

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

August 14, 2024

Call to Order:

The regular meeting of the Lockwood Water and Sewer Board of Directors was held on August 14, 2024. Board President Carl 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.

Introductions:

Present at the meeting were Board members Carl Peters, Carlotta Hecker, Scot Bowen, Brent Kober and new Board member, Gary Forrester. Also present was LWSD Manager Mike Ariztia, Assistant Manager Tony Reed, Jill Cook of Morrison-Maierle, Evelyn Pyburn of *Yellowstone County News*, and Dick Hoke, Lockwood resident.

President Peters welcomed Gary Forrester to the Board and asked that Gary give background information on his professional life. Gary responded he served on the LWSD Board in the eighties into the nineties. He served in the legislature for ten years both in the House and the Senate. He also served on the School Board for 12 years. It appears his professional life has been dedicated to public service.

Public Comment:

1. Any member of the public may be heard on any subject that is not on the agenda. There were no comments.

Approval of Minutes:

2. **July 10, 2024**

The minutes of the July 10, 2024 meeting were presented for review and approval. Page 4, Item 9, MTD Update, was revised as follows:

MDT Update

“Design has been completed on the portion of the project that LWSD will be constructing prior to the MDT project. Lockwood is waiting for confirmation on the EDA funding through the County before going out to bid. All requested documentation has been submitted to the EDA. Once the local EDA group approves it, then it goes to the federal level for final approval and award. Manager Ariztia and Morrison-Maierle continue to coordinate with MDT and are

wrapping up the 70% plans for the portion of work that will be done as part of the MDT project. Once complete, 70% plans will be submitted to LWSD and MDT for review.”

- I. Scot Bowen moved to approve the July 10, 2024 minutes with the revisions as set forth above. Brent Kober seconded the motion. Motion carried.

New Business:

3. Discussion and approval of Amendment No. 2 to Task Order No. 20 of the Water Master Agreement relating to increased cost for the Johnson Lane Utility Modifications.

Amendment No. 2 covers Modifications to Services of Engineer; Modifications to Payment to Engineer and Modifications to Time(s) for rendering services. The total contract ceiling payment raised for Amendment No. 2 is \$48,000.00. Task Order 20 is being billed as an hourly rate; therefore, LWSD will only be billed for the actual effort required.

The schedule for rendering services is modified as follows: 1-90 Water and sewer crossing east of Johnson Lane Project: Bidding in September/October depending on the timing of EDA grant approval; and, final design completed by October, 2024.

- II. Scot Bowen moved to approve Amendment No. 2 to Task Order No. 20 raising the contract ceiling payment to Morrison-Maierle in the amount of \$48,000.00. Brent Kober seconded the motion. Motion carried.

4. Discussion and approval of Amendment No. 1 to Task Order No. 22 of the Water Master Agreement relating to increased costs for the Mid-Zone Water Storage Tank.

Manager Ariztia advised the additional cost for the modifications will be a lump sum payment of \$38,500.00. The modified schedule for rendering services consists of Survey for COS, September, 2024; design and permitting, November, 2024; and Bidding, December, 2024, depending on DEQ approval.

- III. Brent Kober moved to approve Amendment No. 1 to Task Order 22 in the additional cost of \$38,500.00 as increased costs for the Mid-Zone Water Storage Tank. Scot Bowen seconded the motion. Motion carried.

5. Approval of Change Order No. 14 to the 2020 Water Treatment Plant Upgrade Project.

Manager Ariztia announced this is the last Change Order to this project. This is the final completion. All remaining items that were outstanding are wrapped up into this Change Order. The Change Order covers installation of three neutral transformers to complete the UV system; final time and materials accounting for the crack injection completed on the existing structure; and, installation of a new sprinkler control box for the irrigation system. RSCI was given an additional 20 days for the crack injection. Total increase to final Change Order 14 is \$58,615.97.

IV. Scot Bowen moved to approve Change Order No. 14 to the 2020 Water Treatment Plant Upgrade Project in the amount of \$58,615.97. Carlotta Hecker seconded the motion. Motion carried.

6. Review and possible approval of Pay Application No. 22 to Record Steel and construction (RSCI) for the 2020 Water Treatment Plant Upgrade Project.

RSCI presented Application for Payment No. 22 for the 2020 Water Treatment Plant Upgrade Project in the amount of \$590,005.15. The application covers the period 1/1/24 through 8/10/2024. Accompanying the statement was a letter from RSCI in which they requested an administrative settlement of damages which would allow them to close out this project without further claims.

After reviewing RSCI's letter and conversations held among RSCI, LWSD and MMI, Lockwood's liability or lack thereof was explained by Engineer Cook and Manager Ariztia. Manager Ariztia expressed his desire to settle this project and move on. After discussion with the Board, it was decided the practical course of action would be to waive Liquidated Damages in the amount of \$144,500.00 and seek complete settlement of the claim.

Before the final pay application is signed, the Board and Manager Ariztia believe it should be reviewed by the District's attorney for any legal consequences. Manager Ariztia will write to RSCI advising if LWSD waives all Liquidated Damages, the project will be closed and they will not now nor at any point in the future claim any additional costs or monetary sums associated with the project.

