



COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Board of Directors Meeting Minutes

February 16, 2022 at 6:00 PM

Board Room, County Water District of Billings Heights 1540 Popelka Dr.

The meeting is open to any interested member of the public. Agendas are prepared for the meetings; please request an agenda from the Board Recording Secretary Pam Ellis, pamelliscwdbh@gmail.com and are available at <https://www.yellowstonecountynews.com/county-water-district-of-billings-heights/> and <https://heightswaterdistrict.com/agendas-and-minutes/>. Supplemental documents provided to the Board and referenced in the agenda may be obtained from Board Recording Secretary Pam Ellis, pamelliscwdbh@gmail.com

Join Zoom Meeting

<https://us02web.zoom.us/j/87905659529?pwd=WUFTSmVsdDBDcGRIUTR0UzM4Z2N0UT09>

- Meeting ID: 879 0565 9529 Passcode: 862715
 - One tap mobile
 - +13462487799,,87905659529#,,,,*862715# US (Houston)
 - +16699009128,,87905659529#,,,,*862715# US (San Jose)
-

CALL MEETING TO ORDER: President Vice President David Graves

WELCOME AND INTRODUCTIONS

BOARD MEMBERS PRESENT: IN PERSON David Graves, Pam Ellis ON ZOOM Ming Cabrera, Dennis Cook, Laura Drager, Jeff Engel, Brandon Hurst

STAFF PRESENT: Larry Brewster, Peyton Brookshire, Josh Simpson and Dianne Crees

PRESENTERS: Andrew Rheem, Raftelis and Lowell Crenshaw (Interstate Engineering)

GUESTS: Frank Ewalt, Tom Zurbuchen, Butch Bailey, Mike Macki

VICE PRESIDENT'S REMARKS: David Graves

During the course of the meeting the Public may be heard before a vote is cast by the Board. The President will acknowledge the Public once the motion has been made and discussed by Board for their input. The President will recognize speakers who raise their hand. Once recognized, the speaker should move to the side of the board table so comments can be heard, identify themselves by name, and limit their comments to two minutes. Each speaker will have one opportunity to speak on any agenda item.

PUBLIC COMMENT on "NON-PUBLIC HEARING" Agenda Items

A. Any member of the Public may be heard on any subject that is not on the Agenda

TOM ZURBUCHEN The Interim Legislative Committee was told in November that Pam Ellis and Jeff Engel were illegally appointed; this board should remove them immediately. He wanted the supplemental documents for the agenda and complained.

BUTCH BAILEY referenced Ed Kemmick's article (2014?) and referenced the volume of water stored

B. The board will not take action on these items at this time but may choose to add an item to the next meeting's Agenda for discussion.

CONSENT AGENDA

1. Minutes of the January 19, 2022 Meeting
2. Minutes of the Special Meeting February 2, 2022
3. January Prepaid bills for approval
4. January Bills for Approval
5. January Bank Statements: First Interstate Bank
6. Profit and Loss Statement – January 2021 to January 2022

Recommended Motion Laura Drager moved to approve the consent agenda. Seconded by Jeff Engel. Approved unanimously.

MANAGER REPORTS - LARRY BREWSTER (Interim) and Peyton Brookshire (Assistant General Manager)

7. RAFTELIS UPDATE (see email from Jennifer Duray dated Jan 24, 2022, pp 7-8); see powerpoint presentation emailed by Peyton to the Board on February 16, 2022 (pp 9-20)

We see the following as the potential path(s) forward.

- i. Accept the explanation and the proposed FY 2023 rates to be effective July 1, 2022 increasing volume rates by 31.0%
- ii. Detail differences based on our view of the application of the contract between the District and the City and quantify and calculate the impact of these differences to the resulting rate proposed by the City.
- iii. Start the process to initiate the arbitration clause of the contract anticipating that the two parties will not be able to agree upon the rates.
- iv. a. We'll want to get started with item #2 first as any differences will be the subject of the arbitration

NOTE: Jennifer Duray told the legal committee on Monday, February 7 that the rate increase would probably not occur in FY23. The projected increase would be higher than 30.6% based on completion of additional infrastructure. Laura attended the same meeting and heard Jennifer's statement. The rate increase the District will be charged is not known and the rate increase for July 2022 is off the table.

| | | | |
|------------------------|------------|-------------|---|
| Interstate Engineering | 10/18/2021 | \$2,771.00 | Project support to Raftelis for Rate Study & NW Transmission Modeling |
| Interstate Engineering | 9/23/2021 | \$2,440.50 | Project support to Raftelis for Rate Study & NW Transmission Modeling |
| Raftelis | 10/11/2021 | \$10,332.50 | |
| Raftelis | 12/9/2021 | \$1,140.00 | Billings to date |
| Raftelis | 1/8/2022 | \$8,830.70 | |
| TOTAL | | \$25,514.70 | |

1/8/2020 Amount remaining -contract \$28,841.80

Laura Drager moved to table action until we have a written response from the City of Billings. Seconded by Pam Ellis. Seconded by Pam Ellis.

Frank Ewalt responded to a question from Pam Ellis. There are multiple things coming into play. They city has applied for grant money, costs have increased beyond projections.

The motion was approved unanimously.

8. CONTRACT FOR BUILDING CHLORINATION PLANT FOR OX BOW RESERVOIR (see separate document, Bid Evaluation – Recommendation of Award Water System Improvements Project: Water Storage Tank Mixers and OxBow Water Storage Tank Chlorine Sampler/Analyzer/Injector i.e. #Y21-00-018.01

Larry Brewster had a conversation with the engineers their feeling is that because this level of penalty was provided in the bid that they should remain, they say because of the unpredictability of the cost of materials company's are reluctant 'to even bid on projects with penalties, If we go out for bid again we may not even get two bids and the cost may be higher as we get closer to construction season, just the cost to do it again is a motivator to accept.

Laura Drager made the motion: having conducted a public hearing, considered written and spoken public testimony, and the recommendation from Interstate Engineering based on prior experience with Western Municipal Construction, and most recently with Western's work on the District's Rawhide Transmission Main project, I move that the District award the construction contract to Western Municipal Construction, Inc. in the amount of \$423,180.00 for the project and authorize President Ming Cabrera to sign Resolution 004-22 and the Notice of Award. (see page 21)

Seconded by Jeff Engel.

