



COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Board of Directors Meeting Minutes

February 19, 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; the agenda 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 for the meetings or at the public's request. The public can access and view the agenda packet online and print them.

CALL MEETING TO ORDER: President Doug Kary called the meeting to order at 6:00 PM.

WELCOME AND INTRODUCTIONS

Board Members present: Doug Kary, Frank Ewalt, Tom Zurbuchen, Ming Cabrera (Zoom) Jeff Essmann (Zoom), & Greg Erpenbach
Suzie McKethen (Board Secretary)

Staff Members present: Bo Andersson and Adam Kuchin

Also present: Evelyn Pyburn (YCN), Dianne Crees, Pam Ellis and John Kaderavek

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. The President will acknowledge the Public once the motion is 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, identify themselves by name, and limit their comments to three minutes. Each speaker will have one opportunity to speak on any 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.

PUBLIC COMMENT on Non-Agenda Items: Read by Doug Kary

Any member of the public may be heard on any subject that is not on the agenda. Comments are limited to three minutes. You may speak once. The board will not take any action on items at this time but may choose to add the item to the agenda for the next scheduled board meeting.

PUBLIC COMMENT:

Two guests did not make comments because they were regarding agenda items.

MINUTES:

Tom asked to have Item #6 (Annexation) under New Business be removed because the documents were not included in the packet. Frank seconded. Motion passed 6-0.

No discussion.

Minutes from January 14 Consolidation meeting: Tom asked about no minutes being included from the Consolidation meeting that was held January 14. There was lengthy discussion about the Open Meeting Laws and the training the board received by Dan Clark; which entity is to take minutes; and if the CWDBH board members present at the Consolidation meetings are considered a quorum. Doug called for a motion to discontinue the Consolidation Committee. No motion made. Bo said they had gotten the minutes that morning.

Bo previously emailed the board the documents from the Open Meeting training Dan Clark did for the board members which included photos of the overheads. Bo will resend.

Public Comment:

Pam Ellis commented that regardless of legality, the City does keep minutes of sub-committee meetings.

Minutes from January 15 board meeting: Jeff Essman would like to make a motion to correct the minutes. Jeff emailed the correction to the board regarding the last sentence in the Managers Report to read as follows: "Jeff reported that he contacted the law firm of which the person who was reported to have sent the message to determine if in fact, that person had been the source of the message. Jeff was informed that firm was not the source of the Facebook message." Jeff stated that this type of information should not be made public until the authenticity has been verified. Such communications can place the District in legal jeopardy. He believed that was a faithful rendition of the recording of the minutes. Greg seconded the motion.

Discussion: Tom could not support the change unless someone has reviewed the tape. If we are going to go verbatim, it needs to be backed up by the tape. Jeff would withdraw the motion if Director Zurbuchen would allow Jeff to bring it back to the next meeting after he had time to review the tape.

Motion and Vote: Doug asked if Jeff would withdraw the motion, and do a substitute motion to take the board minutes for January 15 for approval in March? Jeff said so moved. Frank seconded. No discussion. Motion passed unanimously.

Frank questioned Item 2 in the minutes under Old Business - Consolidation Study Update. Not much has been happening except trying to get all the information needed. Minutes were also included from the February 5th meeting.

Motion: Doug made a motion to approve the January 5th Special meeting (should be February 5th). Greg seconded. Tom did not attend that meeting so he would abstain from voting

Discussion: Pam commented on the January 15 minutes regarding Interstate Engineering report and the minutes stated they would respond to Lou and Pam's written comment, but they did not respond. Bo said he would follow up and didn't. The other question was why we were paying Interstate to send pipe off for testing. Also, on page 5, Bo stated MOU should be changed to MOA. Pam stated the Resolution states MOU even though it is written correctly as MOA, which wasn't corrected. The Resolution is written correctly, but it is named incorrectly on the website.

Motion and Vote: Doug stated there was a motion and second to approve the minutes from February 5th Special Meeting. Motion carried unanimously with Tom abstaining.

CONSENT AGENDA:

Motion and Vote:

Tom made a motion to approve the Consent Agenda. Frank seconded. No discussion. Motion carried unanimously.

