



COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Board of Directors Meeting Minutes

October 15, 2025, at 6:00 PM

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

Pledge of Allegiance

CALL MEETING TO ORDER: President Essmann called the meeting to order at 6:00 p.m.

WELCOME AND INTRODUCTIONS:

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

Staff members present: General Manager Bo Andersson, Assistant Manager Josh Simpson, Adam Kuchin, Board Secretary Lena Loftsgaard

Also Present: Evelyn Pyburn, Dan Vierthaler, Mike Macki, Butch Bailey, Ming Cabrera

Public Comment on Non-Agenda items:

Ming Cabrera spoke about a conversation he had with a member of the Evergreen Kalispell board. He discusses the difference between the Kalispell water district and the Heights. They told him the residential rates were around \$35 a month. He believes we need to discuss better rates with the City.

Agenda Approval

Dir. Ewalt moves to approve the agenda. Second by Dir. Graves.

Vote to approve the agenda: unanimously approved.

Approval of Minutes

- Board minutes for September 17th, 2025
- Board minutes for September 23rd, 2025

Dir. Ewalt moves to approve the September 17th minutes. Dir. Erpenbach seconds.

Dir. Ellis sites several corrections to the minutes she would like made.

Dir. Ellis moves to approve the minutes for September 17th as amended with the corrections and additions she noted. Second by Erpenbach.

Vote to approve minutes for September 17th as amended with the corrections and additions from Dir. Ellis: Unanimously approved.

Dir. Kary moved to approve the September 23rd minutes. Dir. Graves seconded.

Dir. Ellis cited the September 23rd minutes for a question she had asked about if detail was provided for the Raftelis bill for \$16,000. President Essmann indicated that he would ask the general manager to make the inquiry. She pointed out that the board has not seen an itemized bill and still do not know what the \$16,000 was billed for.

President Essmann said that the current motion was about approving the September 23rd minutes.

Vote to approve September 23rd minutes: Motion unanimously approved.

Consent Agenda

Dir Ellis requests to separate item #6.

Dir. Ewalt moves to approve the consent agenda excluding item #6. Second by Erpenbach.

Vote to approve the consent agenda excluding item #6: Unanimously approved. Item #6 Stifel statement

Dir. Ellis mentioned a CD the Board has coming due on October 24th for \$250,000. She asks to move it to STIP.

Dir. Ellis moves to transfer the money in the CD maturing on October 24th and the balance of funds in the cash sweep account to STIP. Second by Dir. Erpenbach.

Public Comment:

Ming Cabrera advises against moving the money in the cash reserve as that account is for everyday expenses to be used at the General Manager's discretion.

General Manager Bo Andersson says the advantage of the STIP account is that you can withdraw from it as needed.

Vote to transfer the money in the CD maturing on October 24th and the balance of funds in the cash sweep account to STIP: motion passed unanimously.

Manager's report: Bo Andersson

1. Monthly Report (Pg. 28-62)

President Essmann asks about the Maintenance, Equipment, and Vehicles line item under Fixed Assets at \$956,966. He asks for the details on that item before the next meeting as it seems like an excessive amount of money to have for rolling stock.

Dir. Ellis asked about the Miscellaneous Water Revenue. \$542 vs \$20,200. She asks what goes into Miscellaneous water revenue.

Assistant Manager Josh Simpson explained that Miscellaneous Water Revenue mostly includes system development fees. Bo Andersson says it's not year to date. It's just a bump in September.

President Essmann asked Josh Simpson about the system development fees and if there is anything in the policies that would prevent someone who was planning on developing a lot in the next year or two from coming in and paying the fee. Joah Simpson confirmed that customers could pay ahead of time

Dir. Ellis asked if the Heights District is 55 fire hydrants short of what is legally required.

Bo Andersson says we do have those 53 fire hydrants; they are not on the grid map yet. There are also possible plans to paint them next year.

President Essmann asked about our retention liability if they don't work. What is the time period

when the 58 were installed and added to the system?

Josh Simpson explained that the last time the atlas was updated was two years ago and all the hydrants were checked.

Adam Kuchin mentioned that they are checking the hydrants systematically, not according to the online numbering system, so they have not yet documented it.

Dir. Ellis asked what Interstate Engineering did regarding the hydrants.

Bo Adersson asked Interstate how many hydrants the District needed to have for liability purposes. The number they came up with was incorrect.

Old Business:

a. Consolidation study – Committee report

Dir. Ewalt reported that:

As of yesterday, the City has relayed their comments and changes to the third party for the study. According to the current schedule, a rough draft will be provided to the committee by the end of November, and the tentative future schedule will be established by the end of January.