DISCUSSION Laura Drager commented that the board was not informed that the amount for liquidated damages was part of the original bid package and the rationale for the low amount. She felt it would be in appropriate to change the amount of liquidated damages at this point.

Peyton Brookshire recommended approval of the contract to Western Municipal. Lowell Crenshaw commented that there are very few available contractors due to the amount of work available; most are committed through the fall of 2023.

Butch Bailey commented that he could not hear the speakers on zoom.

The motion was passed unanimously.

9. BILLING DOCUMENT SPECIALISTS

BDS@BILLINGSDOC.COM

| DATE | BILLING | EMAIL | DO NOT MAIL |
|-----------|---------|-------|-------------|
| 1/28/2022 | 5989 | 102 | 289 |

10. BILLINGS HEIGHTS WATER SERVER REPLACEMENT

Prepared by: Prepared for: Quote Information:

Billings - Systems Billings Heights Water District Quote #: 003996

Thad McGrail 1540 Popelka Dr Version: 2

406.237.1211 Billings, MT 59105 Delivery Date: 02/10/2022

tmcgrail@getsystems.net (see pages 22-26)

BACKGROUND: Peyton Brookshire said the District's server is out of warranty. The new server will have expansion slots. Morrison-Maierie will transfer the data after hours and on the week-ends so there is no interruption to the work of the District.

Laura Drager made the motion: having conducted a public hearing, considered written and spoken public testimony, and the recommendation from Thad McGrail, Systems Technology Consultant, I move that the District accept the quote for \$11,090.00 and to direct the President to sign Resolution #005-22. Seconded by Pam Ellis. The motion was approved unanimously.

11. CONTRACT FOR GENERAL MANAGER (pp. 27-33)

Laura Drager having conducted a public hearing, considered written and spoken public testimony, I move to approve the contract with Peyton Brookshire as General Manager and direct that Ming Cabrera and Attorney Mark Noennig sign the contract on behalf of the Board. Seconded by Jeff Engel.

DISCUSSION Ming Cabrera mentioned a goal of having the General Manager more involved in the community and willing to talk to the community groups. Peyton's contract reflects a 29% increase in his salary.

The contract was approved unanimously.

FINANCE COMMITTEE REPORT: Pam Ellis (as requested by Laura Drager)

12. Treasurer's Summary Report as of January 31, 2022: Finance Committee, Laura Drager

| County Water District Billings Heights Treasurer's Summary Report as of 31 Jan 22 | | | | | | | |
|---|----------------------------|--|----------------|--|----------------|--|--------------|
| | 31-Oct-21 | | 30-Nov-21 | | 31-Dec-21 | | 31-Jan-22 |
| Meters | | | | | | | |
| Previous total meter count | 5,917 | | 5884 | | 5881 | | 5881 |
| Residential | 5,455 | | 5436 | | 5481 | | 5040 |
| Commercial | 429 | | 401 | | 400 | | 399 |
| New Residential | 4 | | 9 | | 5 | | 4 |
| Total # Meters | 5,884 | | | | 5881 | | 5439 |
| | *Irrigation meters offline | | | | | | |
| Checking | | | | | | | |
| FIB Gross Income Account | \$1,176,986.93 | | \$1,276,204.33 | | \$1,003,872.97 | | \$952,485.57 |

| | | | | |
|-------------------------------|------------------------|------------------------|------------------------|------------------------|
| FIB Operational & Maintenance | \$28,604.91 | \$38,498.06 | \$33,902.05 | \$42,232.02 |
| FIB Payroll Account | \$24,414.15 | \$4,480.16 | \$3,312.29 | \$3,918.96 |
| Total Checking | \$1,230,005.99 | \$1,319,182.55 | \$1,041,087.31 | \$998,636.55 |
| | | | . | . |
| Investments | | | | |
| Stifel - Cash & Equivalent | \$1,153,146.99 | \$1,410,231.76 | \$3,458,578.84 | |
| Stifel - Fixed Income CD's | \$7,747,956.58 | \$7,481,322.97 | \$5,431,037.86 | \$7,486,465.78 |
| DA Davidson | | | | \$500,000.00 |
| RBC Wealth Management | | | | \$900,000.00 |
| Total Stifel Investments | \$8,901,103.57 | \$8,891,554.73 | \$8,889,616.70 | \$8,886,465.78 |
| | | | | |
| First Interstate Bank Savings | \$250,926.03 | \$250,929.02 | \$250,933.54 | \$250,935.48 |
| Yellowstone Bank | \$205,267.50 | \$205,267.50 | \$205,267.50 | \$205,267.50 |
| Total Investments | \$9,106,371.07 | \$9,096,822.23 | \$9,094,884.20 | \$9,091,733.28 |
| | | | | |
| Total Cash Position | \$10,336,377.06 | \$10,416,004.78 | \$10,135,971.51 | \$10,090,369.83 |

14. AZ Audit Update

Sarah Meade, CPA, Supervisor sent an email on February 9, 2022 stating that “staff just gave her documentation this week to test AR, so I’m working to get that finished. I need to review 2 sections of Wes’s workpapers, and then I can start drafting. I can work to have a draft to you ASAP, maybe by Friday morning if that works?”

Stefeni Frees’ email on February 9 stated, “Per Sarah’s email below, the staff at the District just got her the last items to test A/R. She is trying to finish that up and then work on the draft report, but sounds like she won’t be done until Friday and then I have to review it, so we won’t be ready on Friday. I can possibly have a draft to you Monday if the review is clean and I don’t find things in my review of Sarah’s work. I apologize, but I think we are going to have to do the March board meeting. Can you tell me when that is so I can put it on my calendar? Also, we will cover any late fees on the DOA submission.”