MANAGERS REPORT:

- Staff remained the same. We did see frozen pipes with colder temperatures.
- Non-Revenue water: Buy X and Sell Y. Bo stated water sold for previous years has been fairly consistent. The inconsistency has come from the water purchased. The City has been informed that we suspect something could be wrong with the meter at Swords Park/Walter Pump Station. Bo wrote a non-revenue water policy. AWWA outlined a strategy for water loss. Frank and Bo met with Louis (City). Louis said it would only take a couple of days for installation. Heights Water has volunteered to pay approximately \$16,000. The meter could be connected to our Scata system.
- Financials: Bo pointed out \$174,000 which is part of the Capital Improvement Plan (CIP). It sits there until it is capitalized. Once it is capitalized, it becomes an asset.
- Education and Training: Adam and Josh will be attending the Rural Water School in March. Josh will be presenting the Echologic report at the school.
- NW Transmission Line: Bo will address that under the agenda item.
- Expenses: Water purchased is the highest expense. Meter repair is next. The salary budget is higher than last year because we now have a GM salary. Bo said our expenses are within the budget guidelines. Doug questioned page 17, Payroll Taxes (Item 149) and asked if they are paid quarterly? Frank clarified where they are on the line items.
- Empty lot to the south of our building: Mark Wright would like to build there and asked Bo about a 40' of right of way. There is no other access to the lot. Bo will provide what Mark proposes so the board can review. Tom mentioned that the owner knew the property was land locked.
- New meter for Walter Pump Station: The meter would be in the City's building, they would install and own it. Everything is prepped to go. We are waiting on the information to be provided from Jennifer. Bo estimates \$16,000 for the meter, and another \$16,000 for the Scata System. The Scata System is important so we can see usage 24-7. We would like to have our own Scata System independent from the City. Frank asked if we were paying for the installation or just the meter? Bo stated they hadn't talked about that, but their policy is to have the customer pay for the meter. They purchase and install. Bo also asked for Heights Water to have a key to the building. Greg suggested getting a written agreement to include who owns and maintains the meter. The track record with the City has not been very good. Bo went over the specs of the meter we currently have. The new meter would be a Mag meter that has no moving parts and told the specs of the meter. It would be a win-win for both entities.

Public Comment: Mr. Kaderavek commented there is a weeping wall at Two Moon Park to see where the water is going. Also, when the servicemen go to the Water School, they could check out newer options for GPR.

OLD BUSINESS:

1. **Consolidation Study Update:** Frank and Bo met with the City. There are 25 requests by the consolidation firm. Heights Water has completed all requested items but the City has not. One of the items the consultant asked for the District invoicing for a 12 month period (water sold, cost etc.) to determine the payment tiers, and then how that would dovetail into the City's rate structure. Frank commented that this is the minutes from the meeting yesterday. We are less expensive than the City. Frank thought at the next meeting the consultant would have a report with the District's information.

Public Comment: Dianne Crees stated that most of the customers in the District do not know about the possibility of a consolidation with the City. The Board is supposed to represent the rate payers, and why wasn't there some communication? She also asked who initiated these talks and why? What benefit would it be to Heights Water customers? Doug explained that we don't know yet what the benefit would be until we have the facts, then the Board would notify the public. It was a board decision. She asked if we went to the City? It was not a consolidation. What the board approved was to explore possibilities. Jeff stated that Dianne made a good point. When the study is done, we do need to do some written communication.

Pam Ellis stated that the reason Heights Water rates are lower is because the City has been collecting funds for the West End treatment plant.

2. **NW Transmission Main PER Update:** We had a meeting with Interstate Engineering to review a 128 page proposal. The growth in the Heights for the last five years has been slow. The PER is to identify the projects. We have to look at the budget vs cost components. It would be beneficial for the future of Heights Water. We would like to present this proposal to the Board on March 5 at 5 p.m. at Interstate Engineering. Public notice March 7 and March 14; and a public hearing at the District office on March 19. Environmental March 19. Bo will send a copy of all the dates. A vote would be April 16 meeting. If the board and public approve, we will start the design process April 17. Tom suggested moving the meeting on March 5 from Interstate's office to the District office at 6 p.m. Ming suggested having a Zoom link for the meeting. Jeff asked if they have updated the cost of construction (the pipe and the labor). Bo answered the numbers were for the complete buildout. The proposal is for a section of it, which would be half of the price.

Public Comment: Pam stated the March 5 meeting has to be noticed and open to the public.

NEW BUSINESS:

Item 1: CWDBH Internal Financial Policies and Targets (Resolution 006-25): Bo stated it important to have a guide for the budget process, cash management, internal controls, and debt/equity ratio.

