



## **COUNTY WATER DISTRICT OF BILLINGS HEIGHTS**

### **Board Meeting Minutes**

DATE: May 20, 2026, 5:30 pm

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

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Vice President Kary led the Pledge of Allegiance. President Essmann called the meeting to order at 5:30 p.m. Board Secretary Carolyn Bakker called the roll. Directors Kary, Graves, Ellis, Ewalt, and President Essmann were present. Director Erpenbach was absent and excused. A quorum was established. Interim General Manager, Blaine Oborn, Board Secretary Carolyn Bakker were also in attendance.

President Essmann welcomed the guests and read the President's Remarks on the conduct of the meeting. Community members in attendance were Evelyn Pryburn (Yellowstone County News), Tom Zurbuchen, Ming Cabrerra, Dominic Neameyer and Butch Bailey.

#### **PUBLIC COMMENT**

President Essmann invited guests to comment on items not listed on the agenda.

Ming Cabrerra expressed concern about the relationship between the Board and District employees. He requested that the Board be nice to the staff members. These people are working hard. They are the people that make this place go and are the people in front of customers. He noted that the proposed budget did not include a cost-of-living increase for staff. No comment was made by the Board.

#### **APPROVAL OF AGENDA**

Director Graves made the motion to approve the Agenda and Director Ewalt seconded the motion. The motion passed unanimously.

#### **PRESENTATION FROM GMP CONSULTING ON ORGANIZATIONAL ANALYSIS**

Steve Clark of GMP, gave a brief overview of the analysis that had been prepared for the District regarding the District's organizational structure, leadership and staffing levels relative to its workload and service expectations. The study identified several areas in the operation of the District and its ability to serve its customers that could be improved and offered solutions for improvement. (The complete report is available on the District's website.)

President Essmann asked Mr. Clark for more detail regarding strategic planning. He replied that the District lacks a comprehensive plan that would help identify and plan for the future. A comprehensive risk-based plan would help the Board prioritize projects.

Ming Cabrerra asked if the plans by earlier boards had been considered in the preparation of the report. Mr. Clark replied that they had been reviewed in the process of preparing the report.

## **APPROVAL OF MINUTES**

Director Ellis made the motion that the minutes of the Regular Meeting, April 15, 2026 and of the Emergency Meeting May 6, 2026, be approved. Director Kary seconded the motion. The motion passed unanimously.

## **MANAGER'S REPORT**

IGM Oborn gave an overview of his progress on the various tasks he had been assigned. He explained that he color code items on his report to help the reader identify the status of a task at a glance. He has also implemented some accounting coding changes that will make the financials easier to understand and improve the budget process. He has also been working with the auditor to correct various entries to clear up issues on the Balance Sheet.

In his report, he noted that the non-revenue water is running a little higher than projected. IGM Oborn is going to further study the issue and asks for the topic to be put on the agenda for a future meeting.

He reported that he has already implemented some of the recommendations from the Organizational Analysis. A key item was that he has been conducting staff meetings following Board meetings. These meetings are useful in communicating management and the Boards directives.

The Directors were offered the opportunity to ask questions of the IGM. Director Ellis noted that the first hearing on the Rate Study was tentatively scheduled for June 3 at 5:30. She requested that the time be changed to 6 pm. The Board agreed that making that change is acceptable. A work session will be scheduled for June 27 for a presentation of the Rate Study by FCS to the Board. No action will be taken at that meeting.

Director Ellis asked IMG Oborn for clarification of why our turn-off rate is so high. She noted that 228 Shut off notices had been sent out during the prior period and 47 accounts were on the shut off list. The City of Billings, with over 36,000 accounts, averages around 50 shut offs per month. IMG Oborn indicated that he was going recommend that a late fee be implemented as part of the new rate program to encourage prompt payments.

Director Ellis mentioned that she still can't access online bill pay and is concerned that other customers are having the same experience. IMG Oborn offered to research the issue.

In the Manager's Report, IGM Oborn requested a review of the Employee Manual. Director Ellis recommended consulting the original committee, noting that its

members had spent many hours updating the manual and could offer valuable insight.

### **CONSENT AGENDA:**

- Balance Sheet
- Revenue Budget VS Actual Query Report
- Expenditure Budget vs Actual Query Report
- Investments
- Stifel Statement
- Montana Board of Investment (STIP)
- Payment of Bills
- Previously approved and paid bills

Director Kary moved that the Consent Agenda be approved, and it was seconded by Director Graves. Director Ellis asked if the Bridgewater CD was transferred into STIP. IMG Oborn replied that the process is in place that it happens automatically as required by the Board's Resolution. She also complimented the IMG and staff for the addition of descriptions of the bills being presented for payment. The motion was passed unanimously.

