



FORT SMITH WATER & SEWER DISTRICT
Meeting Minutes-Friday, September 15, 2023 @ 1:00pm

-OPENING – ROLL CALL- Alan Shaw called the meeting to order @ 1:39 pm on September 15, 2023. The meeting was held in person and via phone conference; call in number was 1-408-650-3123, Access Code: 488-963-861; Board members attending: Alan Shaw, Katie Steele, Tom Becker, Jim Hyde, and Steve Saville; Employees attending: Sandy Kust & Josh McCraw; Engineers attending via phone: Chris Hayes and Trish Bodlovic; Public attending: none;

-APPROVAL AUGUST 25, 2023 MEETING MINUTES- Motion by Ms. Steele, 2nd by Mr. Hyde to approve the August 25, 2023 minutes as printed; motion carried unanimously;

-BILLS/BOOKKEEPERS REPORT- Mr. Becker presented the treasurers report and stated the income is low due to meeting being so early in the month: income for the month: \$4,870.87; expenses for the month: \$9,073.54; total in checking account is: \$64,102.23; total in CDARS CD: \$29,976.00. Motion by Mr. Becker to pay the bills, 2nd by Dr. Shaw, motion carried unanimously;

-DELINQUENT REPORT- Currently there are currently 3 past due accounts in the amount of 319.44, these 4 accounts all have their water turned off;

-FORT SMITH COMMUNITY FOUNDATION-ALAN SHAW PRESENTING- Dr. Shaw continues to seek funding with foundation granting agencies, he has had 2 reasonable responses and may be joining another group that has more opportunities for what the District is seeking not only for the District but for the entire community of Fort Smith;

-ANNEXATION OF PROPERTY INTO DISTRICT-BUSZMANN- A public meeting was held, the Board of Directors passed Ordinance 8-15-2023 was passed unanimously, and the Notice of the passage of the ordinance approving the annexation will be sent with out with the bills. The ordinance approving the annexation will be effective one month after such notice is mailed unless a petition requesting an election on the annexation is filed with the District during such one month period and is signed by 40% or more of the members of the District. The property owners have until October 4, 2023 to sign a petition to reject the boards decision and request an election on the annexation;

-WATER BOND PAYMENT FOR NEW USERS-THOSE BEING ANNEXED)- No action was taken on the System Development Fees, however, this will stay on agenda until resolved, the board is making progress as all are in favor of using the square footage for these fees, however completed methodology is not complete and has not been adopted. Steve Saville reviewed the System Development Fee document again, which states “System Development Fee” means a reimbursement fee, an improvement fee or a combination thereof assessed or collected at the time of increased usage of a capital improvement, at the time of issuance of a development permit or building permit, or at the time of connection to the capital improvement.

The water system was brought into service on July 30th 2012. The bond payment & projected life of the system is 40 years. Fort Smith water system completed its 11 year, July 30th. Useful life of the system has 29 years left.

Dr. Shaw asked Mr. Saville to have the information and methodology for property coming into the District by the next meeting. Mr. Saville will take into consideration whether or not property that is annexed into the District should also have a fee included for the previous 11 years that current members have already paid, such as the Bond Reserve and Short Lived Assets (equity in the system).

-WASTEWATER PROJECT

1. FUNDING STATUS: Dr. Shaw reintegrated the budget shows the construction amounts for schedule 1 and schedule 2 of the wastewater project and the District has received \$6,426,452 in grant funding and working with Dorsey & Whitney on the bond to pay back the loan in the amount of \$2,759,000, making the total funding package \$9,185,452.00. The loan will be a 30-year loan. Dr. Shaw is hoping the contingency funds which are part the loan, will not be used and loan money could be given back to the State Revolving Fund which would lower the loan amount the District needs to borrow.

Dr. Shaw updated the board members on the MDES grant that Trish, RPA Engineering, is completing for the wastewater project and hoping to turn in application in November of 2023, and stated the MDES grant, if successful, would pay for the reclaiming of the lagoon site, which would also lower the loan amount the District would need to borrow. Dr. Shaw stated regular conference calls with funding agencies continues to take place;

2. WASTEWATER PROJECT UPDATE/UPDATE ON RPA ACTIVITIES:

Chris Hayes, RPA Engineering, reviewed the bids to be awarded for schedule 1 and schedule 11 for the Fort Smith Sewer Upgrades. The Low bidders for each schedule were:

Schedule I Base Bid and Additive Alternate 1

Western Municipal Construction, Inc.
5855 Elysian Rd,
Billings, MT 59101
Bid Amount: \$3,512,642.50

Schedule II Base Bid

Prospect Construction, Inc.
2605 W Broadway, Suite B
Missoula, MT 59808
Bid Amount: \$3,295,901.20

Chris stated the District can now award the Schedules Base Bids and Additive Alternate 1 of the project as the Site Title Opinion is completed and the Tribal Historic Preservation Office (THPO) permit is in place. He also stated the timeline will be 240 days for Schedule I Base Bid and Additive Alternate 1 and 270 days for Schedule II Base Bid.