Bo Andersson asks to draft a press release to inform the public about this ongoing project and to tell them that we will release additional information as time goes on.

President Essmann agrees that this is not something that will be done without public input, information, and study.

Dir. Ellis says she would like to see a section on the website regarding the consolidation, so everything is in one place and easy to find.

President Essmann agrees that it would be a good idea and asks Bo Andersson to begin that project within the next couple of weeks.

Public Comment:

Ming Cabrera says this was supposed to be done in June and that the City is the one delaying the consolidation. He says we paid our bill, and the city didn't have to pay anything.

President Essmann says that the contract with the City details the share of the study that each party is required to pay, \$100,000.

b. Preferred Provider Study – committee report

Dir. Erpenbach discusses the intent of the preferred provider study, to look at the employer/employee medical insurance to see if there was anywhere we could cut costs. The insurance company has some new information and we will be meeting with them next week. They think there are some other options to look at.

c. GPS Vehicles Policy – Pg. (94-97) Resolution 049-25

Dir. Ellis moves to adopt Resolution 049-25. Seconded by Ewalt.

Bo Andersson says they reviewed most of the equipment and the policy is straightforward. He just wants to ensure that the policy is driven by operation rather than the Board. He says most utility companies our size have GPS systems.

President Essmann responds that it is not his intention to constantly monitor employees. President Essmann will refer issues to the General Manager for follow-up. Employees need to know it can be a defense.

Dir. Ewalt asks about a blank in the resolution, he says the Board should put a number in before signing.

President Essmann mentioned that they are waiting for an estimate, but Samsara said it should not cost more than \$75 per unit. He believes that \$1,000 should cover all vehicles.

GM Andersson asked Director Ellis about the contract. She clarified that it is a 3 year contract. We pay annually. If we consolidate with the city, the contract language allows cancellation.

Dir. Ewalt moves to amend the resolution to fill in the blank for \$1,000. Amendment approved by Dir. Ellis.

Director Kary asked if there is additional cost for each administrative access. Dir. Ellis said the platform is on line and is accessible to any employee with access at no additional cost.

Public Comment:

Ming Cabrera says that he believes \$1,000 is too much money.

Vote on the amendment to Dir Ewalt's motion to complete the blank to read "costs not to exceed \$1000 for installation of the equipment": Motion approved unanimously.

Move to consider the motion as adopted.

Public Comment:

Ming Cabrera disagrees with the Board director having access to the data collected by the GPS systems. He feels that this should be left to the General Manager to avoid micromanaging from the Board. He says the District hired good employees and we should trust them. He wants to remove the Board's administrative access from the policy.

Board Discussion

President Essmann responds that he has no desire to actively monitor the vehicles. He intends to consult with other entities to discover what reports they look at and use that information to choose some reports that will not be time consuming for him to review. If he sees something unusual, he can report it to the General Manager for him to address.

Dir. Graves agrees with Ming Cabrera that it should be the General Manager reviewing the data. He thinks we should strike "Board President" from the policy and insert "General Manager".

Dir. Kary says that the General Manager would also have administrative access to the data according to the policy. Both the Board President and GM will have administrative access.

President Essmann asks if Dir. Graves would be more comfortable if the words "data and" were struck, limiting the President to only reviewing reports.

Dir. Graves responds that he still thinks it is overstepping their position as Board members.

Adam Kuchin asks if Mr. Andersson could send the Board President GPS reports every month,

rather than the president having administrative access.

President Essmann says he is hesitant to add another step to the process.

Further discussion was had regarding who should have administrative access to the GPS data.

President Essman said the Board's role is to set the agenda and establish policy. What we are talking about is policy. This is not day-to-day. The Board reviews financial reports, etc. The policy is about establishing what reports we want to see.

GM Andersson believes the policy is out of line. Sends a signal to our team; the board is trying to implement for all the wrong reasons. President Essmann objected to the GM's value judgment.

Director Ellis supports the policy as written. The policy is unclear about how employees would receive copies of their vehicle reports. The system allows the reports to go directly to the employees but now they do not have District emails. Employees could get copies of the report from the GM or Assistant Manager. The GPS units monitor the engines and send notice about required oil changes or engine malfunction which may save maintenance costs. Dir. Ellis disagrees with the GM's analysis and supports the policy as written.

Dir. Kary moves to strike the words "choose, create, administer, or revise reports" from resolution 049-25 after which it would read "the Board President will have administrative access to review data and reports and refer issues identified in reports to the General Manager for investigation. Dir. Ewalt seconds.

