

# FLATHEAD COUNTY WATER DISTRICT #101

POB 1141, Columbia Falls, MT 59912

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\*\*\* Meeting Minutes July 2<sup>nd</sup> 2018 \*\*\*

## General Meeting:

I. Call to Order / Roll Call. 7:03pm

Harold Herman, "As President, I hereby call to order this General Meeting for FCWD #101 held this July 2<sup>nd</sup> 2018. Directors present: Harold Herman, President, Russ Barnett, Vice President, Naomi Einarson and Casey Becker."

Others: Shane Pierson, CWO, Kate Becker, Tina Bondy, Secretary; Matt Nerdig, Engineer

II. Secretary read aloud highlights of the minutes from the previous meeting on June 6, 2018. Harold made a motion to approve the minutes as read. Russ seconded and all voted in favor.

III. Operator's report.

Shane provided the Operator's report. Water test was conducted on the 4<sup>th</sup> of the month -all operating in order. Water totals: 846312 Well 1 - 1,616,700 gal used. Estimated 250k based on timing, for total 1,866,700 used for district.

The lead / copper test samples were delivered and taken to ME labs - paperwork submitted to DEQ to update address.

One customer was shut off by Shane and Harold, but it was shortly paid in full and then service was restored.

Electric bill \$343 for pumphouses.

Update to moving the electrical - our excavating contractor got hurt - we have a backup guy coming, still think we are within a week or two weeks.

Excavation - \$480 estimate

Electrician - \$1400 estimate

Flathead Electric - \$1300 estimate total approx. \$3000.

Board discussed whether we do this now or if the extra costs coming out of the bank account after tonight will be a problem.

IV. Financial report.

Secretary – provided financial report.

V. New business:

1. Preliminary Engineering Report (PER)

Matt Nerdig gave an update on the status of the PER and financing application.

We received comments on the PER from the engineer in Bozeman. Matt responded about 2 days later with the changes requested, and now there are a couple more questions from the Bozeman engineer. A big item for discussion was to ensure that the PER recommendations cover the district well into the future. One proposal was to use an 8" line, rather than the 3" line that the PER specified. If funds are available to pay for it – that would be preferable. Largest concern for the project is the budget: fixing the system, but not exceeding the budget limitations.

Revised the PER to account for the comments and proposals received. The difference was about \$170k to go with the 8" pipe. Recommend that it's in the PER – if it's not recommended in PER they can't fund without changing the PER.

PER and ER has been accepted. Harold signed some documents for Rural Development. They made it clear that on August 3, all of the available state money will go back to DC and into a pool, combining what has not yet been spent and then ranking all national projects. The State director does not want our product to go to the pool, wants to find funding for us at the state level before that occurs.

For this reason, we need to change the regular meeting for August to hold it on July 31.

All financial data and all applications must be in to Lyle before July 15 so they can review it for a couple of days, and then get our finance offer, which will need to be accepted or rejected before 8/3.

Matt provided 2 full copies of PER / ER for the Board and a copy of all the packets we are working through and signing. Board has already seen all of this via email.

\$30k grant from RD will be direct deposited into the Board account by Friday. The additional \$12,500, will show up in the next 2-3 weeks. This will pay for what's been done up to this point and we are then headed to the next step.

One caveat in RD's funding – all happens after we accept/reject funding. To do the design and permitting, RD understands the district doesn't have reserves to pay for the Engineering design and permitting effort. The RDs loan and grant package doesn't get distributed until contractors show up and start digging.

We will need to work with TSEP and other state agencies, work with District to set up loan to cover design and permitting and get the project and any legal documentation done, as soon as the RD money is deposited, then can pay off that short term/bridge loan.

Board discussion, about the figures being used, and particularly the income numbers, in the PER that was accepted and that RD will be using to determine percentage of loan/grant.

They are double checking the numbers as a snapshot in time. Eclipse provided a Balance sheet for the last 3 years. A typical county district would also need an audit, but this District hasn't existed long enough and hasn't yet had an audit.

Projected profits per month \$327 a month if everyone pays their bill. That does include a reserve though, too. Short term asset reserve – required to set aside every month. Board can determine how to spend it – but trying to make sure we are planning for the reserves, etc.

Matt will take a look and then send it to Lyle to take a look.

We need a budget for the next fiscal year. So they know what our thoughts are on where the money is going to go and what's available. Draft operating budget from now through July 1, 2019 which will be submitted with the application.

Right now – if we have all the info to Lyle by Monday/Tues of next week – he can finish his paperwork and analysis because on Friday AM of that week – he drives to Bozeman Wednesday morning for 2 days of education, but whole RD group is there – and at the end of the conference Steve, the state director, will sit down with Lyle and decide the financing. The following week – we will receive the Letter of Conditions. That will be the offer that the Board must actively accept or reject.

By July 31 – we should know what they will give us.

District has VERY limited amount of funds – very small operating budget, if you want to see that 8" happen – we need more grant funds to make that work. In the call – Steve was given more grant funds than expected this year – seems like a good possibility Steve thought it was one of the most important projects in the state at this time.

