



FORT SMITH WATER & SEWER DISTRICT
Meeting Minutes-Friday, February 16, 2024 @ 10:00 AM

-OPENING – ROLL CALL- Alan Shaw called the meeting to order @ 1:00 pm on February 16, 2024. The meeting was via phone conference; call in number was 1-224-501-3412, Access Code: 643-154-325 ; Board members attending: Alan Shaw, Katie Steele, Jim Hyde, Bryen Venema and Board member attending via phone: Steve Saville; Employees attending: Sandy Kust and Josh McCraw; public attending: Eric Anderson;

-APPROVAL JANUARY 19, 2024 MEETING MINUTES, JANUARY 19, 2024 PUBLIC HEARING MEETING MINUTES- Motion by Mr. Hyde to accept the meeting minutes from January 19, 2024 both the regular meeting and public hearing as printed, 2nd by Mr. Venema; motion carried unanimously;

-FINANCIALS/BILLS- Mr. Saville presented the treasurers report for February 2024. Total expenses: \$11,112.92; income: \$21,879.60; checking account balance; \$88,823.48 + CDARS \$29,976.00; total: \$118,799.48.

Discussion took place regarding putting in solar panels for the aerators and the spray irrigation system as this would cut down on the electrical bill. Josh also said electric is more when it is cold out as he has to heat and circulate the water in the tank and also heaters in office and he also had to put heat tape on the water lines in the office to keep from freezing. Dr. Shaw will visit with Chris Hayes, RPA Engineering, regarding possibility of converting some of the electrical into solar.

Motion by Mr. Saville to pay the bills, 2nd by Dr. Shaw, motion carried unanimously;

-DELINQUENT REPORT- Currently there are 11 accounts that are past due, totaling \$5,904.21; the water is turned off on 6 accounts and 5 accounts have been sent delinquency letters for turn off of services on February 29, 2024 if not paid by this date;

-PUBLIC COMMENT: Eric Anderson stated that pushing towards solar power is worth while looking into instead of all electric power.

-WASTEWATER PROJECT

1. WASTEWATER CONSTRUCTION PROJECT UPDATE: Schedule 1 which is the collection system is ahead of schedule and schedule 2 which is the lagoon site will be starting back up once the weather is not so cold. Schedule 1 (the transmission lines) may have to shut down and wait until the lift stations and lagoons are completed. The rail cars and old lagoon will continue to be used until the lift stations are up and running and lagoon is functional.

Dr. Shaw stated the engineers are anticipating the wastewater project to be completed and functional by the end of summer or early fall. Dr. Shaw stated once this happens the District will need to sell the 1 acre lot the District owns. The old lagoon will be reclaimed and then sold; however the project may be put on hold as District is waiting to hear from FEMA if the grant to reclaim the old lagoon is successful or not. The contractors were working on line behind church and Trout Shop, and had to put in a bypass pump to keep sewer flows going into the lagoon until project is completed; however while they were doing this sewer was backing up and contractors found that Nemont had buried the phone line on top of sewer pipe and Nemont must have hit the line and broke it, therefore Western Municipal had to replace about a 12' section of pipe which was not in the original bid price and will have to be paid using contingency funds.

2. WASTEWATER PROJECT REIMBURSEMENT REQUEST: Sandy presented the reimbursement request in the amounts:

Western Municipal Construction Pay App #4 – Total - \$543,486.74

EDA - \$309,446.04

SRF Loan - \$234,040.70

Montana Department of Revenue (Western Pay App #2) – Total \$5,489.77

SRF Loan - \$5,489.77

RPA Invoice 19802_15 – Total - \$41,590.71

RRGL - \$1,876.11

District Funds - \$210.77 (for the FEMA Application)

ARPA - \$39,503.83

Sandy stated these drawdowns were presented to the funding agencies and approved and will be presented for reimbursement. Motion by Dr. Shaw to accept the drawdown requests as printed, 2nd by Ms. Steele, motion carried unanimously;

MT COAL BOARD GRANT: Eric Anderson has given Dr. Shaw information regarding the MT Coal Board Grant with the MT Department of Commerce. Dr. Shaw has contacted Paul Greene, Department of Commerce, regarding the application for the MT Coal Board Grant which could potentially be used towards the Wastewater Project. Dr. Shaw will set up a meeting with the Big Horn County Commissioners to discuss a potential application.

-SYSTEM DEVELOPMENT FEES: A committee consisting of Steve Saville, Jim Hyde, Bryen Venema, and Eric Anderson have met and put together a methodology and formula for the System Development Fees, Mr. Hyde stated the only part of the resolution that need to be changed was the 10 = number of previous years that can be added per MCA code as this is not listed in any MCA code that the committee could find. Mr. Hyde stated the District will charge the fee by using the square footage of a lot, tract, or parcel as determined by the MT Department of Revenue and multiple by the cost per square foot: \$0.0350734964, this will determine the cost per year x 10 years + remaining life of the loan which is expected to be July 2052 minus \$1,600.00. Mr. Hyde also stated the \$1,600 to be credited towards a reimbursement of the parts needed for the water service/connection.

Draft Resolution System Development Fees is as follows:

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of the Fort Smith Water and Sewer District, Big Horn County, Montana (the "District"), as follows:

Section 1. Water Service. Except as otherwise provided herein, water service shall be granted by the District to any prospective customer who has participated in the cost of the construction for the base system with which the customer's installation is to make connection at the point of delivery.