V. Gary Forrester moved to request a letter from RSCI stating that waiving Liquidated Damages is sufficient for settlement of the claim and closure of the project. After review of RSCI's letter by the District's attorney, and verification of the Board's legal position, the Board would present a motion approving the waiver of Liquidated Damages in the amount of \$144,500.00. Scot Bowen seconded the motion. Motion carried.

7. Approval of proposal from Dan Semmens from Dorsey Law Firm to serve as bond counsel for the Emerging Contaminants Project.

A letter was received from Dan Semmens of Dorsey Law Firm requesting a contract with LWSD for the Emerging Contaminants Project. LWSD is attempting to secure funding that will assist property owners in connecting into the sewer system. LWSD is negotiating with the funding agencies to receive funding for Phase 1 and 2 property owners along with Phase 3. The funding is a DNRC loan, however, if an entity meets the criteria of the loan, then the loan will be forgiven. In order to qualify for the loan, LWSD would have to determine that there are Emerging Contaminants in the groundwater that would be reduced by property owners connecting to the public sewer system.

Sampling will have to be done to determine if there are contaminants in the groundwater. A sampling plan is currently being formulated that will be submitted to the State and then to the EPA. If the EPA approves the plan, sampling can be done. When results from the sampling are obtained and if contaminants are found, application for the loan can be undertaken.

There is no dollar amount in the contract with Dorsey. Dorsey wishes to track its time and treat this as a project, and LWSD will have verified Dorsey as bond counsel if the loan is granted.

- VI. Brent Kober moved to approve Dan Semmens of Dorsey Law Firm as bond counsel for the Emergent Contaminants Program. Carlotta Hecker seconded the motion. Motion carried.

8. Approval of the 2024 Mil Levy for Phase I Sewer G.O. Bond.

Manager Ariztia presented calculations for the G.O. Bond payment for FY 2025. Property tax valuation from the Department of Revenue is received each year at this time. Mills are based on the mills that were charged for the Phase 1 sewer project, which was the G.O. Bond. This year the taxable valuation for the Phase 1 sewer area was \$4,655,810.00. Total payment due in 2024 is \$545,596.25. Based on the formula to make the Bond payment for 2025, the recommendation is to have a mill levy of 118 mills, which gives LWSD a total of \$549,508.00 which covers the 2024 payment.

- VII. Scot Bowen moved to accept 118 mills as the mill levy for the 2025 G.O. Bond payment. Carlotta Hecker seconded the motion. Motion carried.

Old Business

- 9. None.

10. Balance Sheets, P&L Budget Comparison

Water – July, 2024: Claim Details; Trial Balance with Revenue and Expenditures; Statement of Revenue Budget vs. Actuals; Budget vs. Actual for Organization Report.

Sewer – July, 2024: Claim Details; Trial Balance with Revenues and Expenditures; Statement of Revenue Budget vs. Actuals; Budget v. Actual for Organization Report;

11. Approval of Bills Due for Signature

VIII. Brent Kober moved to approve payment of the bills as set forth on the July Water and Sewer Fund Claim Details. Scot Bowen seconded the motion. Motion carried.

Other Business:

12. Water Treatment Plant Expansion Update
(Already discussed)

MDT Johnson Lane Project Update
(Already discussed.)

Phase 3 Sewer Update

Trying to complete design. Met with Stephanie of MMI to look at realignments and possible additions of sewer mains. Easements are close to completion.

Letters were sent out to property owners having fences or sheds in the right-of-way, and advising them they have until December 31st to remove them.

Manager’s Report:

13. Pumping Record

Water	July, 2023	51,488,600	July, 2024	68,054,123
Wastewater	June, 2023	5,369,000	June, 2024	Not available
Par MT Wastewater	June, 2023	59,122,000	June, 2024	Not available

Manager Ariztia advised he had approved sending out surveys to unidentified property owners on the service line materials requesting they report on the service lines coming into their homes.

The CDBG income surveys were mailed out last week. Midwest Assistance Program will compile the results from the income surveys.

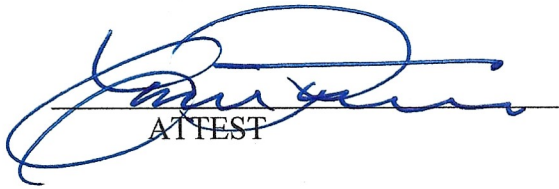
The storm that hit in August caused significant damage to Lockwood. None of LWSD's facilities were impacted but the Treatment Plant was without power for almost two days. Power was supplied by a generator. Two old company vehicles parked on the lot were smashed by a large tree branch. Insurance has been contacted.

LWSD received notice that it was awarded the planning grant for the Master Plan through grants received from both RRGL and MCEP.

Adjournment:

IX. Scot Bowen moved to adjourn. Brent Kober seconded the Motion. Motion carried.

There being no further business to come before the Board, the meeting was adjourned at 8:55 p.m.



ATTEST

Brent W Kober

ATTEST