BYLAWS AND GOVERNANCE COMMITTEE: Pam Ellis

15. WEBSITE UPDATE: The first pass of your standard site mockup is complete. The mockup has an interactive interface with some rollover behavior to show colors that are not displayed without it. Specifically, the Upcoming Events (has rollover and on click will show a list of dates), the first menu item has a rollover drop down, and the row of buttons has a hover effect. At the bottom, there is a way to click to get to the subpage mockup. You can also comment on the design in the bar to the right.

The links and buttons on the mockup are placeholders. Mary Joy will address those in the build phase of the project. For the design, we are just asking that you review the color and logo/name layout and give feedback for changes or approve the design as is.

<https://xd.adobe.com/view/7ea94a5c-e096-4a2b-b1d6-64c2cd959b53-2bfa/>

Pam submitted comments for revision. Board members and staff are welcome to provide feedback. Please let Pam know if you want to see all the updates.

The minutes, available agendas, audits and policies have been uploaded for Municode. There is an online meeting with Municode for the Board Management software. The software will make it much easier to prepare agendas and each individual will be responsible to upload. We need to get pdf copies of the Resolutions uploaded.

The minutes will be searchable by topic rather than have to read through 6-8 years of minutes. Suzie McKethen is copying the Resolutions so they can be uploaded.

Initial Training for the Board management software is 7 % hours over multiple sessions. The company provides written directions as well as videos of the training. Please let Pam know if you want to participate in the training.

LEGAL COMMITTEE: Pam Ellis, David Graves, Laura Drager

The committee and Larry Brewster met with Mark Noennig and Justin Stark on December 22. The committee met with Chris Kukulski, Debi Meling, Gina Dahl and Jennifer Duray with Mark Noenning on February 7, 2022. Doug James drafted an initial settlement agreement; Mark Noennig suggested edits.

Butch Bailey asked why the District was discussing the contract with the City. The contract requires review and it also required by Universal Commercial Code. The contract does not exist in perpetuity.

SAFETY BOARD REPORT: Jeff Engel (from the December 15, 2021 agenda)

Jeff Engel sent the Board via email a reference to a book related to the Safety Committee, Jeff hadn't reviewed and discussed with Clay McCaffree when he filed his report for the November Board mtg. The field manual is a standard book for utilities and contains 52 weekly subjects for safety meetings, Exceptions to this order of events would be any specific subject matter that may come about as a result of a specific daily activity or emergency. Possibly office staff could make copies so all can see some of the safety meeting procedures currently in place by field staff.

-Let's Talk Safety: A Series of 52 Talks on Common Utility Safety Practices 2009 AA WA

-Week 49: Hypothermia A Winter Safety Hazard, p 113

Jeff Engel said Peyton Brookshire has a file in his office of serious safety incidents that are documented for review. Peyton noted that each time the District digs, they have a comOlete write up

ANNOUNCEMENTS Wednesday, March 16th, 6:00 pm March Board Meeting

ITEMS TO BE CONSIDERED AT FUTURE BOARD MEETINGS

Note: No action can be taken on items that were not on the agenda.

- 2021 Audit with Stefani Frees
- Board Secretary position
- A resolution that has to be filed with the Secretary of State

PUBLIC COMMENTS: Frank Ewalt asked the Board to meet in person and sit at the table, There were multiple comments during the meeting about the public's lack of ability to hear the speakers from Zoom. Peyton Brookshire will purchase a television, speaker, and microphone for use in zoom meetings and trainings.

ADJOURN Laura made a motion to adjourn @ 7:41 pm. Seconded by Dennis Cook. Approved unanimously.

Attest: /s/



Attest: [s/



Board President, Ming Cabrera

Recording Secretary, Pam Ellis

From: Duray, Jennifer

Sent: Monday, January 24, 2022 9:41 AM

To: Andrew Rheem <arheem@raftelis.com>

Cc: Harold Smith <hsmith@raftelis.com>; larry05@bresnan.net

Subject: RE: City of Billings FY 2022 and FY 2023 Water Rate Study Report Review - Data and Clarification Questions

1. Please confirm if 18 million gallons per day (MGD) is the ultimate size of the new water treatment plant or if there are future expansions from 18 MGD. If 18 MGD is not the ultimate design capacity, are there initial capital expenses included related to a larger future capacity? If so, please provide the portion of the total costs associated with a larger future footprint.

18MGD is the current design size of the new plant. In the future, we plan to expand it to

36MGD, but we are not constructing any part of a future expansion now due to lack of funding.

2. Based on the City's response #3 and the draft master plan information, it appears that the City plans to combine pressure zones 2 and 2E into a single pressure zone with completion of capital improvements to interconnect and provide additional capacity and redundancy. Please confirm the City's plans for these two pressure zones and the timing of capital improvements necessary to combine these two pressure zones as it appears to be scheduled to be completed in FY 202223.

Please see previous response dated November 20, 2021. The City has no updated information.

3. Based on the revised schedule for construction completion, please confirm the dates below:

- a. Pipeline to be completed in March 2023
- b. Intake & Pump Station to be completed in May 2023
- c. New water treatment plant to be completed in June 2023
- d. Reservoir to be completed in June 2024

Please see previous response dated November 20, 2021. The City has no updated information.

4. Please summarize the portion of the individual capital projects the City has submitted for potential grant funding including the amount of grant funding requested of the total project, the grants applied for and the anticipated timeline for award. If the City is awarded grant funding, how will this funding be incorporated within the rate analysis and water rate assessed to the District?

Please see information regarding grants in in previous response dated November 20, 2021. Any grants received will be incorporated into the rate analysis as per the contract and the AWWA M1 Manual.

5. Is the City planning to update the FY 2022-23 rates for Billing Heights based on the revised project schedule for the major facilities, value engineering and revised capital costs and capital funding sources? If so, please detail the schedule for this update and when information regarding the updated rates will be provided to Billing Heights for review?

Please see previous response dated November 20, 2021. The City does not have an updated timeline yet.

Good afternoon Larry,

I hope you are doing well. We received and have reviewed the response from the City yesterday to the follow up questions submitted on December 15, 2021 as also included / provided in your email below. We're happy to discuss the initial responses received on November 20, 2021 and/or responses to the follow up questions received yesterday since many of these reference the original responses and additional information provided by the City in November 2021.

We see the following as the potential path(s) forward.

