



**FORT SMITH WATER & SEWER DISTRICT**  
**Meeting Minutes-Friday, July 28, 2023 @ 1:00pm**

**-OPENING – ROLL CALL-** Alan Shaw called the meeting to order @ 1:00 pm on June 23, 2023. The meeting was held in person and via phone conference; call in number was: 1-872-240-3311, Access Code: 162-005-741 ; Board members attending: Alan Shaw, Katie Steele, Tom Becker, Jim Hyde, and attending via phone: Steve Saville; Employees attending: Josh McCraw, Sandy Kust & Todd Querry; Engineers attending via phone: Chris Hayes and Trish Bodlovic; Public attending: Jim Stoltz, Dave Evans, Paul Fitzgerald, Eric Anderson and attending via phone: Jeff Buszmann

**-APPROVAL JUNE 23, 2023 MEETING MINUTES-** Motion by Mr. Hyde, 2<sup>nd</sup> by Ms. Steele to approve the June 23, 2023 minutes as printed; motion carried unanimously;

**-BILLS/BOOKKEEPERS REPORT-** Mr. Becker presented the treasurers report, income for the month: \$13,312.55; expenses for the month: \$55,612.74; total in checking account is: \$108,043.60; total in CDARS CD: \$29,976.00. Mr. Becker stated the District checking account will be reimbursed from construction funds in the amount of \$19,453.62 for the Moulton Bellingham invoice, \$1,352.82 for the Lee Enterprises invoice, (total reimbursement: \$20,806.44) as these expenses all had to do with the wastewater project. Mr. Becker stated the semi-annual water loan payment to USDA RD in the amount of \$23,362 was also paid and included in the expenses. Motion to pay the bills by Mr. Becker, 2<sup>nd</sup> by Dr. Shaw, motion carried unanimously.

**-DELINQUENT REPORT-** Currently there are currently 9 past due accounts in the amount of \$5,101.37; 5 of these meters are turned off and if not paid will be turned over to the MT Department of Revenue to be put on taxes for collection; 3 accounts will receive a turn off notice and if not paid will also be turned over to the MT Department of Revenue to be put on taxes, 1 account paid in full.

**-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 scheduled for August 25, 2023 @ 5pm to review the annexation application with the public, a letter will go 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)-** 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 stated this is a good starting point and will continue to stay on agenda until Steve Saville and Tom Becker present more information for property coming into the District now or 40 years from now. 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 August or September of 2023. Sandy presented a drawdown request in the amount of \$48,215.63 for engineering services for design and grant administration to RPA Engineering, funding request is to DNRC and ARPA Allocation, motion by Mr. Hyde to approve the drawdown request in the amount of \$48,215.63, 2<sup>nd</sup> by Ms. Steele, motion carried unanimously;

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 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.

Dr. Shaw presented EJCDC Task Order #7 from RPA Engineering, which is for additional funds for RPA Engineering inspection services, this amount changed due to the project being awarded to 2 different contractors for Schedule I and Schedule II and these contractors having separate start dates and amount of days to complete construction. The task order was reviewed and approved by the funding agencies. Motion by Dr. Shaw to approve Task Order #7, 2<sup>nd</sup> by Ms. Steele, motion carried unanimously;

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

Ms. Steele stated the debt will be paid back using a Special Assessment as follows:

### **One Assessment Per Lot, Tract or Parcel:**

MCA 7-12-2151(1)(d): Each lot, tract, or parcel of land in the district may be assessed an equal amount based upon the total cost of the improvement

MCA 7-12-2151(4): (a) If the method specified for assessment is that provided in subsection (1)(d) and an increase occurs in the number of benefited lots, tracts, or parcels within the boundaries of a district created as provided in this part during the term of bonded indebtedness that is payable from the assessments, the board shall recalculate the amount assessable to each lot, tract, or parcel. ...

(b) The board shall base the recalculation on the amount of the district's outstanding bonded indebtedness for the current fiscal year and shall spread the assessments across the district based on the number of benefited lots, tracts, or parcels within the boundaries of the district as of July 1 following the action that resulted in the increase in the number of benefited lots, tracts, or parcels.

MCA 7-13-2341--Addition of Land to District--

(6) (a) Any property outside of the limits of a district that is benefited by a previously contracted improvement and is subsequently annexed to the district may be assessed for any improvements previously contracted for using the method provided in 7-12-2151(1)(d).

(b) The benefited property may also be assessed for any improvement, within or outside the district limits, that is determined by the board to benefit property that was outside the district limits at the time of contracting for the improvement, whether or not an improvement district was previously created for the improvement.

(c) After any new property is annexed to the district, the total number of lots, tracts, or parcels in the district must be recalculated pursuant to 7-12-2151(4).

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.

