



COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Board of Directors Meeting Minutes

June 18th, 2025 at 6:00 PM

County Water District of Billings Heights 1540 Popelka Dr., Board room

The meeting is open to any interested member of the public. Agendas are prepared for the meetings; agendas may be requested from the General Manager and are available at <https://heightswaterdistrict.com/agendas-and-minutes>. Agenda packets, due to their size, will not be printed off for the meetings or at the public's request. The public can access and view the agenda packet online and can download them or print them at their own expense.

Pledge of Allegiance

CALL MEETING TO ORDER: Director Kary called the meeting to order at 6:02 p.m.

WELCOME AND INTRODUCTIONS:

Board Members present: Dir. Essmann, Dir. Kary, Dir. Ewalt, Dir. Erpenbach, Dir. Ellis, Dir. Graves

Staff members present: Bo Andersson, Josh Simpson, Lena Loftsgaard

Also Present: Tom Zurbuchen, Evelyn Piburn, John Kaderavek, Mark Koarber, Jim Kane, Karie Kane, Bob Ellis (Online)

President's Remarks: Read by Doug Kary

During the course of the meeting the Public may be heard before a vote is cast by the Board President will acknowledge the Public once a motion has been made and discussed by the Board for their input. The President will recognize speakers who raise their hand. Once recognized, the Speaker should move to the side of the board table so comments may be heard, please identify yourself by name and please spell your last name. You will be allowed to comment for up to three minutes. Each speaker will have one opportunity to speak on the agenda item. Once the public comment period is over there will be no additional comments unless specifically requested by the President or presiding officer of the meeting.

1. Directors e-mail accounts – have been redone.
2. CWDBH Press Release (Pg. 3-4).

Public Comment on non-agenda items: None

Agenda Approval

Dir. Ellis moves to approve the agenda as written. Dir. Ewalt seconds.

Vote: Motion passes unanimously.

Approval of May 21st to June 4th minutes

Dir. Ewalt moves to approve both May 21st and June 4th minutes. Second by Dir Erpenbach

Public Comment: Tom Zurbuchen says that state law requires the director's votes to be recorded in the minutes. Mr. Zurbuchen asks for the individual votes to be recorded in the June 4th minutes.

Discussion was had regarding the June 4th minutes. Dir. Kary asked the board secretary to update the minutes to include the individual votes.

Dir. Ewalt amends his motion to approve both May 21st and June 4th minutes as amended.

Vote to approve May 21 as written and June 4th as amended:

Motion carries unanimously.

CONSENT AGENDA

Dir. Ellis moves to segregate items #6 Stifel Statement (Pg. 23-25) and #7 Montana Board of Investments, STIP (Pg. 46-47) from the consent agenda in order to ask a question.

Dir. Graves moves to approve Consent agenda items #1 - #5. Dir. Ewalt seconds.

Public comment: None.

Vote to approve item #1-#5: Motion passed unanimously.

Dir Ellis asks Mr. Andersson about the May agenda regarding the moving of funds to STIP.

Mr. Aderson clarifies that the money was put into STIP until an investment proposal can be voted on.

Dir. Ellis moves to accept items #6 Stifel Statement (Pg. 23-25) and #7 Montana Board of Investments, STIP (Pg. 46-47). Dir. Erpenbach seconds.

Vote: Motion carries unanimously.

Manager's Report: Mr. Bo Anderson

Dir. Ewalt asks for an update regarding the leak.

Mr. Andersson talks about the new water meter and the promising first few readings. Says it is too soon to call it a trend.

Dir. Ewalt asked about additional leaks found by the consultant.

Mr. Andersson confirmed that three additional leaks were discovered by the consultant. He said that two are highly suspect and the third is lukewarm.

Further discussion was had regarding the status of the leaks.

Dir. Ellis asked about item #5 on the manager's report. Wanted to ensure that the board was aware of all requirements for rate adjustments.

Mr. Simpson says they are looking at the specific laws and requirements.

Dir. Ellis asks about checking the fire hydrants

Mr. Andersson confirms that they are still checking and performing maintenance on the fire hydrants.

Dir. Ellis asks about any damage to district vehicles in Shepard from the recent storm.

Mr. Andersson confirms one vehicle was damaged.

Public comment:

John Kaderavek Asked to clarify that the meter brought the readings down to the 10% range.

Mr. Andersson explained that it was not the meter. Upgrading the meter to ensure consistent readings was beneficial to finding the leaks.

OLD BUSINESS

Item #1: Consolidation Study progress report

Dir. Ewalt discussed an email he sent to Travis Harris with the City of Billings regarding the lapse in data from the city. The Heights Water District's MOA with the City of Billings will run out on June 30th. A memorandum of understanding was sent to the city with new dates as follows:

- Staffing considerations – Draft TM by End of June.
- Financial Analysis – Draft TM July 9
- Discussion of Financial Analysis Teams Meeting (Week of July 14)

Item #2: Interstate Engineering Monthly Report (Pg. 32-37)

Mr. Andersson gave an update regarding Interstate Engineering. He had a meeting with Interstate Engineering and the City of Billings regarding the second connection alternative in the PER. The main debate is over sizing, connection, and the maxflow.