### **OLD BUSINESS:**

#### **CONSOLIDATION STUDY COMMITTEE REPORT**

Director Ewalt reported that the committee met three times. At the meeting with the City of Billings, they reviewed a report that presented different scenarios of what consolidation might look like. During those discussions, the City brought up that they wouldn't be receiving any additional income since the District is already buying water from the City. The report stated that the potential liability from the District may be larger than previously identified. City would like an updated CIP before they proceed with any other negotiations. President Essmann asked that the proposed leak detection devices are compatible with the City's services.

Director Graves expressed that the city's proposals are heavily biased to the city and for example, they rated the life expectancy of the District's pipes at the lower end of the scale. President Essmann stated that the completion of the CIP will help both parties negotiate better. We expect and deserve parity.

Director Kary asked if there would be a work session to respond to the Nexxus report. He stated that there are several items that need to be addressed. President Essmann suggested that a work session be scheduled after the CIP is completed in the fall. Director Ellis expressed her concern that the City's report was flawed.

#### **Public Comment:**

Tom Zurbuchen expressed his option is that the City is unfairly passing their expenses that do not benefit the rate payers into the District. Ming Caberra also expressed concerns about the Boards handling of the potential consolidation. He accused the Board of lying to

the community about the Height District customers paying the same rate as City residents. President Essmann disputed that claim.

## **NEW BUSINESS**

### **FY 2027 BUDGET PRESENTATION**

- *FY 2027 Proposal*
- *0xx-26 Resolution Adopting FY 2027 Budget*
- *Pg 56- Summarized the budget.*
- *Pg 57- Revenue Analysis - Based the budget using the forecast and projected rate increase.*

IMG Oborn gave a recap of the budget he had prepared for Fiscal Year 2027. He highlighted key areas in the budget. As part of the budget process, several of the recommendations for the Organizational Study have been implemented.

He reviewed the revenue forecast and mentioned that the revenue forecast is also used in the rate calculation process. As part of the budget process, IGM Oborn identified expenses would be easier to track when in separate accounts. A category for Board of Directors was added with sub-accounts for Director Fees, Consulting (Board Secretary), Travel and Training.

Administrative and Service Salaries, as per the Budget Committee's direction, did not include a Cost-of-Living Increase. Overtime was added as a separate line item. He advised the group, that the budget is a guideline and the Board has the ability make changes to the budget as needed.

Under the Water Department, the Salary Serviceman was budgeted at current level of four servicemen and supervisor. After discussions with staff, it was determined that with a staff of four, there wouldn't be enough personnel to properly staff construction projects much of the time. Filling the position would add about \$100,000 to the budget. An alternative would be to contract construction projects similar to what other similar entities do.

Other items of note were adding a budget item for Leak Detection, additional budget for postage to add quarterly mailings to the customers, and cellphones.

Director Ellis expressed her appreciation of the format that IMG Oborn used for the budget, making it easier to understand. President Essmann asked how tracking of the budget will work and how modifications to the Budget will be handed. IMG Oborn recommended reviewing the budget quarterly and make adjustments as needed. President Essmann asked that the IMG and Board Secretary coordinate getting the quarterly reviews scheduled.

Director Ewalt made the motion to approve the budget as presented and commended the IGM Oborn for his efforts in preparation of the budget. Director Ellis seconded the motion.

### **COMMENTS FROM PUBLIC:**

Ming Caberra commented that the what the District is paying the General Manager is being paid is more than the staff. Additionally, he raised concern about maintaining the current staffing level and the use of contractors. Tom Zurbuchen asked the District retain the field staff rather than using subcontractors. He raised the issue of having contractors potentially doing live taps on the system. It has been the policy of the District that only employees do live taps.

Director Ellis reminded the group that the budget being proposed does not reduce the current staffing. The motion passed unanimously.

*President Essmann paused the meeting for a five-minute break.*

### **ADOPTION OF TASK ORDERS FOR WORK BY MORRISON-MAIERLE**

- *Task Order 2.0 Hydraulic Modeling*
- *Task Order 3.0 Miscellaneous tasks*
- *0xx-26 Resolution Approving Morrison-Maierle Task Orders*

Director Kary made the motion for the Adoption of Task Orders for Work by Morrison-Maierle. The motion was seconded by Director Graves. IMG Oborn explained that the task orders for Hydraulic Modeling include the CIP and miscellaneous items that might come up. He further explained during the three to four month period while they prepare the Hydraulic Modeling, they won't be able take on the modeling required for the current projects that are needed to serve the Districts' customers.

