

# FLATHEAD COUNTY WATER DISTRICT #101

POB 1141, Columbia Falls, MT 59912

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\*\*\* Meeting Minutes October 6, 2020 \*\*\*

## **General Meeting – by ZOOM:**

### **I. Call to Order 7:04pm.**

Directors present include Harold Herman, President, Russ Barnett, Vice President, Brian Rohletter and Linda Bosworth.

Also present: Shane Pierson, Certified Water Operator / General Manager; Matt Nerdig, Engineer; Tina Bondy, Board Secretary; and John Toftum, T5 Construction.

### **II. Minutes**

- a. Following Board Review of the September 1, 2020 Minutes, Linda Bosworth moved to accept the Minutes as drafted. Brian Rohletter seconded and all voted in favor.

### **III. Time for Public Comment and Discussions**

John Toftum, as a property owner in the district has been hearing people asking about reducing the rates. As a property owner, it would be nice to have lower rates, however, as a business he believes the rates should remain where they are until the budget is a bit better and the loans are paid down maybe ½ paid or if we can double up on payments and start getting the loan knocked out. The concern is that we are just starting and don't know what the next 40 years is going to be like, we need to be realistic.

Linda brought up that the rates were set according to the terms of the loan. With the loan at the extremely low interest rate, we need to set aside any extra income received for the infrastructure and repairs.

Further discussion with the Board and Shane about the first month pumping 800,000 metered gallons, this month, probably 400,000. Most of this was coming from watering yards, but people are also understanding how much water they are using.

Matt also advised that one of the important pieces of the rate structure was to give the District the money to get back on our feet, to fix the major problems in the system, but also as things break in the future they can be paid with cash from the district.

Have to be able to service the debt, and create a protection account for unanticipated expenses. Shane – we still have stuff we need to do to the system, too.

The reality is, right now, in order to drill a personal well, if they have the space even, it's between \$35-\$60 a foot to drill. Our one well is 170' deep, so that would cost around \$50k to drill, plus purchasing a pump. As an individual, that puts things into perspective. The cost \$45 a month, plus \$2.20 a gallon of use, is a good rate.

Further discussion with Board and those in attendance to hold off making any changes until at least some time next year. Time to get the budget dialed in and time for the district to learn the natural fluctuation of the rates/income. This is not something that needs to be decided right now.

Wait and see what the winter usage bears out it may be not just gardening. Winter will be really important to see.

#### **IV. New Business**

##### **a. System Improvement Project**

John provided an update on the few things that are needed before the final completion. T5 did a good clean out job today, moved a lot of the dirt piles and hauled them off. Also working on asphalt repair. Have the gas station and the last of the hook ups to do. The meter pit at the gas station is in, but before we can shut the bypass off, need to be hooked up. New customer A&W has been hooked up.

Pottery shop is hooked up and once the gas station is online, can go into the yard at the pottery shop, dig up that section of line, tap it and then get rid of the old system.

Generator box isn't done that yet, John needs to make certain what to do with the tanks. The cost to do a tank is around \$1500 for a 250 gallon tank according to John. He talked with Harold and Shane, just need direction from the Board.

Shane got a quote for a 500 gal tank installed for \$1700. Harold called another company that is just moving into the Flathead and got a quote for a 250 gallon tank for \$650 delivered. Further discussion with the Board about the need to purchase a tank, rather than leasing it, as most companies won't lease for use with a generator. Harold will call back and hopefully this place can do it this next week.

The tank for the generator is a line item in the overall budget, at \$1500 for tank and hookup. Harold will give the contact info to John to connect with about the quote he received.

Matt – the 45 days from the substantial completion meeting is October 17. John and T5 are close to wrapping up those last items, and there's not a specific holdover other than the Bonds. Will need to process the final draw request, but won't be able to do that until all of the final punch list items are complete. There was a draw request that Matt prepared, processing the final stuff with Rural Development, which should hit the account later this week, and John will get a check. Further discussion with Matt about the construction contract, John gets the retainage back, but the remaining items that needed finished were held back at 200%. There's around \$15k left with the revegetation and final hook ups, times two, is around \$29k held back, the rest went to John. This last one will analyze the outlay report. If anything left in the contingency account would be great to be able to pay back some of Shane's invoices – but don't know that there's going to be any left. The \$10k for the audit is the FCWD – one way or another goes to the district. Probably supposed to hold in a reserve account for when the audit shows up.