Courtney Ellis, Bond Attorney-Dorsey & Whitney, put together an anticipated timeline for the Special Assessment:

Monday, July 31—all information regarding lots, tracts and parcels to be assessed provided by County or DOR;

Tuesday, August 8—Board adopts resolution of intention with respect to special assessments

Monday, August 7—Form of notice provided to Big Horn County News

Thursday, August 10—Notice mailed to the owner of each lot, tract, or parcel of land to be assessed (the lands must be identified and the mailing address determined from the last-completed assessment roll for state, county, and school district taxes)

Thursday, August 10 and Thursday August 17—Notice published in Big Horn County News

Monday, September 11 @ 5pm—protest period ends

Friday, September 15—public hearing; Board adopts resolution approving special assessments (assuming protest fails).

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; which the bond attorney will verify for accuracy.

**4. TRIBAL MEETING-DRAINFIELD LEASE-** Dr. Shaw stated the board had a meeting with Jacob Stops, Wes Stops, Anthony Lopez, and Charles Dillon to discuss the lease and fielded questions and assertions that the system MIGHT be damaging the property and the river. No direct evidence of this was presented by the Tribe. Mr. Stops will schedule another meeting in early September for more discussion. The District gave the Tribal members copies of documents including a new lease agreement and a timeline documenting the efforts the District has made since March of 2020 to renew the lease.

**-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 or 5 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.

**-WATER/SEWER VIOLATIONS-** The board discussed how #246 has one water connection with 2 sewer lines, created an illegal sewer tap, as sewer line was put into the manhole and they are not being charged for two sewer lines, also another violation is the 2 motels are built on separate properties and ran the water line across 2 separate properties and put in 2 sewer lines with one sewer line not connected into the main sewer line and technically are only being charged for one sewer base rate. The sewer line that was put in could not be connected to prior building as the sewer cannot gravity flow uphill, that is why the sewer line was put in the manhole. Discussion took place if a letter should be drafted a letter to #246 stating the health and safety violations and the sewer needs to be correctly connected to the sewer main line. It was also brought to the Boards attention that #34 has 2 sewer connections and 1 water line and then this water line also runs across property lines. Ms. Steele stated a review needs to be conducted on the entire system and all violations documented and a service agreement needs to be put together addressing/enforcing the policy manual, this would be presented to all customers in the District during the wastewater construction project, Jim Hyde will work with Katie on a service agreement.

**-OPERATOR REPORT-** Josh stated on July 24<sup>th</sup> members of the USGS Geology Survey, took 20 different samples on the well, the District will receive the samples results when completed. Josh had to have the railcar on block f pumped out as it was full, he stated the chlorine residuals are in the .20 to .22 which is great and right where they need to be and the District got a compliment on how good the water tastes from the mission workers that were in town. Jim Hyde will put in the switch for the circulation pump this fall. Todd is planning on going to the fall water/sewer school in Bozeman and has helped Josh read meters, and take samples. Todd was asked if he wanted a District phone so he didn't have to use his personal phone for the District, Todd stated he is fine using his phone for District purposes and his number may be given out to customers.

**-SEPTIC TANK PUMPING TO AVERT SPILLAGE,MONTHLY THRU FALL-** Josh will continue to monitor all the septic tank and have pumped out as needed and pay close attention to the railcar on block f as it was not flowing as it should be.

**-WEBSITE-** Josh has started working on the website and will set up gmail email accounts for Todd, Jim, and Steve and once the website domain is set up Josh will start 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 August 25th @ 1pm

**-CHANGE IN LOCATION OF BOARD MEETINGS:** Meeting will now be held at the Big Horn Baptist Church. Motion by Dr. Shaw to donate \$60.00 a meeting to the Big Horn Baptist Church for allowing meeting to be held there, 2<sup>nd</sup> by Mr. Becker, motion carried unanimously.

**-PUBLIC COMMENTS-** Jim Stoltz, Dave Evans, Paul Fitzgerald, and Eric Anderson had questions regarding how the assessment would be put together, how will the cost be figured, enforcement/violations regarding having more than 1 water/sewer service per lot, and is the District going to exceed capacity by allowing more property into the District. Dr. Shaw stated the Special Assessment is per lot, tract or parcel and the District sent out information to members explaining this process and information on Forever Merging lots if members did not want to pay for each lot. The cost of the assessment will be the loan portion of the project which will be divided equally between

lot, tract, or parcel. The District has a policy in place for hooking into the water & sewer services and members are required to present plans to the board if planning to have more than 1 water & sewer services per lot. The District will not exceed capacity by allowing more property into the District. The current property that has filled out the Annexation Application has verification the District can handle more hookups without exceeding capacity and if more property owners want to come into the District, the property owner is required to prove the District has the capacity to handle these additional water & sewer services.

**-ADJOURN MEETING-** Meeting adjourned at 3:15pm