



FORT SMITH WATER & SEWER DISTRICT

Meeting Minutes-Friday, June 28, 2024

-OPENING – ROLL CALL- Alan Shaw called the meeting to order @ 9:00 AM on June 28, 2024. The meeting was held in person and via phone conference; call in number was 1-224-501-3412, Access Code: 331-879-469; Board members attending: Alan Shaw, Katie Steele, Steve Saville, and Jim Hyde; Employees attending: Sandy Kust and Josh McCraw; public attending: Steve Hilbers, Dorthy Zinky, Bonnie Evans, and Devin Beal and attending via phone: Jeff Buszmann, Chris Hayes and Eric Anderson;

-APPROVAL OF MAY 23, 2024 MEETING MINUTES- Motion by Mr. Saville to accept the meeting minutes from May 23, 2024 as printed, 2nd by Dr. Shaw; motion carried unanimously.

-FINANCIALS/BILLS- Mr. Saville presented the treasurers report for June 2024. Expenses: \$10,752.16; income: \$28,257.00; checking account balance: \$100,551.74 + CDARS \$29,976.00; total: \$130,527.74. Motion by Mr. Saville to pay the bills, 2nd by Mr. Hyde, motion carried unanimously.

-DELINQUENT REPORT- Currently there are 10 accounts that are past due, totaling \$6,001.03; the water is turned off on 9 accounts and 1 account have been sent delinquency letter for turn off of services on July 30, 2024, if not paid by this date. Sandy has sent letters to delinquent customers informing them the past due amounts will be put on taxes if not paid.

SPECIAL ASSESSMENT: Sandy continues to work with the MT Department of Revenue to update the water Special Assessment as there are a lot of changes do to the Forever Merging of properties and changing of square footage on these lots.

-PUBLIC COMMENT: Bonnie Evans stated the contractors are doing a great job by continuing to spray water on the roads to keep the dust down.

-WASTEWATER PROJECT

- 1. WASTEWATER CONSTRUCTION PROJECT UPDATE:** Chris Hayes, RPA Engineering, held a progress meeting with the contractors and stated the lagoon liner is in and has been tested, remaining work in the alley ways will be completed, lift stations will be tested, the force main will be installed to the lagoon and then be tested, currently working on access road to lagoons, will be conducting a test by pumping from lift stations to fill lagoons and install and test aerators, project is anticipated to be completed in September or October of this year.

Jim Hyde asked if the new sewer system will have surge protection on the lift station and on electrical at the lagoon site, Chris will check to ensure surge protection is in place. Katie Steele stated the topsoil and seeding of the alley ways was to be completed in May and it still is not finished, Chris Hayes stated the topsoil and seeding will be completed in a few weeks. Chris also stated the asphalt on highway is completed.

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

Prospect Construction Pay App #4 – Total - \$233,508.19

SRF Forgiveness - \$233,508.19

Montana Department of Revenue (Prospect Pay App #4) – Total \$2,358.67

SRF Forgiveness - \$2,358.67

Prospect Construction Pay App #5 – Total - \$829,092.67

Big Horn County - \$665,152

ARPA Competitive - \$163,940.68

Montana Department of Revenue (Prospect Pay App #5) – Total \$8,374.67

ARPA Competitive - \$8,374.67

Sandy stated these drawdowns were presented and approved by the funding agencies for reimbursement.

-IMPACT FEES: Devin Beal, Midwest Assistance Program, attended the meeting to review the methodology used to establish the amount for the Impact Fees:

Fort Smith WSD Impact Fee Methodology

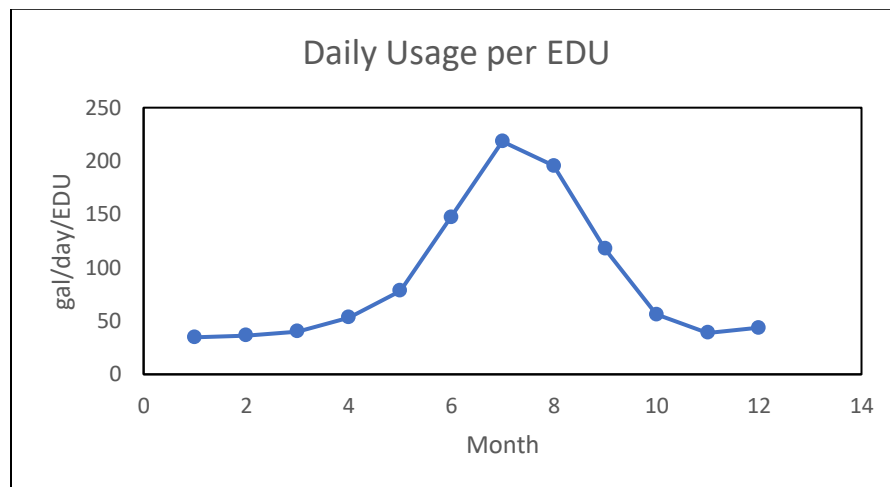
Impact fees are implemented to recover the capital costs associated with providing increased capacity for new growth and development. Impact fees are not used to fund improvements required to address deficiencies or operation & maintenance expenses. The impact fees are calculated by determining the level of service (LOS) for existing customers and determining the capacity of the system available to support additional growth. This is done on an equivalent dwelling unit (EDU) basis. The Fort Smith Water and Sewer District underwent a large-scale water system improvement project in 2012. The following was provided by the District.

