

FLATHEAD COUNTY WATER DISTRICT #101

POB 1141, Columbia Falls, MT 59912

*** Meeting Minutes January 7, 2020 ***

General Meeting:

I. Called to order at 7:07pm.

Directors present include: Harold Herman, President, Brian Rohletter, Linda Bosworth, Patricia Martinez.

Also present: Randy Snyder, Snyder Law Office; Lyle Coney, Rural Development; John Toftum, T-5 Construction; Shane Pierson, Certified Water Operator / General Manager; Matt Nerdig, A2Z Engineering; Tina Bondy, Board Secretary (by telephone).

II. Minutes: Reading and approval of the December 10, 2019 minutes.

Secretary reviewed the Minutes from the December 10, 2019 meeting. Following a brief discussion of some changes requested by Linda Bosworth, Harold Herman made a Motion to accept the Minutes with amendments as discussed; Linda Bosworth seconded the Motion and all voted in favor.

III. Time for Public Comment and Discussions

- a. No public in attendance.

IV. New Business

a. System Improvement Project

1. Lyle Coney from Rural Development attended to review with the Board the funding changes and the revised Letter of Conditions. There were several things that were affected, including the interest rate reduction from 2 7/8% to 1.75% after the income survey data was reviewed. Another change was to the Term, from a 40 year with a 1 year interest only deferral, to a straight 40 year loan. The first payment will be due a month after the loan closes. This will reduce the overall payment. Also, Lyle informed the Board that the payment will need to be set up as an electronic payment, in advance, and then suspended until the loan closes. The Board then discussed the various bank accounts that are already at Glacier Bank in the name of the District.

The Board and Lyle discussed that the meters need to be in place before the loan payments begin, so the Board will need to work with T-5 to make sure that happens.

2. Matt from A2Z Engineering provided information he had received from the Board's bond attorney and the recommendation to hold the vote on rate increase during the March meeting. The attorney will draw up a Resolution of Intent to Raise Rates, then public notice needs to happen. Tricia, the paralegal at Dorsey, walked Matt through the Draft Resolution of Intent, based on the old rate structure.
3. Discussion on the timing of the loans and funding. The closing of the interim loan should occur around March 20th, the MCA lays out the timing for all of this. As soon as the Board can, it should increase the rates to help build a month or so in reserve. After that happens, there will be a meeting with Rural Development, and another set of closing documents. Further discussion about funding of the loans and timing with RD and the National Office.
4. Discussion on the timeline that T-5 is aiming for, starting on the well house on February 20, 2020, to set pumps, drain tank, clean liner and all the rest of the inside work, followed by wrapping the building. Anticipate starting outside work by March 10, 2020.
5. FY2020 Audit discussion – nothing in regulations requiring an audit for FY2020.
6. Board needs to vote to accept the new Letter of Conditions and Revised Funding, and then a Resolution can be drafted to recommend to Rural Development to give FCWD the Notice of Award.

Linda Bosworth moved to accept the Revised Letter of Conditions and the Funding Changes that Lyle presented. Harold seconded and all voted in favor.

Linda Bosworth moved to accept the Notice of Award; Harold seconded and all voted in favor.

7. Insurance Waiver Request – Randy Snyder discussed the guidelines that Rural Development issues; there were 2 items from the T-5 bid that Randy had been back and forth with T-5 Insurance Agent about: (1) the number of the umbrella service coverage, the guideline from RD is \$2m and T-5's umbrella policy includes \$1m in coverage; and (2) environmental coverage.

Randy discussed that he couldn't waive those guidelines around the insurance coverages, but the Board can waive. Discussion about whether the Board insists on T-5 obtaining the environmental coverage, what that would get the District, and what that would cost. Board also discussed with Randy, Lyle and John from T-5, the low likelihood of triggering any environmental concerns. Following discussion, Randy can sign the letter authenticating that coverage for T-5 is adequate for the purposes of this project and the District, then a Notice to Proceed will issue.

8. John Toftum had previously inquired whether there was a spot at the north end of the River Bridge property where T-5 may keep some equipment behind fencing during the project. John has recently closed on a piece of property within the District and so will be keeping equipment and supplies on that lot.
9. Call Before You Dig System - Montana811.org – Board discussion regarding locating of lines. Randy looked this up and per the statute, it is a requirement for the District to be signed up for the Montana811.org service; Shane will get the District enrolled and be responsible for marking lines.
10. Draw Requests and Invoices. Discussion with Matt about the process of draw requests/invoices. Looking to Lyle to help create some efficiencies with this system. Depending on the Board, some invoices will require Board approval; it was proposed that the Board can vote on a Resolution or Motion to allow the President to review and sign rather than having the Board voting on each of the invoices / draw requests. Further discussion about the process before the invoicing: A2Z will receive the draw requests, compare to the site manager report and then recommend to the Board to approve the request. The Board is not required to do any further auditing, and all draw requests must include receipts, etc.