Dir. Kary asks if they can expect another estimate by the end of June.

Mr. Andersson confirms.

Item #3: Water leak project update (Pg. 38-42)

Mr. Andersson says loss ratio on the 18th was 2.9%. The average is down significantly from what it was. By July they should be able to confirm whether this is a trend.

Dir. Ewalt asks if the consultant looked at Wicks or Hilltop.

Mr. Andersson says they knew there would be a leak on Main Street, so they had him start there.

Item #4: City rate review

a. Raftelis Report (Pg. 46-47)

Mr. Andersson talked about his meeting with the City of Billings and possible legal action. He said that the way the City of Billings is passing the cost of its new water treatment plant to the Heights Water District is unfair and recommends pursuing arbitration. Phase one would cost \$30,000 to \$40,000 in preparation for arbitration.

Discussion was had regarding the extent of the proposed legal action and a potential closed board meeting.

Dir. Kary moves that the board fund up to \$40,000 to prepare for arbitration if needed. Dir. Graves seconds.

Dir Ewalt says he cannot vote in favor without further information.

Public comment: John Kaderavek says that he believes that the board is on the right track. He was disquieted by the packet from the City of Billings.

Tom Zurbuchen says he agrees with John. He states that you cannot begin depreciating something until it is owned and that the City of Billings is attempting to depreciate incorrectly.

Vote to fund up to \$40,000 to prepare for arbitration: Dirs. Kary, Erpenbach, and Graves approve. Dirs. Ewalt and Ellis oppose.

Motion passes 3 - 2

Point of order: Tom Zurbuchen says that state law requires that all resolutions be passed by a majority of the board. He claims that four members is a majority and that three members in favor is not enough for a resolution to pass.

Dir. Kary replies that they have a quorum.

Dir Kary, acting Chairman, rules that the motion passes 3 – 2 with the quorum present.

NEW BUSINESS

Item #1: Rate increase (Pg. 43).

Mr. Andersson discusses the proposed rate increase for physical year 2026. He suggests that the board accept the proposed August 1st rate increase.

Dir. Kary states that he does not believe that they can get the rate increase enacted by August 1.

Discussion was had about the proposed timeline and the legal requirements to enact the rate change.

Dir. Ellis says that she believes that system development fees are illegal.

Dir. Graves moves to accept the rate increases. Dir. Kary seconds.

Dir. Ewalt says he cannot find the fire line cost. Mentions that St. Bernard's couldn't get their fire line shut off when they had a major leak because they didn't know there was a fire line in the church. He suggests that the fire line item is not being used competently.

Mr. Andersson replies that it's about the capacity of the system and ensuring that the systems remain operational.

Dir Kary moves to amend the motion to exclude fire line fee and system development fee. Seconded by Dir. Ellis.

Public Comment: Tom Zurbuchen says that the system development fee has not changed. He states that the change is in water special fees and fire line fees.

Vote to accept the rate increase proposal: Motion passes unanimously

Vote to accept the motion as amended: Motion passes unanimously

Item #2: RFP for rate study - Resolution 026-25 (Pg. 44)

Dir. Erpenbach moves to accept Resolution 026-25.

Discussion was had regarding the time frame of the rate study.


Dir. Ewalt seconds.

Dir. Ellis restates that the system development fees are illegal. The law requires a committee, not just a consultant.

Mr. Anderson responds that was not the intent of the law. There is some flexibility.

Dir. Ellis says there is no flexibility in following the law.

Public comment: Tom Zurbuchen says Dir. Ellis is incorrect. He says the rate study from three years ago had no money to do the northwest transmission line. It had engineering to get to where we are now.

Vote to  accept Resolution 026-25: Motion carries unanimously

Item #3: Replacement member to the Consolidation Committee

Dir Kary states that Dir. Essmann has recommended Dir. Graves to fill Dir. Crubera's old role on the consolidation committee.

Dir. Graves says he cannot accept unless he receives a written schedule.

Item #4: Extension of MOA timeline for Consolidation Study Report (Pg. 48)

Dir. Kary stated that item #4 was already covered in the old business portion of the meeting.

Item# 5: June 9th, 2025, letter from the City of Billings (Pg. 45)

Discussion was had regarding the Information given to the board.

Dir. Ellis says that she made a public information request and received five years of correspondence regarding the West End Water Plant.

Dir Ewalt moves to accept the extension as printed to the MOA. Dir. Graves seconds.

Public comment: Tom Zurbuchen urges the board to amend it to August 31 rather than December 31.

Vote to accept the extension of the MOA: Motion passed unanimously.

Announcements:

There will be a tour of the West End Water Treatment Plant for board members and press on June 25th at 9 a.m.

ADJOURN: 8:05 p.m.

**Board Secretary, Lena
Loftsgaard**

**Board President, Jeff
Essmann**