



**FORT SMITH WATER & SEWER DISTRICT**  
**Meeting Minutes-Friday, August 25, 2023 @ 1:00pm**

**-OPENING – ROLL CALL-** Alan Shaw called the meeting to order @ 1:00 pm on August 25, 2023. The meeting was held in person and via phone conference; call in number was: 1-872-240-3212, Access Code: 743-574-245; Board members attending: Alan Shaw, Katie Steele, Tom Becker, Jim Hyde, and Steve Saville; Employees attending: Sandy Kust & Todd Query and attending via phone: Josh McCraw; Engineers attending via phone: Chris Hayes and Trish Bodlovic; Public attending: Jeff Buszmann, Paul Fitzgerald, and Dan & Gayle Elser;

**-APPROVAL JULY 28, 2023 MEETING MINUTES-** Motion by Mr. Saville, 2<sup>nd</sup> by Dr. Shaw to approve the July 28, 2023 minutes as printed; motion carried unanimously;

**-BILLS/BOOKKEEPERS REPORT-** Mr. Becker presented the treasurers report, income for the month: \$27,017.08; expenses for the month: \$29,966.56; total in checking account is: \$65,543.21; total in CDARS CD: \$29,976.00. Mr. Becker stated the extra bills included are \$2,500 to Agri Leasing for work on the Tribal lease, \$5,647 to First West for a yearly payment for Officers and Directors Insurance, \$4,051.00 which is 3 months of Liability and Equipment Insurance, and \$940.00 for Josh to attend training on meter reader devices. Tom stated the insurance has almost quadrupled due to not being a part of the State Coop insurance anymore. Motion to pay the bills by Mr. Becker, 2<sup>nd</sup> by Dr. Shaw, motion carried unanimously.

**-DELINQUENT REPORT-** Currently there are currently 4 past due accounts in the amount of \$3,939.16; These 4 accounts will be turned over to the MT Department of Revenue to be put on taxes for collection;

**-FORT SMITH COMMUNITY FOUNDATION-ALAN SHAW PRESENTING-** Dr. Shaw stated the Fort Smith Community Foundation has received the 501C3 status, and the purpose of the foundation is to support, enhance and improve the community of Fort Smith. Dr. Shaw stated the board members are Judy Becker, Roger Hile, and himself and they are looking into applying to a variety of grants for projects and to keep funding the sewer project improvement. Dr. Shaw stated the Fort Smith Community Foundation is independent of the District and has nothing to do with the District.

**-ANNEXATION OF PROPERTY INTO DISTRICT-BUSZMANN-** A public meeting will be held tonight, August 25, 2023 @ 5pm to review the annexation application with the public, a letter went out with the billing to customers informing users of the public meeting as well as advertising the public meeting in the newspaper 2 times.

**-WATER BOND PAYMENT FOR NEW USERS(THOSE BEING ANNEXED)-** 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 30<sup>th</sup> 2012. The bond payment & projected life of the system is 40 years. Fort Smith water system completed its 11 year, July 30<sup>th</sup>. Useful life of the system has 29 years left.

As it pertains to properties brought before the board for annexation...

**\$1,218,000 x 72.5% life left = \$883,050**

**1,332,174 sqst.+(4 acre x 43,560) 174,240 sqft.=1,506,414**

**.58619344 x 174,240 = \$102,138 for 4 acres.**

**15 lots at \$6,809**                      All figures are approximate

Additionally, a one-time “System Impact Fee” may be considered to recover the additional costs such as but not limited to: Costs of the system operator monitoring the installation and connection of any new customer, future costs of system operator reading additional meters, costs of secretary/auditor establishing and monthly billing, increase use of materials: chemicals, filters, testing etc. (a copy of document is on file with District records).

Dr. Shaw asked Steve Saville and Tom Becker present to try and have information and methodology for property coming into the District by the next meeting. Tom Becker stated new property coming into the District needs to also pay a fee for the previous 11 years that current members have already paid, such as the Bond Reserve and Short Lived Assets. Tom and Steve will continue to work on the methodology for System Development Fees and present to the board in the next few months. The methodology needs to be set up to address current users wanting to be hooked up to water as well as future users wanting to be annexed into the District.

## **-WASTEWATER PROJECT**

**1. FUNDING STATUS-PRESENT SHORTFALL AND POTENTIAL SRF LOAN AMOUNT AND UPDATED BUDGET AND DRAWDOWN REQUEST-:** Chris Hayes, RPA Engineering, reviewed the budget which now shows the construction amounts for schedule 1 and schedule 2 of the wastewater project. Chris stated the District has received \$6,426,452 in grant funding and will need a 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. The budget also shows all the contingency funds are in with the loan, Chris is hoping the contingency funds 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.

Trish, RPA Engineering, stated she continues to work on the MDES grant for the wastewater project and hoping to turn in application in September or October of 2023.