Linda Bosworth made a Motion to allow President to sign these A2Z Engineering recommended Draw Requests on behalf of the Board. Patty Martinez seconded and all voted in favor.

b. T-5 Contracting Discussions

1. Timeline for T-5, Beginning February 20 with substantial completion and the final punch list inspections by July 15, 2020. In order to get underway, will need to provide notice to customers along the right of way where they need to get their things cleaned up. The meters will be set on the right of way / county property. Shane and John discussed getting Shane the list and he will get notices to the right people.
2. Brief discussion about survey; Matt had a base survey done, can do a staking plan as well. Sent lot layout from A2Z to Carsten surveyors; could work with them if verification was needed. Further discussion about the layout of the existing system, in the contract, per Matt, it does spell out that residential users can be taken offline for 8 hours with notice; commercial accounts need 72 hours advance notice. John will need to communicate with Matt and Shane – if any breakage, give Shane a heads up.

3. Discussion about meter installation. T-5 will be installing the meters purchased by the District for this project.

c. Water Rates

Shane addressed the Board, based on budget numbers and modified based on latest LOC, the District will have 4471.19 monthly obligations. The District will be made up of 68 residential accounts, 22 commercial accounts for a total of 90 ERUs.

Looked at water usage in Nov, Dec, Jan, Feb – averaging around 300k gal. If the District sets the base rate of \$45/ERU a month, makes it very straightforward: 1" meter in district = x ERU; 1 ½" meter in district = y ERU, then when meter rolls 1000 gallons, extra charge. Every commercial account minimum of 2 ERU – 2" meter equal

d. Scheduling of Upcoming Public Meeting

Brief discussion of the March meeting being noticed as a Public Meeting.

V. Old Business

a. Upcoming Board Election – 3 seats up for election during 2020

Harold will take all completed forms down to the Election Department.

b. DEQ Water Test Requirements

- i. The District is rolling into a new 3-year cycle, which will include a significant amount of testing. Shane is getting the prices for all of these tests, and although costs for these can be distributed to a certain extent, will need to be budgeted.

VI. Operator's report

Shane Pierson provided the Operator's Report, having taken the meter readings on January 4, 2020.

Water meter reading 2477200

Well 1 – 430,100

Well 2 – 200,000* estimated based on time running.

Total: 630,100 gallons for the month of December water usage.

December's electric bill from Flathead Electric was \$271.53.

Shane also mentioned that during the past month, he had spoken with a customer who had an RV, but is interested in adding cabins and another RV

spot, at her own cost. Shane gave her John / T-5 info and he can contract directly.

The Beckers were concerned with their water quality, Shane flushed the system and it appears the problem is at their home.

The Rock Shop owner's have a mobile home on their property. They are evicting the tenant and removing the trailer and they want the service disconnected. Harold and Shane discussed that they would need to dig 3' into the ground on the property, and the owners will need to pay for this and the shut off fees to cease water service.

VII. Financial report

Secretary provided financial reports as of January 7, 2020 as follows:

Revenue to date this fiscal year: \$27,017.59

Expenses to date this fiscal year: \$7,727.72

Checking account balance: \$5516.06

Reserve Asset Replacement bank balance: \$27,304.79

Checks written/Payments Issued During Jan. 2020 from Glacier Checking Account:

Check #388 to Pierson Services for monthly service: \$420.00

Check #389 to Eclipse Tax & Accounting - monthly accounts and billing: \$381.90

Check #390 to Tina Bondy for monthly service: \$150.00

Check #391 to Snyder Law Office for legal services: \$3172.50

Check #392 to Bad Rock Fire Department for annual gift: \$100.00

Payment to Flathead Electric: \$286.83

Aging Accounts Update provided by Linda Bosworth:

Former Phyggs Deli account is now paid up.

New Gas station is now current.

Bungay residence is now current. This property was sold to John Toftum from T-5 Construction.

VIII. Correspondence

- a. Discussion of any correspondence received by the FCWD Board.

IX. Additional items for discussion

- a. Harold proposed to donate \$100 to the fire department as the Board has done in years past, as an annual gift and thank you for the use of their meeting space. The Board agreed with this proposal.
- b. The Ordinance that had been drafted for the Board's use, Linda made the point that she wants it clear that it is at the discretion of the Board whether any property that does not currently have service, may have arranged to

have a meter added in advance of service. There was a discussion about this.

- c. Linda brought up that there is an annual property tax \$45/year for a fire protection fee. She has submitted a request for a tax abatement to Helena. Some water districts in the area don't pay and some do. Since there are no trees on the FCWD lot in the district, seems like this could be avoided. Have requested the abatement and now awaiting a response.

X. Adjournment 9:49pm

-- President to announce the next General Meeting of the Board is scheduled on February 4, 2020, 7pm, at the Badrock Fire Department.

--President to say, "This completes our business for this January General Meeting. This meeting is now adjourned."