President Essmann asks to keep the word "choose" in the resolution so he can choose the reports he can look at. If the GM has a problem with the reports selected, he can come back to the board.

Dir. Kary agrees with the change to his motion. Change accepted by Dir. Ewalt.

Public Comment on the motion to amend: None

Dan Viethaler says these proceedings seem odd. He thinks that monitoring day-to-day operations is under the General Manager's duties. The Manager would be able bring issues to the attention of the Board. He does not think it is necessary for the Board President to have administrative access.

Dir. Ellis points out that one of the reasons we went with Samsara is because they have so many options for prewritten reports. Samsara has a list of reports available that is 18 pages. The ability to choose reports is necessary. She mentions an employee who took their child to school every day for a year using a District vehicle. That could have put the District at risk from an insurance standpoint; typically the county does not allow anyone else in a District vehicle. She also clarified that the ability to revise is the ability to change what data is seen on the report, not the ability to alter the data itself.

Dir. Graves says that he does not believe that is relevant to the discussion of who is going to be in charge of the reports. He believes it should be the General Manager. He also reiterates that he does not want the Board to be micromanaging.

Vote to strike the words "create, administer, or revise reports" from resolution 049-25: Dirs. Ewalt, Essmann, and Kary approve. Dirs. Ellis, Erpenbach, and Graves oppose. Motion fails on a tie.

Dir Ewalt calls a question on the original motion.

Vote to cut off debate and move to final vote: Unanimously approved

Vote to adopt resolution 049-25 with the completed blank to reading “costs not to exceed \$1000 for installation of the equipment”: Dirs. Ellis, Erpenbach, Ewalt, Kary, and Essmann approve. Director Graves opposed. Motion passes 5-1.

President Essman gave his commitment to GM Andersson that if implementation of the policy creates operational issues, he should bring those to the board. GM Andersson this is another thing where the employees may disagree with the board. GM Andersson responded that this would not help the Board’s relationship with the team.

d. Discussion of AC pipe testing

Bo Andersson stated that a 16-inch line would not be worth the cost to install. It may also put in two new leak vulnerabilities. He says we should reconsider in around five years.

Dir. Ewalt asks if the General Manager already has the data back from Wicks and if they sent the findings to Ecologics.

GM Andersson says he does not believe we have, but it that would be helpful.

Dir. Ellis says that one of the things holding back the City from the consolidation consideration is that they are worried about the cost of replacing the AC pipes. She thought that Hilltop was one of the areas they had concerns about. Asks if we will have problems with the City if we do not go forward with the AC pipe replacement.

President Essmann says that there are several miles of pipes that are relatively stable. Every time we pull up some AC pipe we will continue the testing. We need to build a database of pipe integrity. The smaller pipes are a bigger problem because the walls are thinner.

e. Negotiations with City on Proposed FY2027 Rate Increase

Mr. Andersson says that we have concluded the contract with Raftelis to proceed with the work. It is a very detailed contract. It will be put in writing for the Board. Currently, it is very general, but within the week we will get specific.

President Essmann clarifies that Raftelis now supposed to develop their report and recommendations and provide the specifics to the Board in fifteen to twenty days.

Dir. Ellis asks if the contract will be sent to the Board and posted online.

President Essmann confirms that it will be.

f. Second Meter City Connection

Mr. Andersson discusses the three scenarios and explains what some of the depictions mean. He still recommends Scenario 1 which is the most cost effective. Recommends presenting information to the Consolidation Committee. Louis Engels recommended upsizing to a 16” T that will reduce the friction losses.

Director Ellis asked how the \$16 million on Task Order 31 relates to the second connection. GM Andersson said it is not related to the Second Connection.

Dir. Ewalt asks what size main pipe Inverness Lane has. Mr. Andersson says it is 8 inches.

Discussion was had regarding Scenario 1 and its viability. Dir. Ewalt recommended connecting at north end of Gleneagles with 24”. Interstate does not show any specific information about the vault size.

Dir. Kary moves to move forward with Scenario 1 with 16-inch tie ins. Second by Dir. Erpenbach. Scenario as the 8-inch line is too small.

Vote to move forward with Scenario 1 with 16-inch tie ins: Dirs. Kary, Erpenbach, Graves, and Essmann approve, Dirs. Ewalt and Ellis oppose. Motion passes 4-2.

g. Interstate Engineering Invoices.

Bo Andersson discussed a meeting he had with Interstate Engineering to review invoices. There were a few that were reduced, but some that he still found questionable. He recommends the board pay the invoices under protest. He also mentioned receiving two new invoices that will be reviewed thoroughly.