Dr. Shaw stated regular conference calls with funding agencies continues to take place;

## **2. WASTEWATER PROJECT UPDATE/UPDATE ON RPA ACTIVITIES/RECOMMENDATION FOR CONTRACTOR BIDS-**

Chris Hayes, RPA Engineering, stated Fort Smith Water and Sewer District received bids for the Fort Smith Sewer Upgrades – 2023 project on July 13, 2023. 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 cannot award either of the Schedules Base Bids and Additive Alternate 1 of the project until the Site Title Opinion is completed by the attorney for the District, however once this is complete he recommended the District award the contract to the low bidders. The District has 75 days from the date of the bid opening to award bids, which is September 25, 2023 and it is estimated the project will take 240 construction days for Schedule I Base Bid and Additive Alternate 1 and 270 days for Schedule II Base Bid.

## **3. REPAYMENT OF LOAN-REVENUE/SPECIAL ASSESSMENT/FINALIZE LOT TOTAL FOR SPECIAL ASSESSMENT, CONSOLIDATED VERSUS INDIVIDUAL**

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. Protest period ends on September 11, 2023 @ 5pm. The District will hold a public hearing to review protests on September 15, 2023 @ 5pm at the Big Horn Baptist Church.

Ms. Steele stated members/landowners in the District were notified two (2) times with information regarding how to “forever merge” properties, if members/landowners do not want to pay an assessment on each lot, tract, or parcel. Ms. Steele also stated the Special Assessment will not be put on taxes until the project is complete.

Dr. Shaw stated to all board members and employees that he wants all phone calls having to do with the Special Assessment to be directed him.

Sandy Kust stated she received, from the MT Department of Revenue, 47 property owners with 104 properties that were forever merged. Total properties are 256, however 11 properties are not benefited, 1 property is not in the District boundaries, 1 property cannot be hooked up do to the distance from the main transmission line and also confirmed with board of directors, land owner, and

engineer that this property will not be part of assessment at this time, 6 properties are exempt, making the total of properties to be part of Special Assessment: 237.

**4. UPDATE ON TRIBAL ISSUES-LEASE, HISTORIC PRESERVATION-** Dr. Shaw continues to work with the Crow Tribe and Agri Leasing on a new lease for the drainfield. Dr. Shaw is also working with the Crow Tribe to obtain the Tribal Historic Preservation Office (THPO) permit which the Crow Tribe is requiring to have a tribal person oversee excavation. The District needs to have the permit in place before the District can get the rights of way agreement from the Tribe. The rights of way agreement is needed for the District to complete the site title opinion from Districts attorney. This is important as District cannot award contract to construction contractors until the site title opinion is completed and turned into the funding agencies.

**-SEWER RATE INCREASE:**

Mr. Becker stated that these rates are going to have to be looked at again due to the cost of chlorine and lab fees going up, insurance is going to be 4 times more than what is used to be and employee raises. Tom is willing to review another setup for rates that is used by other water & sewer district which is by using a method of Volume Ratio Unit assigned to each property, this method would require a review of entire customer base such as how many occupancies are on each property.

Mr. Becker stated the District is proposing the 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 in place when the sewer project is complete, however Tom will review the budget and put together a few scenarios and present to the board this winter.

**-POLICY REGARDING HOSTILE COMMUNITY INTERACTION -Katie** – The board is adopting a written policy into the by-laws, regarding hostile members in the community.

Article XXXI: Board Members' Right to Safely Execute the Duties of their Position: Board members and Employees of the Board have a right to execute the duties of their position in a safe environment. The Board shall maintain zero tolerance for unsafe and unruly and threatening behavior from members of the community. If a Board Member or Employee of the Board is subjected to verbal abuse, vitriol, accusatory references, cursing, name calling, bullying, badgering, physical threats, and any other sort of violent or abusive behavior, the Board Member or Employee is required to leave the situation, end the conversation immediately, and/or end the meeting and report in writing this incident to the Chairman and Administrator. Contact with law enforcement may be an option at the discretion of the Board.

Motion by Dr. Shaw to approve and adopt Article XXXI: Board Members' Rights to Safely Execute the Duties of their Position, 2<sup>nd</sup> by Mr. Becker, motion carried unanimously.

Ms. Steele will update this into the bylaws and have updated bylaws posted on the website.

**-OPERATOR REPORT/SEPTIC PUMPING ON RAIL CAR-** Josh had MT Septic pumps rail cars and one tank was not flowing so he had MT Septic backflush the line until it started flowing, the line was plugged with grease balls. Josh will continue to monitor the rail cars to ensure all are flowing well. Josh will be attending training classes in September regarding the meter reading device as well as the meters. Josh also stated everything else in 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. Jim Hyde will put in the switch for the circulation pump this fall. Todd helped Josh read meters, residuals, checking the rail cars, and Todd is in the process of submitting application to MT DEQ to become an operator.

**-WEBSITE-** Josh has setup the website and it is now live Josh will continue posting the agenda, meeting minutes, by laws, policies and procedures, and board member and employee contact information, the website is [ftsmithws.com](http://ftsmithws.com)

**-AUGUST MONTHLY BOARD MEETING-** To be September 15, 2023@ 1pm

**-PUBLIC COMMENTS-** Paul Fitzgerald and Dan Elser both thanked the board for everything they have completed and continue to work on. Dan Elser stated he divided up his properties and will be getting with the operators regarding costs and what is needed for construction to get water and sewer to these properties.

**-ADJOURN MEETING-** Meeting adjourned at 3:02pm