



COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Board of Directors Meeting Minutes

March 20th, 2024 at 6:00 PM

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

The meeting is open to any interested member of the public. Agendas are prepared for the meetings; agendas may be requested from the General Manager and are available at <https://heightswaterdistrict.com/agendas-and-minutes>. Agenda packets, due to their size, will not be printed off for the meetings or at the public's request. The public can access and view the agenda packet online and can download them or print them at their own expense.

CALL MEETING TO ORDER: President Doug Kary called the meeting to order at 6:00 PM

WELCOME AND INTRODUCTIONS

Board Members present: Doug Kary, Frank Ewalt, Tom Zurbuchen, Ming Caberera, Jeff Essmann & Laura Drager

Jenn Burnside (Board Secretary)

Staff Members present: Josh Simpson

Also present: Willeen and Greg Erpenbach, Tyrell Mailloux, Pam Ellis, and Evelyn Pyburn (YCN)

PRESIDENT'S REMARKS: Read by Doug Kary

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 the Board for their input. The President will recognize speakers who raise their hands. 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. Once the public comment period is over the public may not provide further comment or ask additional questions during the remainder of the agenda item discussion, unless specifically requested by the chair or presiding officer of the meeting.

PUBLIC COMMENT on Non-Public Hearing Agenda Items: Read by Doug Kary

- A. Any member of the public may be heard on any subject that is not on the agenda;
- B. The board will not take action on these items at this time but may choose to add the item to the agenda for the next scheduled board meeting.

March 20th, 2024 6:00 PM

PUBLIC COMMENT:

Pam Ellis said she has requested twice for an explanation about why there is a discrepancy between the postcards and the bills that are online. When she originally signed up to do emailed bills, she asked not to get a mailed bill thinking it would save the district money. Postcards sometimes come before the email bills and sometimes they come after. A lot of the history online is missing. For the last two months, the electronic bill doesn't match the paper. At the work session with Interstate Engineering, they explained a discrepancy between what was recorded in the minutes for February which is that Josh said we had a grant to pay for 100 hours of Interstate Engineering time. Interstate said they were hired directly by the state to provide 80 hours.

Doug requests to move agenda item #3 (Membership in Associated Employers of Montana) in New Business to after the consent agenda. No objection.

MINUTES:

Laura makes a motion to approve the minutes for the February meeting. Frank Seconds.

Public Comment:

Pam said the February minutes talk about the quote from Summers Mcnea. At the meeting, Frank asked Josh to check and see if Summers Mcnea would guarantee that price quote for three years, and he said he would. Minutes reflect they guarantee the price quote for three years. The minutes should reflect what happened at the meeting. Tom asks that the quote be brought to the next meeting it's not in the agenda packet. Josh reported that the City offered to do the engineering on the new storm pipe, but there was no report that anyone had ever talked to the project engineer. To her knowledge, she is the only one that contacted the project engineer. She doesn't remember Josh saying he had three price quotes for the pipe companies to replace the pipe on Bitterroot and one quote for labor but that should have been in the agenda packet. The board requested the price quotes for the excavation companies so they called in order of the least expensive, the minutes show he was directed to get an RFQ which is a request for qualifications for professional behavior. Also, the agendas are posted on Friday and corrected on Monday and there is never a note saying there were corrections made.

Motion and Vote:

Laura makes a motion to approve the minutes for the February meeting. Frank Seconds. Frank, Jeff, Doug, Laura, and Ming approve. Tom against. Motion Passed.

Tom comments regarding the minutes and the vote on the consolidation exploration. It says the minutes do quote the resolution as written.

Tom made a motion to reconsider the consolidation exploration resolution. No second.

Item #3 (Membership in Associated Employers of Montana)

Tyrell explains the benefits of being a member of the Associated Employers. Which primarily focuses on HR services. They have helpful videos, training, and a hotline to ask questions. The membership fee is \$675 annually with 5 hours free and \$110 an hour after. They also have OSHA compliance safety training which would be an additional \$675 annually. If you have both you receive a 25% discount. They have an in-house underwriter for insurance benefits as well as wage and benefit surveys.