	Lifetime (yrs)	Cost
Treatment Plant	> 40	\$ 4,380,000
Tank Upgrades	20	\$ 105,945
Pumps	20	\$ 60,000
SCADA	20	\$ 5,500
Chlorine Pumps	15	\$ 9,000

Well	Peak Production (gpm)
FS1	125
FS2	150
FS3	100

Yearly water Usage (gal)	5930000
Peak Monthly Usage (gal)	1200000
Average Monthly Usage (gal)	494167
Current EDU's	234.58
Peaking Factor	2.4
Daily summer usage per EDU (2019-2022)	125

Initially, the current level of service was calculated. This is generally done using the average water usage per day. In addition, it is generally accepted to add 10% to account for non-revenue water. However, Fort Smith has higher than typical seasonal operating impacts due to tourism, fishing, etc. The District must be able to provide the level of service provided in the summer, therefore, it is more accurate to use the daily summer usage, May to September, to calculate the level of service. Using water usage data from 2019-2022, the average summer daily usage was found to be 125 gallons per day per EDU.



$$LOS = \left(\frac{125 \text{ gallons}}{\text{day} - \text{EDU}} \right) (1.1) = 138 \text{ gallons per EDU per day}$$

The next step is to determine the permitted capacity of the treatment plant. The District's wells are capable of pumping 375 gallons per minute at maximum capacity running simultaneously. However, the District's water rights are limited to 295 gallons per minute, up to a total of 146 acre-feet per year. As shown below, converted to similar units for ease of comparison, the treatment capacity is limited by the total volume permitted by the water rights.

$$\text{Permitted Flowrate} = (295 \text{ gpm}) \left(\frac{1440 \text{ min}}{\text{day}} \right) \left(\frac{365 \text{ days}}{\text{yr}} \right) = 155,052,000 \text{ gallons per year}$$

$$\text{Permitted Volume} = \left(\frac{146 \text{ ac} - \text{ft}}{\text{yr}} \right) \left(\frac{43560 \text{ ft}^2}{\text{acre}} \right) \left(\frac{7.48 \text{ gal}}{\text{ft}^3} \right) = 47,571,005 \text{ gallons per year}$$

Further, the permitted volume was used to determine the permitted daily usage. The plant capacity at daily demand was then calculated using the peaking factor. This is done to ensure that the system does

not exceed the permitted capacity during peak flow. Using the capacity at Daily Demand and the Current Daily Demand, the capacity available for growth was found to be 70%.

$$\text{Permitted Daily Usage} = \left(\frac{47,571,005 \text{ gal}}{\text{yr}} \right) \left(\frac{\text{yr}}{365 \text{ days}} \right) = 130,332 \text{ gallons per day}$$

$$\text{Capacity at Daily Demand} = \left(\frac{130,331 \text{ gal}}{\text{day}} \right) \left(\frac{1}{2.4 \text{ peaking factor}} \right) = 53,671 \text{ gallons per day}$$

$$\text{Current Daily Demand} = \left(\frac{5,930,000 \text{ gal}}{\text{yr}} \right) \left(\frac{\text{yr}}{365 \text{ days}} \right) = 16,247 \text{ gallons per day}$$

$$\text{Capacity Available for Growth} = 53,671 \text{ gpd} - 16,247 \text{ gpd} = 37,425 \text{ gpd}$$

$$\text{Percent of Capacity Available for Growth} = \frac{37,425 \text{ gpd}}{53,671 \text{ gpd}} = 70\%$$

New customers cannot be held to a higher level of service than existing customers. Using the level of service of 138 gallons per EDU determined previously, the number of EDU's supported by growth was determined. This is the number of new customers the District may add without exceeding the permitted capacity. It is noted that the physical capacity of the system exceeds the permitted capacity, and the District could support additional EDU's without further capital investment if it were to obtain additional water rights. However, additional water rights are unlikely to be granted until the district nears full buildout of the current permitted capacity.

$$\text{EDU's Supported by Growth Capacity} = \left(\frac{37,425 \text{ gal}}{\text{day}} \right) \left(\frac{\text{EDU} * \text{day}}{138 \text{ gal}} \right) = 272 \text{ New Growth EDU's}$$

Finally, the impact fee was calculated by taking the portion of the cost allocable to growth (70%) divided by the growth EDU's. The impact fee per EDU is shown below. Current customers have been paying for the capital improvements for 12 years. Therefore, the cost allocable for growth has an additional factor to account for the fact that only 12 year worth of the cost can be applied to growth customers. Lastly, state law allows for an administrative fee of 5%. The final impact fee is \$12,102 per EDU.