1. Accept the explanation and the proposed FY 2023 rates to be effective July 1, 2022 increasing volume rates by 31.0%
2. Detail differences based on our view of the application of the contract between the District and the City and quantify and calculate the impact of these differences to the resulting rate proposed by the City.
3. Start the process to initiate the arbitration clause of the contract anticipating that the two parties will not be able to agree upon the rates.
 - a. We'll want to get started with item #2 first as any differences will be the subject of the arbitration

Relative to paths #2 and/or #3, a few additional things to highlight.

- The parties can agree upon something as the process moves forward, so if we head on path 2, the District and City certainly can "stop" things and/or come to an agreement along the way.
- Step 2 will involve effectively reverse engineering much of the CitVs March 31, 2021 report and the proposed FY 2023 rate as the starting point. We've reviewed and evaluated the report and findings but stopped short of rebuilding their analysis.
- We'll also review the updated multi-year capital improvement plan and schedule for projects based on the more recent schedule as referenced in the November 20, 2021 responses and link to the FY 22 through FY 26 CIP or more recent document if available. We'll review the implications for rate setting of the revised cost, timing, and/or schedule based on the information that is available to us.
- Note that we may be reviewing a moving target as based on responses from the City provide on November 20, 2021 (response #4 and #4F), the timing, costs, and/or schedule for the major capital facilities may be different than projected within the March 31, 2021 rate report. Some of these differences could increase the proposed rate (e.g., CIP project is higher than anticipated) while others could decrease the rate (e.g., project is scheduled to be constructed later and excluded from the FY 2023 rate) with the end result blending all together.
- a As part of the November 20, 2021 response the City indicated "...Thus, if the schedule changes from above, we would revise the FY 23 rates for HWD. We are currently value engineering the project in an attempt to reduce costs because our estimates are much higher than budgeted with the inflationary that we are seeing. Thus it is quite possible that the schedule changes. We will have an updated schedule in the next 2-3 months."
- These things typically take longer than anticipated, but we're just within the 2 to 3 months from the date of that response.

We would like to make sure we are clear on the direction the District would to follow as paths 2 and 3 will result in a material amount of time to complete and we don't want the District staff and/or Board to be surprised. Additionally, if we are heading towards arbitration, we recommend that the District engage an attorney and legal team to provide legal guidance regarding the arbitration process as is commonly followed in these types of disputes,

Harold and I are happy to set up a meeting to the discuss the above and/or the two sets of City responses and additional information. Thanks! Andrew

Billings Heights Water District

City Rate Review- Board Update and Direction Req

February 16, 2022

Presented by Andrew Rheem



City Rate Review Update and Next Steps

- Raftelis Rate Review Process Update • District Fiscal Year (FY) 2019-20 and FY 2020-21 Revenues and Expenses • Rate Setting Methodology Overview • FY 2023 Rates and Revenue Requirements
 - › April 2021 Rate Study
 - › Changes Based on Changes to CIP
- Direction / Next Steps
 - › Path(s) Forward and Board Direction

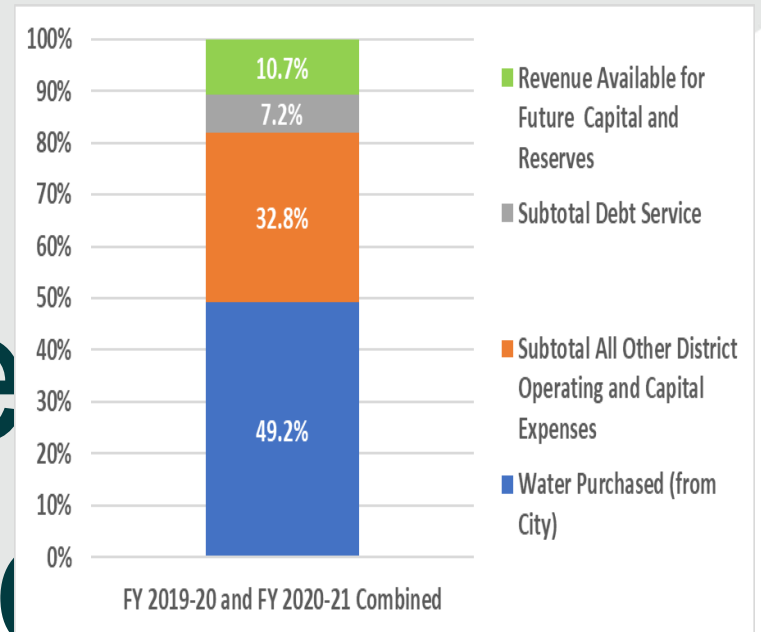
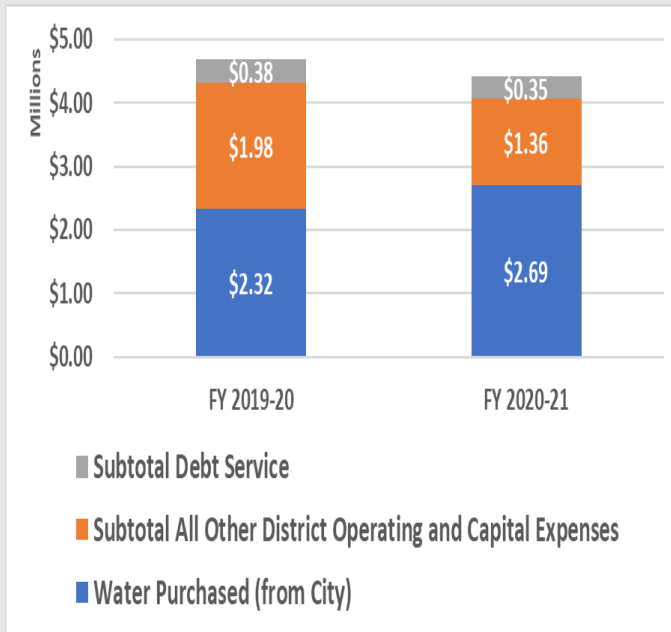
Raftelis Rate Review Process Update