Section 2. System Development Fee. The Board of Directors of the District proposes the imposition of a system development fee for lots that are subsequently annexed into the District pursuant to its authority under Section 7-13-2301 of the Montana Code Annotated. Such system development fee shall be determined in the following manner:

When a lot is annexed into the District, the Board of Directors of the District shall use the square footage of a lot, tract, or parcel as determined by the MT Department of Revenue and multiple by the cost per square foot: \$0.0350734964 this will determine the cost per year x 10 years + remaining life of the loan which is expected to be July 2052 minus \$1,600.00.

A = square foot of lot

0.035073464 = \$ multiplier

B = remaining life of loan in years

10 = number of previous years ~~that can be added per MCA~~

\$1,600 = credit applied to cost of materials necessary to install hookup

$$[(A * \$0.0350734964)(B + 10)] - \$1,600.00 = \text{fee}$$

All system development fees may be applied to the remaining balance of the special assessment bond at the date of the next scheduled bond payment or may be used for the payment of additional improvements to the system. No system development fee shall be used to reimburse a lot owner for any special assessments that such lot owner has paid in connection with the issuance of the special assessment bond used to finance the Fort Smith Water & Sewer District Water Improvement Project, and no system development fee shall be used to pay operating and maintenance expenses for the system.

When annexing lots into the District, the Board of Directors shall follow the requirements that are outlined in Section 7-13-2341 of the Montana Code Annotated.

Section 4. Connection Fee. All costs associated with the water line connection to be made from the District's main line to the newly annexed lot/parcel/tract will be the responsibility of the lot owner(s) including all water service pipe, corporation stop or valve, curb cock, curb box, meter box, or pit, back flow prevention device, pressure reducing valve, inside piping, appliances, and other apparatus on customer's side of the point of delivery, except the District's water meter and any other equipment owned by the District.

Section 5. Participation Fee. Lot owner will be charged a one- time fee of \$598.90 which is to be applied to a reserve account for improvements to the system as well as be charged a \$750 Fee as each connection/ system development service is established to offset the public works (operator) inspection and administrative costs associated thereof.

Section 6. Payment of System Development/Connection/Participation Fees. The base system participation or development fee shall be due and payable when the lot/parcel/tract is annexed into the District and there is a hook up of such lot/parcel/tract to the base system. The District shall prepare a

bill that is payable by the lot/parcel/tract owner(s). All bills for base system participation, tap, and impact fees shall be due and payable upon receipt. If a bill is not paid within twenty (20) days of the billing date, a late payment penalty of five percent (5%) of the amount due will be charged. If the entire bill, including any late payment penalty, is not paid within sixty (60) days of the billing date, the lot owner's entire account shall become delinquent and due in full within ten (10) days of the delivery of a written notice of delinquency. The District has the authority to discontinue service for non-payment.

A public hearing on the proposed fees, rates and charges will be held on _____, commencing at _____ PM, at the Bighorn Baptist Church in Fort Smith, Montana. Comments may be given orally at the hearing or submitted in writing to the Fort Smith Water and Sewer District, P.O. Box 7596, Fort Smith, MT 59035 before 10AM on the date of the hearing.

Further information about the proposed rate increases may be obtained by contacting Alan Shaw, Board Chairman, at (406) 551-3101.

The District will hereby published a copy of a notice of the passage of this resolution in the Bighorn County News, a newspaper of general circulation in the District, on the two dates of _____ in the form and manner prescribed by law, and mailed a copy of said notice to all customers of the system at least 7 days and not more than 30 days prior to the public hearing.

Due to the concerns made by Eric Anderson this resolution will not move forward until more discussion is made by the committee and brought up at the next meeting.

-OPERATOR REPORT- Josh continues to study and review the strong chlorine smell coming from some homes and is going to be turning up the amount of chlorine going into the system as not sure if he is reaching breakpoint chlorination which is complicated. Josh will be taking an online class to better understand total, free and breakpoint chlorination. Josh has also been communicating with MT DEQ and they have been sending information on chlorine and how to reach breakpoint chlorination which ensures the chlorine is working correctly.

Sandy stated that RPA Engineering is giving a presentation on the wastewater project at the MT Rural Water Conference. Sandy will send Dr. Shaw the information on this class.

-POLICY FOR MULTIPLE HOOKUPS ON 1 PROPERTY POLICY/CROSS CONNECTION- This is tabled until the spring of 2024.

-SEPTIC DRAINFIELD UPDATE: Dr. Shaw stated he has reached out numerous times to the Tribe regarding the drain field lease and as of the meeting he did not have an update. Dr. Shaw stated there is not anything noted in any of the documents regarding remediation.

-FEBRUARY MEETING: March 15, 2024 @ 9am

-PUBLIC COMMENTS- Eric Anderson asked how the Board will provide merits of the \$1,600.00 credits that are being offered in the fee for annexed property, as the public would probably like to hear the rational for giving this credit. Eric Anderson also stated if someone currently in the District boundaries that has been paying the assessment fee and decided to subdivide their property would not get a \$1,600.00 discount and new owner would have to pay full price for the parts to hookup.

-ADJOURN MEETING- Meeting adjourned at 11:00 AM