Motion and vote: Tom made a motion for approval. Greg seconded. No discussion by the board.

Public Comment: Pam noticed a typo on page 26: 1.8 (Liquidity Target) – maintain a current ratio of at least 1:5 not 1.5. Bo stated it is not a typo. She noted the policy states that you only invest surplus funds in low risk-guaranteed funds, which is not what we do. Pam said if we adopt this, the funds can not stay in Stifel – money market because that money is not guaranteed. The CD's are. The other

comment was that the policy states we will follow Montana law. Pam said Montana Law states what you can invest in.

Jeff stated he did not like the word guarantee in this policy. I could prohibit us investing in Montana Short Term Investment Pool (STIP). From a technical standpoint, those funds are not guaranteed. They have done well for the District, are available in 48 hours, and he would hate to lose the ability to invest in those funds.

Motion: Jeff made a substitute motion to adopt this policy but strike the word guarantee. Ming seconded. There was discussion about the word guaranteed, and FDIC insured. Doug repeated the motion and Jeff added the words to the original motion: “and adopt the policy”. Vote: Passed unanimously.

Item 2: CWDBH Purchasing Policy (Resolution 010-25): Bo explained the policy for Capital Improvements greater than \$7,500 to be submitted and approved by the board with more than one bid. Jeff thanked Bo for doing all the work on the policies.

Motion: Jeff made a motion to adopt Resolution 010-25. Tom seconded.

Public Comment: Pam did not care for the statement “the final quote will be presented to the board for approval.” This does not comply with Open Meeting Laws. The board would need to see all the bids. Doug made a clarification that the General Manager would present the recommendation, but all bids would be available to the board for review. Pam would like the wording clarified. Discussion was had about the board being part of the operations. Greg recommended acknowledging bids.

Vote: Doug called for the vote on accepting Resolution 010-25 as written. Motion passed unanimously.

Item 3: CWDBH Building Improvements – Garage heater (Resolution 007-25): We would like to purchase of ceiling mounted infrared heater that was originally intended to be installed when the building was built. The price is \$3,487 plus installation. Adam commented there would be a benefit to operations. Doug would be a no vote because he would like more bids.

Motion: Tom made a motion for approval. Ming seconded. Discussion to was to state the total cost of \$6262 to the resolution. Ming stated the price is realistic. Would there be a warranty? Frank asked when it would be installed? We don’t need it right now. Adam commented that Comfort Heating has heater in stock.

Public Comment: None.

Vote: Motion carried with one nay.

Item 4: CWDBH New meter reading equipment (Resolution 008-25 and Item 5: Cellular Endpoints: Bo said our equipment is 15 years old. There is a lot of time spent getting re-reads manually which are all around the District. Bo would like to separate the District into two sections. The technology would be updated and more efficient.

Motion: Tom made a motion to approve the request. Greg seconded.

Discussion: Frank asked if the reads come directly to the office? No, the servicemen drive around the district. Bo explained the other proposal included is the Cellular Endpoint which would allow us to read the meters via cellular means. Frank asked what the major cause of mis-reads was? The batteries in the meters last 20 years. Jeff asked will this be needed for the long-term plan? Bo stated the long-term plan to be phased in over several years. The first phase is \$30,000, cellular, no trucks, read when we want.

Motion and vote: Jeff made a motion to postpone consideration of this resolution until the next meeting. Frank seconded. (Clarification that the motion is for Resolution 008-25.) Vote 5 for; 1 against.

Item 6: Possible Annexation: Item tabled.

Item 7: Finishing Touches janitorial service contract renewal (Resolution 009-25: We received a 20% price increase. This item would fall to the General Managers duties.

Discussion: Frank asked if we don't accept Finishing Touches bid, who is going to clean next month, do we have a contract with them, and do we have notification of cancellation. Greg suggested a contract for a two-year term might get a price break, and to add a cancellation clause. Also, we need to include the schedule of activities. Jeff felt this would be a great exercise from the Purchasing Policy standpoint.

Motion and vote: Frank made a motion to leave this up to Bo as the manager and to see if he can fit it into the office budget. Doug seconded. Motion carried unanimously.

Meeting adjourned at 8:58 pm

March 5 Work Session at the District Office with Interstate Engineering presenting NW Transmission and PER at 6:00 p.m.

Next Board meeting Wednesday, March 19, 2025 at 6:00 PM

Board Secretary, Suzie McKethen

Board President, Doug Kary