks them, targets, tries to break into projects that, based on the current grant cycles, would be fundable.

The PER is submitted to the federal agencies to get the grant money to do the engineering and structural.

Everything done so far has been emergency repairs, for which we did not have to get DEQ approval. Usually, anytime there is any change to a water system, we must prepare a PER to send to DEQ, detailing the project and a review of each piece/part, the DEQ would then approve and then the water district could do the project.

Because of the state of the system this past summer, the Board declared an emergency and we were able to do the repairs, keeping the DEQ in the loop, but not waiting on them.

The PER will chase money to do projects, such as the water mains and evaluating whether the current tank house should be replaced. The mains are all in such a state here, they were not initially installed to code.

With the PER, we would be eligible to get a combination of low interest loans or grants/gifts.

For this PER - \$25,000-\$50,000 in engineering to do a PER. So far - we've gotten 2 planning grants. \$30,000 from Rural Development and \$25,000 from TSEP.

Rural development won't go any further in their processing until we can get an income survey. When we pulled the census numbers in the area, the average income per person was \$60,000, pretty high for this district. If we were to take that amount, we would get a larger amount of loans and smaller grants. The rationale being, people can afford to pay for more of the system themselves.

If we have a more accurate income - more grants, less loans.

New water mains, estimate at \$1-\$2million to replace and upgrade the entire. Adding hydrants - running 6-8" mains - with water meters installed, etc. Similar system to what Hungry Horse has.

PER will evaluate all pieces of system -and look at what kind of grants/loans are available, trying not to alter what people are already paying per month, trying to figure out how big of a bite they can take and what's the most important to replace.

Once the PER is done, it is given to federal agencies and the district accepts what they determine, then move forward using the PER as a basis and produce a plan set for engineering. Contractor would then install.

Have to have continuous inspections though with all of these. A lot of engineering companies may provide (really expensive really fast) that sort of inspection/sign off.

The Board's goal is to get the PER done, the trick with the TSEP money that is approved, it expires on April 1st, though we can get an extension for at least 6 months.

Need to get the income survey done - so that we can get Rural Development's money - so we can finish the PER.

A 3rd party agency was hired to do the survey. The work they have done so far was substandard, in even getting the surveys out. They selected a study group of 43 households and say that we need 39 responses back. We have asked if they could expand the study group - trying to pressure them from all sides to do job.

In order to add to the study group, the agency needs to show up on site and conduct an investigation. This is federally mandated for this survey. They are looking at the income of the residents in the district.

Rob / Matt - committed to keep pushing to get the income survey done, so that the PER can be finished. Otherwise, we will continue to stagnate.

Income survey is lynchpin in order to move forward.

6. Status of Income Survey.

Discussed above.

7. Status of Emergency repairs and loan application.

Matt will provide a wrap up - next month. \$13k-\$14k in engineering time so far, though no money to pay for it yet. They are holding the bills until there is a way for the district to pay.

8. Other Business.

The board needs a W9 from everyone that we have paid over \$600 during 2016. Matt has been sending out requests to some vendors. Once we have the W9s, we must provide 1099s for each, other than corporations.

1099 - is a form to fill out.

Official vote to add Harold to the Bank account.

Joanna made a Motion to add Harold to the bank account
Aaron seconded, all voted in favor.

New Board Member. Russ Barnett is interested in serving on the Board. He has a business in the district. He does travel quite a bit for business, though anticipates that he would be able to make the majority of the monthly board meetings.

Harold made a Motion to add Russ to the Board to fill Linda Bosworth's seat. Aaron seconded, all in favor.

Joanna has added Naomi officially with the county commissioners, and will add Russ as well.

IX. Questions and answers with District staff.

Being no further business, Joanna Adams announce d the next General Meeting of the Board is to be held on February 7th 2017, 7pm, at the Badrock Fire Department.

X. Adjournment at 9:18pm.

Exhibit "A"

Draft notification to delinquent accounts.

February 8, 2017

Water System Users

Re: Past Due Balance

Dear Mr. s. xxxxxxxxxx,

This letter is in reference to the past due balance on your account with the Flathead County Water District 101. Your balance has passed the limit of \$100 that the district has set on past due balances. The balance must be paid within 30 days or your water service will be turned off. If the district is forced to shut off the connection then the user will be responsible for the costs that are incurred in shutting off that service. There are many areas of the system in which turning off the service will require installation of a curbstop valve. If a valve is already installed the user will be required to pay the operator costs associated with shutting off the water service.

If a balance remains on the account once the water service has been turned off then the balance will be added to the property tax bill the following year.

The goal of the water district is to provide clean and reliable drinking water to the Columbia Heights community. The water system is in need of many repairs and the district board is constantly working to improve the system. All of the fees that are paid towards keeping the system operational for years to come.

Please contact the water district if you have any concerns.

Sincerely,