

# FLATHEAD COUNTY WATER DISTRICT #101

POB 1141, Columbia Falls, MT 59912

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\*\*\* Meeting Minutes July 2, 2019 \*\*\*

## General Meeting:

- I. Call to Order / Roll Call.
  - a. Called to order: 7:04pm
  - b. Directors present: Harold Herman, President, Russ Barnett, Vice President, Brian Rohletter, Patty Martinez
  - c. Also present: District Customers Linda & Rex Bosworth, Shane Pierson, Certified Water Operator / General Manager, Tina Bondy, Board Secretary
- II. Minutes: Reading and approval of the June 4, 2019 minutes.

Harold made a motion to accept the Minutes as read. Brian seconded the motion and all voted in favor.
- III. Time for Public Comment and Discussions

Linda Bosworth advised the Board that she was attending to make sure the District had what it needed to move forward with the System Improvement Project. Harold let Linda know that the Board appreciates everything she is doing / has done for the District.

Matt brought up that with any future development of the River Bridge property, need to make sure no one builds over the well itself, and that any future development doesn't build over the new line that is going in right out to the highway. The 18" well head will be sticking out with 4 steel bollards around it, so no one will drive into it, but it can be landscaped in the future if interested.
- IV. New business:
  - a. Matt Nerdig, A2Z Engineering - Engineering Update on System Improvement Project

There were only a couple of little things to finish up, which were covered in the LOC meeting, which the bond counsel went through. Matt summarized

the budget and rate summary increase (preliminary one) that was sent in to RD and also to the bond attorney. Lyle had a question on one of the numbers.

Action items – User certification letter from Secretary, which is to be completed after this meeting adjourns.

Board needs to vote to approve the plans and specs as approved by RD. If the Board passes the Resolution now, we will be covered as soon as that goes through.

With Rural Development's final approval there were two questions that arose: (1) in spec book, the required amount of insurance for the contractor. Matt forwarded this information to Randy; and (2) whether or not the Board would require arbitration if there was a dispute with the contract.

Lyle has some ideas, want to go to bid fairly quickly as soon as DEQ / RD write final approval letters. The RD Engineer left for another position, but we have worked with Karen Sanchez before, who is doing that job now. All she's doing is looking at the comments in the letter and how we responded. So her review should be pretty straightforward.

Lyle thinks we could get to bid mid-July. Positioned well for potential to extend the season for these contractors – may be a good project for them to want to run.

Sooner the better for this, added Harold. With the well, the pumphouse wasn't running. Reset didn't do anything. Shut main control power off and then back on, pump came back on. Stuck pressure switch (potentially), but we need to get this system improvement project underway!

Discussion with Shane and the Board about the new pump, which will run off pressure switches – could put them higher vertically, to make it harder for debris to get in. Typically, there is smaller pipe at the bottom of the switch. Could also have a blow-off under the pressure switch, but don't want to put a bunch of money in. If we put a hose bib below it, that may help move enough water through the bottom to flush.

Discussion about a new (interim) pump or ability to rebuild? Possibility may have a line on a backup we could use for a little bit, although haven't looked at specs to make sure. Close in size per Shane. Question about whether the existing pump could or should be rebuilt. Hate to spend money rebuilding it if we are going to be shortly replacing it. All new 7 horsepower pumps are part of the project. We could replace those, and start using the new one now, rather than putting a lot of money into rebuilding the old one.

Plans also specified new pressure tanks. These were replaced as part of the emergency repairs a couple of years ago, although the ones we got at the time were already used.

Discussion about the audit needs. Lyle suggested that with all of the money involved, we need to get someone who does this regularly, should be a CPA. JCCS gave us a quote, ranging between \$10k and \$13,5k. Need to check with Eclipse about their outfit in Helena that they may be recommending. Need to know also whether RD will allow us to use them.

In any event, we need a written quote for what the audit cost would be, and there's a chance that Lyle may be able to chase down additional money for us to cover that, when the time comes.

Discussion with the Board to clarify what the Board needs to vote on for the project this month. There needs to be a Resolution to accept the plans and specs as approved by RD and the DEQ.

Russ made a motion that we have a Resolution to accept the plans and specs as approved by DEQ and RD to go forward with the bidding process on the FCWD system improvement process.

Brian seconded the motion. There was a brief Board discussion and then all voted in favor.

Matt discussed the plans and spec books that he emailed. Patty would like to look at it. Once the DEQ / RD makes their tweaks, Matt will resend digital copies. In there, will have a bid date picked/suggested and a suggested time for a pre-bid meeting. Need to make sure at least a couple of board members are around for that pre-bid meeting.

b. Randy Snyder, Snyder Law Office – Legal Update

- i. Randy wasn't at the meeting. Matt advised the Board that Randy, as counsel for the District, already wrote the approval of the spec book. He legally reviewed how the spec book followed the guidelines. He's already provided required confirmation letter to Lyle and Rural Development, and he copied the Board as well.

c. Shut Off Notices for District to be Printed

- i. Shane ordered these, but they have not arrived yet. The new notice forms will have the District's mailing address, the contact spots are blank for filling in name/phone number to contact.

d. Vacant Commercial Business

- i. Phyggs deli was sold in June. The transfer info was provided, but the District doesn't have any further info and haven't heard anything from the new owners. Decision needed whether we add a meter to that property. We will need a curb stop, as a way to shut them off. Board discussed that we will likely get a response if a bill gets sent. The former owners are still listed in the GIS county records. Discussion with the Board about determining who the new owners are. But with the County not yet updating the records, they may not provide the info yet.