- Submitted questions to the City regarding the water rates anticipated to be effective July 1, 2022
 - › 31.7% planned increase of \$0.89 per 1,000 gallons to be effective July 1, 2022
- City responded and provided additional information and data in November 2021
 - › Potential changes to timing and cost of major facilities included within City responses that may be better known in 2 to 3 months
- Submitted additional questions to the City in December
 - › City provided responses and largely referenced November 2021 responses to follow up questions
- Confirm potential path and direction moving forward

FY 2019-20 and FY 2020 -21

District Revenues and Expenses

- FY 2019-20 User Charge Revenues \$4.1M, Total Revenues \$4.5M



- FY 2020-21 User Charge Revenues \$4.9M, Total Revenues \$5.7M

Rate Setting Terms

- O&M Expenses: Recurring costs to operate the system
 - › Examples include personnel, chemicals, power, maintenance
- Cash Funded Capital or “Paygo” Capital: Funding capital facilities with reserves and current period revenues
- Debt Service: Amortized payments from previous financed capital improvements
- Depreciation: Annual decline in value of capital facility based on accounting useful life
- Rate Base: Current accounting value of a capital facility
 - › Decreases annually with depreciation
 - › Increases annually as capital facilities are constructed and placed into service
 - › Excludes contributed facilities (e.g., grant funded capital)
- Return on Rate Base: Fair return applied to rate base
 - › Return on investment. Rate based on weighted average cost of debt and equity for “owner” utility

Rate Setting – Two Approaches

- Cash Needs or Cash Basis
 - › Used primarily by municipal utilities
 - › Based on cash budget or cash needs
 - › Capital based on forward-looking requirements
- Utility Approach or Utility Basis
 - › Used primarily by private utilities
 - › Also used by municipal utilities
 - Contract or wholesale customers
 - › Capital based on constructed or completed facilities
- City of Billings
 - › Uses the Cash Needs to Set Retail Rates or “Owners”
 - › Uses Utility Approach to Set District and other “NonOwner” Rates

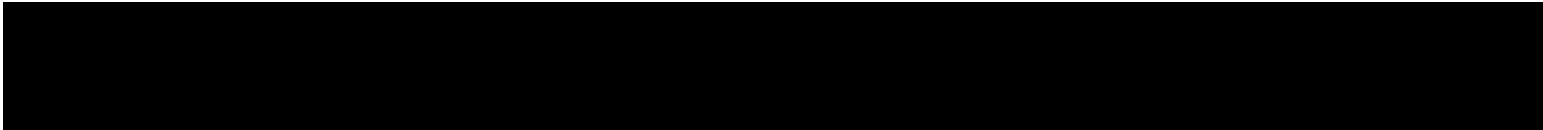
Expense Types Included Under Each Approach

| Expense Type | Cash Needs | Utility Approach |
|---------------------|------------|------------------|
| | | |
| Capital Expenses | | |
| | | |
| Annual Debt Service | Yes | No |
| | | |
| Return on Rate Base | No | Yes (1) |

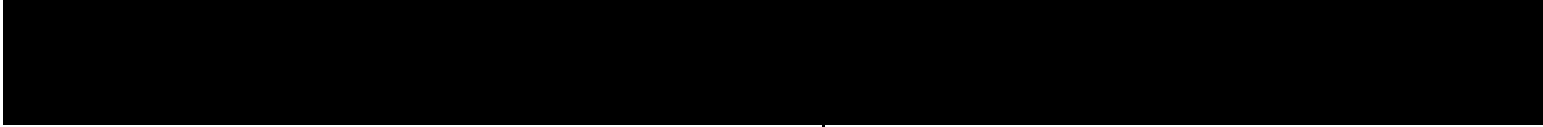
(1) District does not participate in O&M and capital costs for facilities that are not part of the contract services provided. For example, O&M and capital costs associated with small main water distribution system are excluded.

Example of Expense Components Under Each Approach

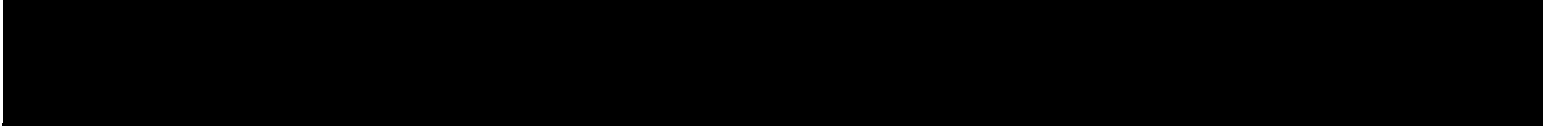
| Cash Needs | Utility Approach |
|------------|------------------|
|------------|------------------|



| | |
|---------------------------|-------------------------------|
| Plus: Debt Service | Plus: Depreciation (1) |
|---------------------------|-------------------------------|



| | |
|------------------------------------|------------------------------------|
| Less Other Non-Rate Revenue | Less Other Non-Rate Revenue |
|------------------------------------|------------------------------------|



(1) District does not participate in O&M and capital costs for facilities that are not part of the contract services provided. For example, O&M and capital costs associated with small main water distribution system are excluded.

Three Major Planned Facilities Driving District Rate Increases

| Facility | Cost Estimate in Rate Study | March 2021 Rate Study | Nov. 2021 City Estimate |
|---------------------------|------------------------------------|------------------------------|--------------------------------|
| | | | |
| West End Treatment | \$57M | FY 2022 | FY 2023 |
| | | | |

Total

\$114M

District Revenue Requirements and City FY 2022 and FY 2023 Volume Rates (1)

| Facility | FY 2022 | FY 2023 | Change |
|-----------------|------------------|------------------|----------------|
| | | | |
| Capital (2) | <u>1,354,606</u> | <u>2,196,192</u> | <u>841,586</u> |
| | | | |
| Volume Sales | <u>938,998</u> | <u>955,900</u> | <u>16,902</u> |
| | | | |

(1) Source: Table 5.5 of March 31, 2021 City of Billings
Rate Report.

(2) Includes annual depreciation and return on rate base
following completion of major capital facilities.