Only other thing on documentation from RD is the final AIS certification. John is working with Matt on this. Matt will go through the checklist as far as the final stuff. Have the marked up as-builts that were created and they are turning them into plans. Once done, will provide digital copies and copies to the District.

Bond attorney emailed they are mailing the official bond transcript – all of the official paperwork – all original copies. Can't mail to a PO box – they are mailing to Matt's office and will get to Tina to add to the District files.

Next month's meeting will be going over a lot of these last details. There is a final walk through scheduled for 10/17 and then the 11 month walk through. August 2, 2021 would be the 11 month – which would release John from all of warranty stuff. This should be done in July 2021 and then can discuss at August 2021 meeting.

#### **b. Inquiry by Clarence Taber - renters maintain own water accounts**

Harold got a letter from Mrs. Taber wanting to change policy about renters paying their own bills. Harold said he would bring it up to the board. Harold recounting Clarence's follow up about Linda on the board.

Russ and Linda both discussed that Clarence is in the perfect position to be the collection agent for his renters. Further, the laws are clear, the property owner is responsible when a county water district. If renters do not pay the water, the owners will have to pick up that tab. Not fair to allow a tenant to put a landowner in that position. Also allows a landlord to create whatever agreement they want with their tenants and the district isn't involved.

Too great a risk to allow tax liens to be placed against any of our property users. Ours is such a small district, can't have a collection department. Each of the Board members voted to leave the policy as-is and confirmed the original policy and reasoning.

Someone needs to inform Clarence of the decision. Board addressed the letter and board affirmed the policy. Risk is too great for landlord to end up with unpaid water bills/tax liens.

**c. Budget discussion**

Russ had asked for a discussion about the rates and usage. September, the District took in \$5614 which is more than every before in one month. In October, though, the District is paying out \$7150, so it's in the red this month. There was a DEQ annual fee and an extra testing fee at ME Labs, which weren't accounted for. To start adjusting rates now will put the District in trouble.

Also need to build up the reserve, too. Required to have our year of payments sitting in the account. Each month on the 15<sup>th</sup> – the bank takes it directly out of the account and goes into the reserve / replacement accounts.

Monitor each month and then in March / April put it back on the agenda for discussion.

**V. Old Business**

**a. Membership with Montana Rural Water System (MRWS)**

Hold off on this for this time.

**b. DEQ Water Test Requirements**

Held off until project over other than the regular monthly testing.

Matt / Shane discussed that these can be held off until next summer. There is a 3 year window to do these – we are in the first year of that now. So would like to put it off – let things with the system settle a bit. Since we did have a failed chloroform test this month – cost us a lot of time and money. Don't want to get bad results on these tests – consequences. Matt agrees – do the minimum and give the system time to flush out and through any construction related stuff. RD doesn't care about the DEQ testing – totally separate. Big issues - move through final inspection, continuing stuff to do with the loan.

Matt – still think we have to do the audit that we triggered – there's still \$10k in the grant allotted to that audit. At final inspection they are going to close out the loan/ grant. Will ask Shelby / Steve about how to do this.

## **VI. Operator's report**

Did fail water test – 5 repeat samples and then chlorination of system for 10 days. Shane has not yet taken the water sample test this month – will do soon.

Did sell 881,539 gallons, which brought in an extra \$1952 this month. This will diminish this next month.

One new install to finish before winter hits. The owner on the lot next to the old Phyggs deli is a new customer that wants service. Phyggs will be burned down by the fire department this month and owners will be rebuilding. The new owners of the deli building are still being billed the monthly charge for a commercial line, but not usage. Harold did receive a check for the back payments.

There was an incident reported last weekend with the motel. A service line did not get turned on. Got a call at 9pm on Saturday night, had to dig up the line, turn on, pull filters and blow out some of the old manganese. Did get an email from one of the owners thanking for the quick work. John was very quick to respond. Had the water turned back on within a couple of hours. We handed out a couple of cases of bottled water for the time – and the motel refunded the two rooms.

There was another issue that went along with that – the low level alarm went off – and no one was notified. The alarm went off on Thursday and they ignored it because they thought it had something to do with the construction.