$$\text{Impact Fee (Treatment Plant)} = \frac{(\$4,380,000)(0.7)}{(272 \text{ EDU's})} = \$11,243 \text{ per EDU}$$

		Lifetime (yrs)	Cost	Cost allocable to Growth	Fee per EDU
	Treatment Plant	> 40	\$ 4,380,000	\$ 3,054,151	\$ 11,243
Capital Improve ments	Tank Upgrades	20	\$ 105,945	\$ 44,325	\$ 163
	Pumps	20	\$ 60,000	\$ 25,103	\$ 92
	SCADA	20	\$ 5,500	\$ 2,301	\$ 8
	Chlorine Pumps	15	\$ 9,000	\$ 5,021	\$ 18
Total Impact Fee per EDU					\$ 11,526
5% Admin Fee					\$ 576.29
Final Impact Fee per EDU					\$ 12,102

Devin Beal explained the District is only using 30% of the available water capacity, which leaves 70% available for new customers, and he figured out the level of service using the higher water usage months over a 9 year period. Steve Hilbers stated the original project included the hookup to the house (construction) as well as all the supplies (corporation stop, service line, meter pit, meter, curb stop, and hydrant) and does not think new construction should be liable for these charges or the capital improvements as new customers have never used any of these capital improvements. Questions regarding the capital improvements also was discussed and if the capital improvements that are listed could be considered operation and maintenance items, also the project consisted of grants and loans and why are the fees figured out using total project costs and not just the loan portion? Devin explained this is only the first draft, he will put together another methodology using the loan and taking out the capital improvements and then both methodologies can be discussed at the next meeting.

This document will be reviewed by the County Attorney before formally adopting.

Devin stated once the sewer project is completed, he will work with the committee to establish a methodology for sewer impact fees.

-OPERATOR REPORT- Josh continues to work with contractors on the wastewater project and worked with MT Septic to pump out a manhole and remove the plug until Western Municipal could fix pump, attended the progress meeting with Prospect and RPA. Josh stated the lagoons have been lines and leak tested, the road to the lagoon is near completion. Josh also mowed District properties, completed Lead Service Line Inventory, installed a new meter pit, read meters, took monthly bacti sample and VOC samples, completed the CCR report, updated the website and issued the leak report. Josh has been training John on both the water and wastewater systems and stated John is planning on going to the MTDEQ Fall Water School in October to get certified in water. Josh stated Devin Beal will be assisting him to GIS the entire District in the fall.

-RESORT TAX UPDATE AND COMMERCE DEPARTMENT SPECIAL

COMMITTEE- Katie Steele stated the resort tax and commerce department special committee are completely separate issues from the Water/Sewer District. Katie will give an update on the resort tax later this year. Katie, the Department of Commerce and Bighorn County have submitted an application for \$2.7 million to purchase property in Hardin for a Visitor Center which businesses

could rent, revenue could be used to pay employees to give information for things to do and for businesses and websites.

-CUSTOMER COMPLAINT REGARDING EXTRA METER CHARGES AND CREDIT NOT SUFFICIENT: Discussion took place again regarding customer wanting full reimbursement for his delinquent bill that was put on the taxes as he did not use the water and could not have water turned on until delinquency was paid in full. Previously the board voted unanimously to give a \$200 credit on account, and after discussing again the customer had 2 water meters, 2 sewer connections, and did not ever contact the board to terminate one of the services, and according to the policy manual if you have a meter you must pay a base rate. Motion by Katie Steele to deny request for additional reimbursement and must pay base rate, 2nd by Dr. Shaw, motion carried unanimously.

-ANNEXATION OF PROPERTY IN DISTRICT BOUNDARIES-LOT WITH HOME ALREADY BUILT- The District board has been approached by property owners the currently have a septic system and cistern and would like to annex property into the District boundaries. Discussion took place regarding the policy manual as policy states you must have both water & sewer, however the board stated the applicant must do the following:

1. must complete annexation application
2. pay all costs involved with impact fee
3. pay monthly base rate
4. have an inspection conducted prior to annexation application and then annually thereafter by a someone certified in septic systems
5. must pay sewer special assessment
6. sewer hookup fee would be waived until such time septic system fails and must hook into the sewer

Motion by Dr. Shaw that applicant must complete annexation application, pay all costs involved with the impact fees, pay a monthly base rate, have an inspection conducted prior to annexation application and then annually thereafter by a certified septic inspector, pay the sewer special assessment, and waive sewer hookup fee until such time when sewer service is requested, 2nd by Ms. Steele, motion carried unanimously.

NEW BUSINESS:

JULY MEETING- July 26, 2024 @ 9am.

-ADDITIONAL PUBLIC COMMENTS- Bonnie Evans stated the policy manual needs to be changed to reflect the changing for annexation.

-ADJOURN MEETING- Motion by Mr. Hyde to adjourn meeting, 2nd by Dr. Shaw, meeting adjourned at 11:22 AM