Next Steps and Direction



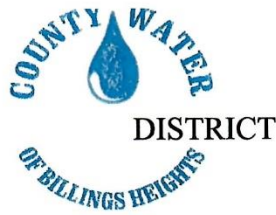
Paths Forward

1. Accept the proposed City rates increasing volume rates by 31.7% July 1, 2022
2. Detail differences based on our review of the application of the contract and rate setting practices
 - A. Start with March 2021 Rate Report FY 2023 findings
 - B. Adjust FY 2023 based on more recent public information
 - C. Very time consuming and we may receive updated rate calculations from City part way
3. Start process initiate the arbitration clause of the contract with the City anticipating that the two parties will not be able to agree upon rates
 - A. City and District may agree upon equitable rates at any time before the arbitration process is formally started
4. Retain legal counsel to provide guidance regarding the arbitration process

Direction from Board

Requesting Yes or No to the Following Four Questions:

1. Accept the proposed City rates increasing volume rates by 31.7% effective July 1, 2022?
2. Direct Raftelis and District staff to evaluate and adjust proposed July 1, 2022 rates applying the contract and accepted rate setting practices?
3. Direct Raftelis and District staff to initiate the arbitration clause of the contract?
4. Direct Raftelis and District staff to retain legal counsel to provide guidance regarding the arbitration process?



Resolution 004-22 to Authorize a contract with Western Municipal Construction \$423,180.00 for Water System Improvements Project: Water Storage Tank Mixers and Ox Bow Water Storage Tank Chlorine Sampler/Analyzer/Injector

WHEREAS, the County Water District of Billings Height Board consider written and spoken testimony at a meeting of the County Water District of Billings Heights Water Board on February 16, 2022,

The Board authorized signing the Notice of Award to Western Municipal Construction

That, the Vice-resident of the County Water District of Billings Heights, sign the resolution and the Notice of Award on behalf of the board and President Ming Cabrera.

Signed: 
David Graves, Vice-President (on behalf of President Ming Cabrera)

Date: February 16, 2022

Attested: 
Pam Ellis, Recording Secretary

Phone:

406.237.1212

Email:

tmcgrail@getsystems.net

Web:

www.getsystems.net



We have prepared a quote for you

Billings Heights Water Server Replacement

Quote # 003996
Version 2

Prepared for:

Billings Heights Water District

Peyton Brookshire
peyton@heightswaterdistrict.com

Statement of Work

Replace their current server. Migrate Data to new server. Install and setup QuickBooks on new server.

| Hardware | | Price | Qty | Ext. Price |
|------------------------|---|------------|-----|------------|
| Miscellaneous Hardware | Dell PowerEdge T150 Trusted Platform Module Trusted Platform Module 2.0 V3 Chassis Configuration 3.5" Chassis with up to 4 Hard Drives (SAS/SATA), 400W Power Supply Processor Intel® Xeon® E-2336 2.9GHz, 12M Cache, 6C/12T, Turbo (65W), 3200 MT/s Processor Thermal Configuration Heatsink for 80W or less CPU Memory Configuration Type Performance Optimized Memory DIMM Type and Speed 3200MT/s UDIMM Memory Capacity (2) 16GB UDIMM, 3200MT/s, ECC C4, RAID 5 for 3 or more HDDs or RAID Configuration SSDs (Matching Type/Speed/Capacity) RAID/Internal Storage Controllers PERC H755 Controller Adapter Full Height Hard Drives (3) 480GB SSD SATA, Mixed Use, ISE 6Gbps 512e 2.5in w/3.5in Brkt AG, Cabled | \$8,208.00 | 1 | \$8,208.00 |
| Miscellaneous Hardware | APC 1000VA Smart UPS with SmartConnect, SMC1000C Sinewave UPS Battery Backup, AVR, 120V, Line Interactive Uninterruptible Power Supply Black Miscellaneous | \$382.00 | 1 | \$382.00 |

| Hardware | Price | Qty | Ext. Price |
|----------|-------|-----|------------|
|----------|-------|-----|------------|

| | | | | |
|---|---|----------|----------|------------|
| | | | Subtotal | \$8,590.00 |
| Estimated Labor | | Price | Qty | Ext. Price |
| Service - Managed Services Client | Service - Discounted Managed Services Labor to setup and install server Recurring Service | \$125.00 | 20 | \$2,500.00 |
| | | | Subtotal | \$2,500.00 |

Billings Heights Water Server Replacement



Prepared by:

Billings - Systems

Thad McGrail
406.237.1211
tmcgrail@getsystems.net

Prepared for:

Billings Heights Water District

1540 Popelka Dr
Billings, MT 59105
Peyton Brookshire
(406) 252-0539
peyton@heightswaterdistrict.com

Quote Information:

Quote #: 003996

Version: 2

Delivery Date: 02/10/2022

Expiration Date: 03/01/2022

Quote Summary

| Description | Amount |
|-----------------|-------------|
| Hardware | \$8,590.00 |
| Estimated Labor | \$2,500.00 |
| Total: | \$11,090.00 |

Payment Options

| Description | Payments | Interval | Amount |
|---------------------|----------|----------|-------------|
| Term Options | | | |
| Acceptance of Quote | 1 | One-Time | \$11,090.00 |

Unless noted above:

- * The cost of installation, maintenance, freight, travel and insurance are not included.
- * Travel Expenses (i.e. Meals, Lodging, etc.) will be passed on to the client.
- * Unit prices will govern over extended prices.
- * Morrison-Maierle Systems Corp. reserves the right to charge a 25% restocking fee on all returned or cancelled equipment.
- * Prices are subject to change without notice.

By entering my initials below, I am confirming I am in fact the signor and authorizing party. I have read and agree to the services, equipment, and supplies provided in this Quote. My initials are to serve as my signature in accordance with the Date, Time, and IP Address stamps digitally documented below.

Billings - Systems

Billings Heights Water District

Signature: 

Name: Thad McGrail

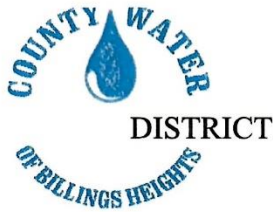
Title: Account Manager

Date: 02/10/2022

Signature: _____

Name: Peyton Brookshire

Date: _____



Resolution 005-22 to Authorize a contract with Morrison-Maierle Systems Corp for hardware and labor for Billings Heights Water Server Replacement at a cost of \$11,090.00.