Discussion about the failed water test. In the site sanitary survey inspection, there was a hatch that was supposed to have been sealed up, may have been a little road dust in there. Was able to borrow the DEQ chlorination pump and did that for 10 days. Good to know that if something like this happens, we do have emergency access to chlorinate. We know the process now, it was unfortunate, but it was a learning process.

By law, the District was not required to notify the users because it was such a minor level of failure, required only a Level 1 assessment – and provided no further issues, should be resolved. If more issues – will have to re-chlorinate. Most important thing – both wells tested good. Contamination was in the system.

Mike Kroft was aware and worked with Harold and Shane to get back up and rolling again. He was trying to help out. Followed his instructions to the "T".

Most customers didn't notice the chlorination. It was a very low level, 1 part per million free chlorine.

Meeting with John and Shane and customer Casey Becker to locate the property pins. Determined that the meter pit on his property was well within the right of way and exactly where it is supposed to be. Did a flow test at the meter pit, where a 5 gal bucket filled in 7 or 8 seconds. There appears to be a sever restriction in the service line or in the house somewhere. The district's system is even water pressure across the system and is working as designed. Matt also attended this meeting, providing copies of the survey done before the project and answered questions about the rate process and provided notarized copy of the publication of the rate increase as well as the notarized certificate of mailing that Eclipse filled out to verify the notice was mailed to the customers.

Casey Becker was demanding Harold be off the Board. Board discussion about the Bylaws and length of time someone can serve as President. Randy suggested that the Bylaws be reviewed and potentially revised, in light of the fact that there's not a line up waiting to take on this position. It's not realistic to rotate every 2 years - not enough willing people. Overall - Casey's attorney seemed to be receptive to everything. Every question was answered and he seemed satisfied. The water flow test served to drive home the point that Casey did not replace his service line when offered to him, and the old galvanized pipe tends to hang onto manganese.

Electric bill \$434.62 last month.

## **VII. Financial report**

*Secretary provided financial reports as of October 6, 2020 as follows:*

Revenue (gross profit) to date this fiscal year: \$ 17,156.07

Expenses to date this fiscal year: \$ 9,827.19

Checking account balance: \$20,320.99

Asset Replacement account bank balance: \$ 28,624.79

*Checks written / Payments issued during October, 2020 from Glacier Checking Acct:*

Check # 432 to Pierson Services for monthly service: \$350.00

Check # 433 to Shane Pierson for project-related time: \$ 3,290.00

Check # 434 to Eclipse Tax and Accounting: \$382.45

Check # 435 to Tina Bondy for Board Secretarial: \$400.00

Check # 436 to Martin City County Water District: \$100

Check # 437 to DEQ: \$152.00  
Check # 438 to M.E. Water Lab: \$117.50

## **VIII. Correspondence**

Letters from Clarence Taber and from Lee Morris telling that John was running water through his meter for his own good. Brief board discussion about the Morris letter. Previously discussed the Taber request.

Letter from Margaret Hossack – owns the rock shop – disputing one of her bills for her rental. Shane has already talked to her about it. She's disputing because one of the renters connected (glued pipe) wrong, so it leaked and then she didn't fix for a long time. Everyone that had a leak, Shane gave them 2 weeks to repair with a credit. Everyone else has fixed. Finally – Saturday renter called and claimed that bricks were sinking and house about to fall off bricks. Shane arrived to turn off the water to find out it had blown apart, but nothing was falling. The customer had glued the pipe again. Shane refused to turn on until it was fixed properly. He did only charge the customer for one turn off fee and one turn on fee. Ms. Hossack wants credit for her water loss, though she neglected to put forth any effort to fix it.

Russ – how much was the extra on the bill. 14000 gallons – so \$28 bucks. The point that she put forth no effort to fix, gave her notice and she chose not to handle. Shane made several trips to meet with her, went to a lot of effort to get her situation. Shane recommends sticking by bill. Board agrees.

## **IX. Additional items for discussion**

Further discussion about amending the Bylaws about the term limit for President position.

Randy suggested we look at these, though we are still finishing this project, and there are documents to be signed, would be a big hassle to change president in the middle of the whole thing. Harold is willing to finish this out. Some of seats were reelected Harold and Russ were the year before – for 4 years. Need to figure out how to change the term for the president. Randy made it sound like it was an easy thing to do.

## **X. Adjournment 8:35pm**

-- The next General Meeting of the Board is scheduled on November 3, 2020, 7pm, at the Badrock Fire Department, though it may be another Zoom call.