3. UPDATE ON TRIBAL ISSUES-LEASE, HISTORIC PRESERVATION- Dr.

Shaw received the Tribal Historic Preservation Office (THPO) permit from the Crow Tribe which was required to have in place in order to obtain the rights of way agreement from the Crow Tribe. Dr. Shaw continues to work with the Crow Tribe and Agri Leasing on a new lease for the drain-field.

4. SITE TITLE OPINION- Dr. Shaw stated the site title is completed and has been reviewed and approved by all funding agencies and now the award to the contractors is able to be completed.

5. AWARD TO CONTRACTORS FOR SEWER PROJECT- Ms. Steele made a motion to award the contract to Western Municipal Construction, Inc. for the bid amount of \$3,512,642.50 for Schedule I Base Bid and Additive Alternate 1 and Prospect Construction, Inc. for the bid amount of \$3,295,901.20 for Schedule II Base Bid, 2nd by Mr. Saville, motion carried unanimously;

6. SPECIAL ASSESSMENT-EXHIBIT A-BOND RESOLUTION- The board adopted: Resolution 8-8-2023 the “Resolution of the Fort Smith Water and Sewer District, Montana; Declaring It to be the Intention of the District to Undertake Certain Improvements to the District’s Wastewater System; and to Undertake to Authorize Special Assessments to Finance the Costs Thereof and Incidental Thereto through the Issuance of Special Assessment Bonds; and Calling for a Public Hearing Thereon” which passed unanimously. Property owners were mailed information regarding the resolution, which detailed costs per lot, tract, or parcel to be assessed, total funding received which includes both grants and loans, and details for property owners to protest the project, this protest period ended on September 11, 2023 @ 5pm. The District was going to hold a public hearing to review protests on September 15, 2023 @ 5pm at the Big Horn Baptist Church, however the public meeting was cancelled due to some of the property owners that “Forever Merged” their properties were not updated at Bighorn County. The District held an informational meeting instead. Most of questions were on the annexation and wanting to know what type of housing would be put in and how much the annexed property will be paying towards the water project when annexed into the District. It was also stated that a petition to protest the annexation is going around to stop the annexation from happening. Other questions were regarding how the assessment will work and if assessment will be adjusted as property comes into the District, and will vacant land in the District boundaries that currently has a sewer tap if sewer line will be reconnected during the construction project as property owners stated they are considered benefited and part of the assessment that their sewer line(s) should be reconnected. Another question was is the sewer line will be replaced all the way to the house or just to the property line. A property owners asked if the assessment would increase if there are project overruns and not enough money with grants and loans.

The board stated the assessment would be reevaluated as property is hooked up which will make all assessments lower and will contact engineer regarding hooking up sewer lines in vacant property that currently have sewer lines. The board stated the sewer lines will be tapped in on the property line and not go all the way to a home. It was also stated the budget contains contingency funding in case of construction cost overruns, the contingency funds are in the loan, so if the contingency funds are not needed the loan will be less, making the assessments less. The board asked the public attending the meeting if they would attend informational meetings if some of the board members held a meeting once a month or quarter and a few of the public members thought this was a good idea. It was also noted the protest period ended on September 11, 2023 and 3 protests were received.

Dr. Shaw stated the Special Assessment for the bond will not be adopted after the meeting, due to some of the “forever merged” properties not being updated at the County, he stated the Special Assessment for the bond is on hold until further notice. The property owners will be mailed the updated cost for assessment and also the updated protest period once the bond attorney reevaluates the total properties to be included in assessment, which should be in October or November.

-SEWER RATE INCREASE: Mr. Becker stated he is proposing the possibility of using a step rate for the water system, which the more water you use the more you will pay for water and wastewater as usage for sewer charges will be based upon water used. The rate increase will need to be looked at

again due to the increased operation and maintenance (O&M) costs, especially with the anticipated O&M for the wastewater to increase by \$55,000 yearly, and increased insurance costs which are \$22,000 yearly and this cost may go up once wastewater project is completed. Mr. Becker will review rates again and present a scenario at the next meeting.

-OPERATOR REPORT- Josh continues to monitor the rail cars to ensure all are flowing well. Josh attended training classes in September regarding the meter reading device as well as the meters to learn all the different options the meter reading device is capable of doing and the different reports, he is able to review. Josh also stated everything else is going well, he is working with Todd on both the water & wastewater systems, and the chlorine residuals have been staying right where they need to be.

-OCTOBER MONTHLY BOARD MEETING- To be October 27, 2023 @ 1pm

-PUBLIC COMMENTS- None

-ADJOURN MEETING- Meeting adjourned at 3:07PM