WHEREAS, the County Water District of Billings Height Board consider written and spoken testimony at a meeting of the County Water District of Billings Heights Water Board on February 16, 2022,

The Board authorized signing the contract to replace the Billings Heights Water Server Replacement at a cost of \$11,090.00.

That, the Vice-resident of the County Water District of Billings Heights, sign the resolution and the contract on behalf of the board and President Ming Cabrera.

Signed: _____

David Graves, Vice President (on behalf of President Ming Cabrera)

Date: February 16, 2022

Attested: _____

Pam Ellis, Recording Secretary

COUNTY WATER DISTRICT OF BILLINGS HEIGHTS
EMPLOYMENT AGREEMENT –GENERAL MANAGER

This Employment Agreement (herein, "Agreement") is made and entered into as of the ____ day of February, 2022 by and between COUNTY WATER DISTRICT OF BILLINGS HEIGHTS (hereinafter, the "District") and PEYTON BROOKSHIRE (hereinafter, "Employee").

District and Employee are each referred to herein as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, District wishes to engage the services of Employee as the General Manager of the District and to induce the Employee to remain in such position on the terms and conditions set forth in this Agreement;

WHEREAS, Employee represents and warrants that he has the skill and ability to serve in such position and wishes to accept such employment on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals (which are hereby incorporated by reference into this Agreement) the mutual covenants herein contained, and other good, valuable, and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto agree as follows:

SECTION I . EMPLOYMENT.

A. The District hereby offers and the Employee hereby accepts the position of General Manager of the District. Employee shall perform the duties and responsibilities imposed by law, industry standards, and responsibilities and duties as specified in Exhibit A, and such legally permissible further duties and functions as shall, from time to time, be assigned by the Board of Directors of the District.

B. Employee shall devote such time, interest, and effort to the performance of his duties as may be reasonably necessary to fulfill the above requirements, Employee agrees to perform such services to the best of his ability, in an efficient and competent manner. Without limiting the generality of the foregoing, Employee understands and agrees that this position is an exempt, salaried, full-time position.

SECTION 2 DUTIES AND OBLIGATIONS OF EMPLOYEE

A. Employee shall serve as the General Manager of the County Water District of Billings Heights. In his capacity as General Manager, Employee shall be the Chief Executive Officer of the District. Employee shall do and perform all services, acts, or things necessary or advisable to manage and conduct the business of District, including hiring and firing of all employees other than the officers of District, subject at all times to the policies set by District's Board of Directors, and to the Rules, Regulations, Policies, and Ordinances of the District, and in conformance with State and Federal laws.

SECTION 2. TERM

A. This Agreement shall be effective as of February 17, 2022 (the "Anniversary Date"). The term is open ended.

SECTION 3. TERMINATION AND SEVERANCE PAY.

A. This Agreement shall automatically terminate upon Employee's death, retirement, or permanent incapacity, or upon termination by the District with good cause as provided below.

B. The Board may terminate this Agreement upon good cause shown and approved by vote of the Board.

C. The Employee may terminate this Agreement upon written notice to the Board and shall remain employed until a successor is named or it is terminated as provided above.

SECTION 4. COMPENSATION.

The District agrees to pay Employee for services rendered pursuant hereto at a rate of \$100,000 per year, paid bi-weekly pursuant to the procedures regularly established and as they may be amended by the District in its sole discretion. Any agreed salary increase must be expressly memorialized in a subsequent written and executed Amendment to this Agreement. All compensation and comparable payments to be paid to Employee shall be less withholdings required by law.

SECTION 5. BENEFITS

In addition to the compensation set forth in Section 4 the Employee shall be entitled to the following benefits:

A. Job-Related Expense Reimbursement. The District will pay the Employee's business expenses incurred in connection with District business. Employee shall provide an itemized account of expenditures pursuant to District policy.

B. Technical Equipment. Upon commencement of employment, the District shall provide the Employee with a cell phone, safety equipment and clothing necessary for compliance with safety regulations, and such technical equipment as may be necessary for the performance of his duties.

C. Automobile Allowance. The Employee agrees to use the district owned vehicle purchased for use by the General Manager.

- B. Technical Equipment. Upon commencement of employment, the District shall provide the Employee with a cell phone, safety equipment and clothing necessary for compliance with safety regulations, and such technical equipment as may be necessary for the performance of his duties.
- C. Automobile. The Employee agrees to use the district owned vehicle purchased for use by the General Manager for business and personal use.
- D. Other Benefits. Employee shall not receive overtime compensation. Where not in conflict with the provisions of this Agreement, Employee shall be eligible and participate in the same benefits offered to employees at the District, including but not limited to paid holidays and other such ancillary benefits.
Nothing about the provision of such other benefits shall be interpreted to prevent the performance of any duty set forth in this Agreement.


SECTION 7. OFFICE HOURS.

Employee shall report to District's offices during normal business hours consistent with the District's schedule and at such other times as may be necessary to discharge his duties, except when away on approved business for the District, as otherwise excused by use of approved leave, or during District-granted holidays. However, Employee agrees and understands that he will report to work when necessary to District operations, regardless of regularly scheduled hours, scheduled leave, or holiday, to the extent such attendance is reasonably possible.

IN WITNESS WHEREOF, COUNTY WATER DISTRICT OF BILLINGS HEIGHTS has caused this Agreement be duly executed by its President and the Employee has signed and executed this both in duplicate, as the day and year first above written.

DISTRICT:

COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

BY: 
David Graves
Vice President County Water District of Billings
Heights

EMPLOYEE

PEYTON BROOKSHIRE

BY: 
Peyton Brookshire

EXHIBIT A – JOB DESCRIPTION GENERAL MANAGER

GENERAL MANAGER DUTIES AND EVALUATION

BOARD POLICY NO.