Director Ellis noted that the task orders call for an Owner's Signature in several places. She made a motion to change Owners' Signature to CWDBH. President Essmann brought to her attention that the document identifies that "Owner" is designated to mean CWDBH. There was no second to the motion. A vote was taken on the original motion, and it passed unanimously.

### **APPROVAL OF TASK ORDERS FOR SUBDIVISION REVIEW BY INTERSTATE ENGINEERING**

- *High Sierra Subdivision 23<sup>rd</sup> filing*
- *843 Bench Boulevard*
- *659 Lincoln Lane*
- *0xx-26 Resolution Authorizing Task Orders Required to Serve Customers*

Director Ewalt made a motion for the Approval of Task Orders for Subdivision Review by Interstate Engineering. The motion was seconded by Director Kary.

IMG Oborn explained the need for this resolution. The use of Interstate Engineering for completing the studies required for High Sierra, 843 Bench

Boulevard and 659 Lincoln Lane and the ability to use them on a limited basis until the migration to Morrison-Maierle is complete.

Director Ewalt stated that this task order calls for using the services of Interstate Engineering to accommodate the needs of a developer to proceed with their plans. He asked the representative from Sanbell for details on the time frame for their development. He would prefer not to spend any more money with Interstate Engineering.

President Essmann stated that the developer has requested a meeting with the Interim General Manager and himself to discuss the matter. Dominic Neameyer of Sanbell Engineering gave an overview of the engineering report that was prepared for this project. He noted that resolution stated that the cost was not to exceed \$93,000. Mr. Neameyer suggested that that may be a little low. It was recommended to add 10%. Mr. Neameyer stated that there are several builders that are ready to build. He stated that time frame for when the homes would be completed would be about a year from now. Director Ewalt recommended that the study be delayed until Morrison-Maierle's hydraulic study has been completed.

IGM Oborn told the group that Interstate Engineering has completed the work and the district has a duty to serve the customers. Director Ewalt stated that Morrison-Maierle may come up with different results when they complete their hydraulic modeling and that he was opposed to spending any additional money with Interstate Engineering. Director Ellis made mention that Interstate is using older software that isn't being used by other firms.

The vote on this resolution passed, Directors Kary, Graves and President Essmann voted yes, and Director Ewalt and Ellis voted no.

### **APPROVAL OF COMMITMENT TO PAY FOR COST OF UPSIZING IN HIGH SIERRA DONE AT DISTRICT REQUEST**

#### *0xx-26 Resolution Approving High Sierra Upsizing*

President Essmann made the motion to adopt the resolution with the amendment to change the \$93,000 to not to exceed to \$101,000. Director Ellis seconded the motion.

Ellis asked if this resolution passes the cost of future development to the current customers. IMG Oborn mentioned that a Development fees help offset those expenses and should be considered in the future. Director Ellis stated that the District doesn't currently have Development fees.

Director Ewalt asked that the decision on this be postponed until there was a map to clarify the request. President Essmann asked if there was a map available. IMG Oborn brought in a map for the board to review. A roll call vote was conducted and motion passed unanimously.

**PROPOSED REVISION OF BOARD AND MANAGER POLICIES  
DOCUMENT ON ADMINISTRATOR PRIVILEGES**

*0xx-26 Resolution Revising Board and Manager on Administrative Authority*

President Essmann prepared document to update the Board and Manager Policies to reflect the Resolution passed last month. He sent his draft to the attorney, who made modifications. Director Ewalt made the motion to approve the resolution; it was seconded by Director Graves. Director Ellis made a substitute motion to change the work “trustees” to Board of Directors in the document. Director Ewalt seconded the motion and the motion passed unanimously.

**ITEMS FOR FUTURE BOARD MEETINGS**

President Essmann recommended keeping the June agenda relatively small.

Agenda Items:

Rate Case

Ellis Requested:

Report on Bank Card rewards

Verify that 1099's had been issued to prior board secretaries

Do we need to report milage to IRS

Is retirement plan legal

**Announcements:**

Rate Case Work Session May 27, 2026, 6 pm

Proposed Initial Rate Case Hearing, June 3, 2026, 6 p.m.

Next Board Meeting: June 17, 2026, 6:00 p.m.

**ADJOURNMENT Time: 7:56 pm**



**Carolyn B. Bakker, Board Secretary**