The PER does not recommend a rate increase; state engineer didn't dispute that at all. The PER sets out that the District is already meeting the state average based on the % of household income. State engineer also said we are above the state average as well. In all conversations with them, essentially, they are working on as much grant funding as possible. Worst case scenario – there may be a piece of the project that may need to be shaved down.

60/40 grant to loan in the PER right now to come up with the \$400 a month leftover if everyone pays the bill. Doesn't include the different ways the district is trying to save money.

The District can skip loan payments for the first 2 years, other than paying the interest, to help set up reserves. That will all be set out in the Letter of Conditions.

Lyle will be here on the 31st to explain the Letter of Conditions and the offer so we can decide how to move forward.

Matt created an invoice to the District – he'll email – per contract \$42,500 – outlines the grant amounts, had to run through RD that it was set. \$38,500 for PER and \$4000 for ER.

Matt is sending the emails from RD to the Board. Let him know if any questions.

Also sent the digital link to read in PDF, too.

2. New Water Meter on Tank House. (Discussed during Operator's Report)  
A week and ½ out to get the conduit – then schedule with Flathead Electric. Harold will give a stamped envelope with a 1099. Excavator is insured, which was verified by Shane.

3. Operator Training Opportunity

DEQ has suggested we get another trainee operator in the District. Discussion with the board. This would be for a trainee for a year and would consist of passing the operator's exam and putting in required time working to become fully certified. Pass exam and you are an "operator in training". Once total hours – Certified Water Operator. Then you can do water testing, running the system. Shane would be willing to let someone work as a trainee with him.

There is a shortage of Certified Water Operators in the valley. The easiest way to take the test – go to the water school – probably in September. The District could pay the fee for the school/test. Water school is a couple of days – with a test at the end. Or you can go to the DEQ and get a book and study on own. Per Shane – if you haven't dealt with it at all – probably good for the school; if general mechanical experience, you can probably just use the book and then test.

Casey will give it some thought.

4. Accounting Service Providers  
Eclipse charges \$400 a month, plus costs for mailing out the invoices. Bookkeeping couple – both accountants, with local references. Russ hasn't met them personally – but knows someone that is using them. Live right up here off Nucleus – and charge \$150-\$200 a month. We need to get things straight with Eclipse or if not, interview this couple, they are right up here near the district and do have QuickBooks.

After 2 months, a customer's bill should contain a notice that says "you will be shut off". This notice needs to be more automatic.

Proposal – meet with Eclipse. Have all of our ducks in a row.

## VI. Old business:

1. Delinquent accounts.

Everyone pretty much caught up now.

2. Status of loan payments to be made; next payment due August 15, 2018.  
Loan payment statement came out – due 8/15 – and went up slightly due to the interest.

3. Status of payments owing to Streeter for tank house meter.

4. Annexation

Matt & Harold took the ones they had received to the Election Department. They will review them and send to Sec of State – who then reviews, and then goes back to the plat room of the Sec of State. Letter will outline where and what goes.

Discussion about other properties that are on private land and what to do about curb stops. Want them to be in the county right of way, so we don't have to trespass on private land.

Most cities / public water supplies – run individual service lines to each house – and set of curb stops at end of county road.

Clarence, Jim, Beck – etc. Want to have a financing offer before our next meeting. This winter -the design will need to be done and approved by DEQ – and all details hashed out – so all bid docs match and all of this is worked out.

DEQ willing to work with us – and working with existing infrastructure. So we can come up with some alternative solutions.

VII. Correspondence

a. No additional correspondence to discuss this month.

VIII. Additional items for discussion

Shane was following up on last month's discussion about insurance. Martin City just switched insurance companies; were using AAMCO and switched to Cincinnati Insurance Company. The past 3 years each year the price had raised, this year, paying slightly more than last year, but locked in at that rate for 4 years.

Discussion of what types of insurance to carry. Martin City went through PayneWest to get it, Connor Moore is PayneWest contact. Martin City Board President went to Connor – tired of the substantial increase each year – let's find something else.

Might be useful to get them to shop around. Came back with several options for them.

Maybe – tell them what we need – what are our concerns. Property coverage need, but what about boiler and machinery? Do we need E&O coverage? We need general liability and Board Member coverage, but what would E&O cover us from?

Shane also followed up with some information about savings accounts to deliver a better interest rate.

Amy Dexter, finance director – savings account – county.

District also has a CIP – capital improvement plan savings account with the County – where they keep a large portion of money. Interest rates do vary from year to year – but higher than the other banks.

Tamara – handles accounts – Flathead County Finance Dept. Shane gave notes to Harold with this info from the bookkeeper at Martin City.

IX. Adjournment at 8:38pm.

-- President announced the next General Meeting of the Board will to be held on July 31<sup>st</sup> 2018, 7pm, at the Badrock Fire Department. This will be the August monthly meeting.

--President to say, "This completes our business for this July 2<sup>nd</sup> General Meeting. This meeting is now adjourned."