



COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Special Board Meeting Minutes

DATE: June 2, 2026, Noon, MST

Board Room, County Water District of Billings Heights, 1540 Popelka Dr. Hybrid Meeting

Vice President Doug Kary called the meeting to order at noon after Director Erpenbach had led the Pledge of Allegiance. Board Secretary Carolyn Bakker conducted roll call. Directors Kary, Ellis, Erpenbach, Ewalt, and Graves were present, and a quorum was established. President Essmann joined the meeting via Zoom shortly thereafter. Also in attendance were Interim General Manager Blaine Oborn, Assistant Manager Josh Simpson, and Board Secretary Carolyn Bakker.

Vice President Kary welcomed the guests and read the President's Remarks on the conduct of the meeting. Community members present included Mary Dietrich and Ashley Stewart and Travis Zeilstra via Zoom. Vice President Kary asked if any of the guests wished to make comments at that time and no comments were offered.

Approval of Agenda

Director Ewalt moved to approve the agenda and requested adding an item to the agenda to discuss how to set up interviews for the General Manager position. Director Ellis seconded the motion to approve the agenda as amended. The motion passed unanimously, and the item was added under New Business.

New Business

Procedure for interviewing the Candidates for the General Manager position.

GMP, the firm that has been conducting the recruiting search for the General Manager position, has identified suitable candidates. They are requesting a meeting be set up to interview the candidates. Director Ewalt made the motion to set up an Executive Session of the Board for Tuesday, June 9, at 1 pm. The interviews will be conducted by the Board and coordinated GMP via the internet. This session will include the entire board and be posted. No action will be taken at this meeting. Director Ellis seconded the motion. The motion passed unanimously.

Consideration of Proposed Rate Study and Rate Adjustments

- ***FCS Presentation: FY 2027 Water Rate Analysis***

Chris Gonzalez and Angie Hammerich of FCS presented results of the Water Rate Analysis, that their firm had been contracted to prepare by the Board. The report was the annual review of rates and help the Board determine the rates for the 2027 Fiscal year and plan for the expected rate increase from the City of Billings. During this presentation they covered Study Background, Goals and Process, Revenue Requirements Forecast and Water Rate Structure Analysis. Montana State law requires that this analysis is reviewed annually.

At the conclusion of the presentation, IGM Oborn presented to the Board specific proposals for a rate structure based on the information provided in the analysis. The rates proposed were increases of 24%, with variations between the three options. Director Ellis commented that at a recent City of Billings meeting, it was mentioned that the proposed rate increase might be 28.4%

in contrast to the 28% that had been used for the analysis. She wanted to know if this difference would have a material impact on the analysis that had been presented. IMG Oborn recommended keeping with the current options. Mr. Gonzalez stated that corrections could be made in the future if necessary.

IGM Oborn offered explanation of the proposed Water Special Fees and Charges. These include such items as Connections, Fire flow fee, Tapping fees, Hydrant meter/Construction fees, etc. IGM Oborn pointed out that the proposal includes adopting a late fee on past due accounts. This fee would be 1.5% of the outstanding balance and be assessed when the account is 20 days past due. Currently, there isn't a late fee. The meter would be shut off after failure to pay for 60 days. The purpose of this fee is to encourage the customer to pay on a timely basis.

Director Ellis raised a question about the Tapping fee and Hydrant/Construction Meter moving fees and why they were different than the rate the City charges. Directors Ewalt & Ellis recommended matching the City's rate. IGM Oborn clarified the while there wasn't a rate listed for tapping in the City's rate numbers, they do charge for the service, but it was bundled into another fee and wasn't a simple matter to separate it out.

There was a discussion about the difference in the fees charged for Construction meters that are installed on fire hydrants for construction projects. The current fee was less than the City's and separate fees for relocating the meter or removing it. Director Ewalt made a motion to keep the fee at \$65 and remove the removal fee. Director Erpenbach seconded the motion. Director Ellis stated that she would prefer to match the City's rate for Hydrant meter addition and relocation. Director Kary made a substitute motion to charge \$70 as a compromise for either installation or relocation. Director Ellis seconded the motion. The motion passed unanimously.

Mary Deitrich, a community member, asked about the convenience fee that is charged to the customer that uses a credit or debit card to pay their water bill. She was under the understanding that such a fee could not be assessed on debit card transactions. IGM Oborn explained that those fees are to cover the cost charged by the card processing company. He will research the question on whether debit cards are exempt from such fees and report to the Board.

IGM Oborn asked if there were any other questions regarding the proposal. As there were no other questions, he suggested that the Board proceed to making a decision as to what option they were adopting. Director Graves made the motion to adopt Option C. Director Erpenbach seconded the motion. Director Ellis stated that she is opposed to a tier system for the Commercial and Multi-family categories. Director Ewalt told the group that in the past, the tier systems were meant to encourage the consumer to conserve their water usage. Director Ellis explained her opposition that the customers in those categories would have difficulty controlling the usage and would be pushed up to the higher rate. President Essmann stated that since he is a Bulk Rate customer, he would recuse himself from the vote on the current motion. Director Ewalt made the motion to remove the Bulk Rate from the current motion. Director Graves seconded the motion. The motion passed unanimously.

A vote was called on the motion to pass the adoption of Option C as amended and excluding the Bulk Rate fees. A roll call vote was conducted and passed 5 to 1, Director Ellis voting no.

Director Ewalt made a motion to adopt the Bulk Water Resale rate as listing in Option C. Director Erpenbach seconded the motion. The motion pass five to zero, with President Essmann abstaining.

Director Ellis made a motion to modify the Fire line fees to 55% of city rate. Director Erpenbach second the motion. The motion passed unanimously.

Director Ewalt made the motion to adopt *oxx Resolution of Intention to Increase District Water Rates, Fees, and Changes Pursuant to MCA § 1-13-2275*. Director Erpenbach seconded the motion. Motion passed unanimously (5-0). Director Graves ask Vice President Kary to be excused from the remainder of meeting. Vice President Kary excused him and verified that a quorum was still established by verifying that President Essmann was still in the meeting. This resolution began the process of public notice of the intent to increase the rates and fees for fiscal year 2027.

Director Ellis asked if in the mailing to the public regarding the intent to increase rates, instructions for using the on-line bill pay system could be included. It was agreed that that information should be in a newsletter rather than public notice.

The meeting was adjourned at 1:32 pm.


Carolyn B. Bakker, Board Secretary