Job Title: General Manager

Reports To: Board of Directors

FLSA Status: Exempt

Prepared by: District Board

Prepared date: November 29, 2021

Primary Objective

This General Manager serves as the chief executive officer of the District under the direction of the District Board of Directors. The General Manager is responsible for all aspects of the efficient and cost-effective operations and administration of the District.

In accordance with the policy guidelines of the Board of Directors and consistent with Federal and State regulations, the General Manager plans, implements, and directs the operations of the District's water system in a manner that insures service to customers, ongoing maintenance of systems and equipment, and sound development for the future. Quality decision making and judgment are expected and required.

Essential Skills Required

- Possess the ability to analyze, evaluate, write, and understand budgets and rate structures.
- Be able to monitor construction projects, as well as the maintenance and operation of water facilities.
- Possess the ability to handle accounting and payroll functions in accordance with government accounting guidelines.
- Be available for 24-hour on-call for emergencies except when previous arrangements are made with other district employees.
- Submits to random alcohol and drug testing per District regulations.
- Ability to work with mathematical concepts such as probability and statistical inference, and fundamentals of plane and solid geometry and trigonometry. Ability to calculate figures and amounts such as proportions, percentages, area, circumference, and volume. Ability to apply concepts such as fractions, percentages, ratios, and proportions to practical situations.

- Ability to solve practical problems and deal with a variety of concrete variables in situations where only limited standardization exists. Ability to interpret a variety of instructions furnished in written, oral, diagram, or schedule form.
- Physical requirements include the ability to reach, twist, stand, balance, bend, stoop, crouch, crawl, walk, or climb in a variety of indoor and outdoor environments and weather conditions, and lift weights up to 50 lbs. (greater with assistance), and manual dexterity to perform computer and cell phone tasks. Sensory abilities include smelling, hearing, close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus. Reasonable accommodations may be made to enable individuals with disabilities to perform essential functions.

Areas of Accountability and Performance:

Following directions from the Board of Directors the General Manager will:

- Develop rate structures as required by Montana law.
- Develop projections for current and future needs in the areas of staff, capital improvement projects and finances for 2 years, 5 years and 10 years.
- Monitor construction projects, as well as the maintenance and operation of water facilities.
- Maintain accounting and payroll functions in accordance with government accounting guidelines.
- Administer, supervise, plan, direct, and coordinate the water systems and office, delegating tasks as needed.
- Maintain familiarity with the rules and regulations of the District in order to enforce them and to answer questions from customers or developers.
- Meet and work with consultants and/or engineers to further the goals and needs of the District and its projects.
- Demonstrate the ability to read and interpret plans and specifications, and to locate lines for construction purposes.
- Work closely with Montana Rural Water and other agencies, attending related onsite and off-site meetings, seminars and training as often as possible in order maintain certifications and to be current on regulations and legislation at the state and federal levels in the water and wastewater fields.
- Is responsible for the timely filing of any necessary District reports to County, State and Federal agencies.
- Assists in preparation of the agenda and resolutions for the monthly Board meetings in compliance with board policy. Attends every board meeting and is prepared to discuss in detail the implications on District operations of any agenda item.
- Initiates, plans, develops, and implements records and reports for the Board of Directors
- Organizes and prepares financial reports, minutes, correspondence and other documents for board action, and performs other duties as assigned by the Board of Directors
- Is responsible for all facilities, property, and equipment of value.
- Provides thought-out and sound advice and counsel to the Board of Directors in relation to projects, developments, and improving District functions
- Recommends priorities for short- and long-range projects, and coordinates implementation as required.
- Is responsible for developing, preparing, and recommending a comprehensive budget and rate structure with supporting data for the District.
- Serves as a liaison and advisor for the District with consulting engineers, government agencies, developers, and any others as need arises.
- Recommends purchases of new and replacement equipment as the result of continuous appraisal of the working and functionality of District facilities and equipment.
- Is responsible for timely and accurate meter reading, accounting and payroll tasks for the District as well as the billing and collection of accounts.

- Is responsible for establishing a high level of customer service and maintaining quality contacts with the public, District customers and the Board

Supervision-Responsibility for Work of Others

The General Manager

- Administer all personnel matters of the District including supervision and direction, orienting, training, discipline, evaluation of performance and related matters, delegating tasks as needed. (Exception: The Board Secretary reports directly to the Board of Directors) • Prepares written job descriptions for each employee and an annual employee evaluation
- Develop and maintain job descriptions for all district personnel
- Assign employee tasks to assure effective use of personnel, equipment, and facilities.
- Is responsible for using and instructing others in the proper use of safety equipment and procedures to prevent injury.
- Help maintain a professional atmosphere and positive morale among employees.
- Cross-train with other employees to maintain staffing requirements during periods of transition, vacations, or other absences.
- Periodically reviews logs and journals completed by other personnel.
- Is responsible for employee hiring, evaluations, additional training, advancement, promotions, wage increases, and terminations.
- Is responsible for preliminary review and management of all employee related plans and insurance programs, which are a part of the employee compensation package.
- Assess and suggest changes to the rate and structure of employee pay scales and compensation.
- Is responsible for ensuring employees obtain certification in the water field, and continue and maintain their education as required for their certifications.

Education, Training and Experience Requirements:

The General Manager possesses

- Any combination of education and experience equivalent to high school graduation and some college training in the areas of business administration. A degree in engineering is preferred.
- At least five years of progressively responsible experience involving the management of materials, personnel, budgets, rates, and purchasing in a water system.
- Valid Montana Water Operator Certifications appropriate for the District's classifications (certified within 180 days of position acceptance)
- Technical proficiency with computers and software
- Must possess a valid state of Montana driver's license with an insurable record

Evaluation of the General Manager

At least annually, at or near the employment anniversary date of the General Manager, the Board will meet in executive session for the purpose of evaluating the performance of the General Manager.

The Board will summarize the results of their individual evaluations and arrive at a consensus as to the overall performance of the General Manager. The results of the evaluation will be communicated to the General Manager.

The Board President shall ensure that the provisions of this policy are followed.

Adopted: November 29, 2021

Revised:

Reference: CWBDH Policy

Review Date:

Attest: /s/



Board President Ming Cabrera

Attest: /s/



Secretary