As this is a commercial property, we need to be able to send the bill to someone for the monthly active fee. If the former owners are still on the title, then we can send it to them. Discussion about having Eclipse send them the bill, with the arrears, and then continuing to bill monthly. Since we were notified of the sale, we haven't been sending a bill, but we should be.

Can put a tax lien on the property if we need to. Shane and Russ are going to meet to call the county and see what information we can get.

V. Operator's report provided by Shane Pierson.

Satisfactory water tests for the month. Shane prepared and sent to the DEQ the Consumer confidence report this past month. He provided copies to Harold and Tina.

Meter readings for July 2, 2019: 985837 for Well 1; 400000 estimated for Well 2 based on timing and a total of 1373500 for month of June.

Shane provided Harold with a list of approximate values of the water system components for Rural Development/Lyle. Harold took that to Eclipse, and they were going to input into QuickBooks for the Balance Sheet and then will send to Lyle.

The numbers that Shane used for the valuation were based off Martin City numbers. There is value in the system, but unsure, so these were estimates.

\$339.99 electric bill for the past month.

VI. Financial report

Secretary provided financial reports as of July 1, 2019.

VII. Old business

VIII. Correspondence

No additional correspondence received by the Board this month.

IX. Additional items for discussion

Brief discussion about the customers renting out spaces to 5<sup>th</sup> wheels. Shane hasn't provided notice to anyone yet, he's been waiting for the printed notices.

A&W / Jim Matson, the owner, expressed an interest in hooking up to the District. Now would be the time to hook up - and we would pay for the meter. Just need to determine how many ERUs he would be paying for and then it would be one more commercial (large - 3 or 4 residential). James & Delores Matson. Shane will get a hold of him and will let Matt know if we need to make a quick additional note as to an additional commercial property.

Continuing discussion with the Board that previously that property was being serviced by the District, it's still legally within the district. This would be a very easy connection. Shane will reach out to him tomorrow and then evaluate to determine how many ERUs.

As soon as Plans/Spec are approved, the Letter of Conditions for our financing will have pretty much all been met. Awaiting the final approval for plans/specs. Once every item complete, we can release the publication for bid (already in the specs, just need to fill in the dates - dates for release and the dates we need the bids).

The audit isn't due until 180 days after the end of this fiscal year, June 30, 2020. Spending more than \$750k in one fiscal year, using federal funds, will trigger an audit requirement. We will trigger it in this next fiscal year, but again, audit doesn't have to happen until that fiscal year ends.

2 different audits (1) after project done, will have a federal loan. Have to have a compliance audit every 2 years with that. Very minor check up to verify we are still in compliance with federal loan requirements.  
(2) other audit -larger, it's required in the LOC.

Discussion of empty board seat. Harold has a suggested board member - Shannon Henson. Harold will reach out to Mr. Henson to see if he may be interested.

For a potential rate increase, the budget went to the bond attorney (already being paid as part of the project) will draw up a Resolution of Intent prior to our August meeting. The Board will review and vote on the Resolution of intent. That will be published in the paper, as public notice. Then they will draw up the Resolution to Review in preparation for a vote during the September meeting. Beginning of the September meeting - will be the public comment period. 30 days notice that people will have to comment.

Discussion about overages and metering as well as rates. The flat rate has to keep the District running if we never get a dime for overages. Shane, using Martin City as an example, has rarely seen anyone go over 3000 gal a month, unless they are watering a lot. But the overage charge would be an incentive for someone to fix a leak. That's why there needs to be a monthly threshold.

Bond attorney may have some guidance. Since they are writing the opinion on the bond, they may want to know what that cap is.

What will be the extra charge for going over the cap? Every 2000 gal over, just a few dollars. Shane will get us the rate numbers for guidance.

Average Martin City household uses about 3000gal a month and very rarely goes over that. That's watering the lawn some. Winter time - between 1500 / 2000 - summer usually 3000-3500. 5000 would be comfortable.

Discussion with the Board about thresholds. Never had meters in the heights. Martin City is a pretty good comparison - they did this project 20 years ago.

Will have \$1700 dollars left in bank account when we make the payment. The District is NOT making a big profit. Everything coming in is going right back out again. Maybe a budget or discussion will help explain to the customers about the need for the rates to change, and for the thresholds and overages.

Martin City also pays a certain amount per year on their tax bills - \$150 out of property tax per year, so the \$19 per month for water is somewhat misleading.

Brief discussion with the Board about preparing some FAQs and responses to the questions the Board may likely face prior to the September meeting. Tina will prepare a draft for the Board to review and discuss at the August meeting.

Tina prepared a letter regarding summer water usage for Eclipse to send out in the next billing.

X. Adjournment - 8:45pm

-- President announced the next General Meeting of the Board is scheduled on August 6, 2019, 7pm, at the Badrock Fire Department.

--"This completes our business for this July General Meeting. This meeting is now adjourned."