Dir. Ewalt makes a motion to pay the invoices, seconded by Dir. Graves. Dir. Kary states that he thinks they should be paid under protest.

President Essmann asks if Mr. Andersson discusses the conditions for presenting invoices with Interstate Engineering.

Mr. Andersson says he has discussed the monthly billing. He would like to send a formal letter to tell them that anything they bill us for must be task order or purchase order associated going forward. He suggested the board set up a committee or empower the Assistant Manager and GM to make suggestions for engineering firms the board interviews.

Director Ewalt makes a motion that we pay Interstate only for work completed and billed within 30 days. Dir. Graves seconds.

Dir. Kary recommends the motion include paying the invoices under protest and sending a letter with conditions as outlined by the General Manager for future invoicing. Accepted by Director Ewalt and Director Graves.

Dir. Ellis asks to amend the motion to stop paying for monthly reports. Director Ewalt accepts the friendly amendment. Dir. Graves accepts.

Public Comment:

Mike Macki mentions that he was in construction for many years. They resolved many issues by withholding 10% back from engineering firms. The Board reviews the work that was done before the final 10% is paid out to the contractor or engineering firm. This prevents the problems that the district seems to be having.

Vote to pay the invoices that have been on hold under protest, to be accompanied by a letter from the General Manager outlining the conditions in accordance with his report to the board for the payment of future invoices and directing them not to prepare further monthly reports: motion passed unanimously.

**h. RFQ for Audit for
FY2025 Resolution
048-25 (Pg. 87)**

Dir. Ewalt moves to approve Resolution 048-25, second by Dir. Ellis.

Bo Andersson suggests that we pass the Resolution for next year and take the time to do it right. He suggests putting together a Board committee. We are almost to November and the report is

due December 31st. The GM does not want to take one hour out of day to deal with an audit firm; recommends a board committee.

Dir. Kary says he thinks we need to pass the Resolution and that the General Manager should request an extension from the State.

Dir. Ellis mentions that she previously stated that all we must submit by the due date is our opening balances. Director Kary's recommendation is solid. She would like to see the RFQ go out.

Dir. Kary moves to amend the motion to include a request for an extension to the filing deadline, second by Director Erpenbach.

Vote to amend the motion: unanimously approved

Public Comment:

Ming Cabrera asks to clarify who will be doing the audit. Recommends staying with Summers McNea.

President Essmann responds that anyone can apply to do the audit.

Vote to approve Resolution 048-25 with an extension of time request to the state authority:

Motion passes unanimously.

New Business:

1. Annexation of 1012 Brandywine Lane (Pg. 80-82)

a. Resolution 045-25 (Pg. 83)

Dir. Kary moves to approve Resolution 045-25, Second by Graves. Dir. Ellis asks if they paid no fees.

Josh Simpson says there are no annexation fees.

Vote to approve resolution 045-25: Motion passed unanimously.

2. Customer Formal Demand for Reimbursement (09-23-2025) – Up-date

Bo Andersson defers the question to Josh as the event in question happened before his time with the district. Josh Simpson says it was likely a non-covered event under our policy. It has now resurfaced more than a year later.

Dir. Ellis mentions a similar instance the City had. None of the houses affected were reimbursed. President Essmann asks Josh Simpson what his recommendation is.

Bo Andersson says our policy states that an event like this is not covered, rather it should be covered by homeowner's insurance. The District's insurance agent has contacted the customer.

Dir. Ewalt moves for the general manager to respond to the request with a letter of denial. Dir. Kary seconds.

Vote for the General Manager to respond to the request with a letter of denial: motion passes unanimously

5. GM to prepare RFQ for Engineering Services Dir. Ewalt moves for the General Manager to prepare RFQ for Engineering Services to be brought forward in November for discussion. Second by Dir. Erpenbach.

Vote for the general manager to prepare RFQ for Engineering Services to be brought forward in November for discussion: Motion passed unanimously.

3. Resolution to appoint Committee to Review Employee Handbook. Dir. Ellis moves to approve Resolution 046-25. Second by Dir. Kary

Vote to approve Resolution 046-25: Motion unanimously approved.

4. Cultural assessment interviews - Proposal by Associated Employers (slide to the next meeting)

a. Resolution 047-25 (Pg. 86)

Dir. Ewalt makes a motion for discussion. President Essmann makes a substitute motion to defer Resolution 047-25 until the November meeting. Second by Dir Kary. Motion approved unanimously.

Announcements:

November Board meeting will be @ 6:00 pm on November 19th, 2025

Corrected minutes approved.

A handwritten signature in blue ink, reading "Carolyn B Bakker", written over a horizontal line.

Board Secretary, Carolyn B Bakker