TREASURES REPORT:

Laura explained Gross Income account is \$1. Service charge \$741.94. Sweep account \$582,087.63 Earned \$351.79. Payroll account. \$237,293.99 First Interstate Savings account \$258,211.86. Earned \$562.95 Yellowstone Bank Savings account \$219,584.53. Stifel investments \$6,636,132.58. Total cash position \$7,933,311.59. Change to cash position for the month of -\$35,009.65 Change in cash position for the year of \$927,376.51.

Ming asked about being down from January.

Laura said it was because we had more money available in our checking account. Some money was moved from Stifel investments which were making minimal interest into our money market account. Also, our Stifel smart rate program is paying 7.6% interest.

Jeff asks if the employees are on 26 pay periods a year.

Laura said that was correct.

Laura goes on to say that on Friday she applied for the Districts General Manager position. Our chairman checked with our legal counsel who said that by state law there was nothing that prohibited a board member from applying for the position however our by-laws do restrict that so she would not be eligible for consideration due to the by-laws. She then sent a letter of resignation to the Board of directors on Monday. She then read her letter of resignation.

CONSENT AGENDA:

Frank said he was going through the budget and had some questions so he came down and talked to Josh and got clarification on those items.

Frank makes a motion to accept the consent agenda. Tom seconds.

Public Comment:

Pam said that you are now a five-member board until you appoint someone else. So, you can't meet with three people at the office and approve bills because that's a quorum.

Motion and Vote:

Frank makes a motion to accept the consent agenda. Tom seconds. All Approved

MANAGERS REPORT: presented by Josh (Acting General Manager)

Paving on St. Andrews is done, the hot plant opened up so they were able to get in there and have it looking pretty.

He met with Interstate Engineering and got back the Geo tech proposal from SKA. It broke down to the original ten boaring at a 15-foot depth. They're looking at a cost of \$26,800, If they need additional boarings ten additional would add \$17,200 to that price tag. Fieldwork could begin 3 to 4 weeks weather dependent. It will take approximately 7 days to do the work and 5 to 7 weeks for lab testing and the final engineering report. Interstate has gone out with drones and surveyed the property already. There is an additional clause in the task order that allows for an additional \$60,000 to be spent as needed. Interstate has asked the City the question if two connections would be better than just one.

The Wicks Lane water main replacement preliminary task list was sent to the board. Josh then went over the Interstate report.

Frank reads resolution 005-24: The Board has approved Interstate Engineering Inc. to commence the engineering work to bring forth a complete construction design and plan on an emergency main line replacement on Wicks Lane, from Bitterroot Drive to Duran. Tom seconds.

Frank asks if they do the engineering on this project will it still be good in 10 years?

Josh said no it would have to be updated for any current specs.

Tom said he is in favor of this because the A/C pipe does not like ground shift. We just need to replace it and be done with it.

Ming said this is what we pay our engineers for, we need to continue it and move on.

Further discussion was had regarding this.

Public Comment:

Laura said she was in favor of this motion. She thinks that it is something the District needs to take care of and make it a priority.

Pam comments that she thought the City had offered to do the engineering. She also said what she had heard from the people who evaluate pipe that you can't tell by looking at it. She knows that A/C pipe is really fragile and that it does break and it does get more fragile the older it is. What is the timeline for getting the report back on the A/C pipe that was sent for review?

Doug said it should be back in a couple of weeks.

Motion and Vote:

Frank reads resolution 005-24: The Board has approved Interstate Engineering Inc. to commence the engineering work to bring forth a complete construction design and plan on an emergency main line replacement on Wicks Lane, from Bitterroot Drive to Duran. Tom seconds. All Approved

COMMITTEE REPORTS:

Frank talks about the meeting with the City on the discovery of consolidation. They decided it would be best if they had a third party to collaborate on everything. They gave a list of state-approved engineers. Frank then sent out a list of engineers to everyone and asked them to remove any who may have a conflict of interest. He then listed the three that they removed from the list. H2S, Sanderson Stewart, Performance Engineering, this left 8 to choose from. They would like to get it down to three not to exceed four to go back to the City. Then we will get RFQ from the three top picks.

Tom said HDR does the City's hydraulic modeling and should be removed as well.

Jeff doesn't think that Sanderson Stewart should be left off the list. He believes that the top three should be Sanderson Stewart, Morrison & Maierle, and Dowl.

Doug would like to add KLJ to that as well.

Ming asks what we are looking at as far as cost for this consolidation exploration.

Doug said wait for your meeting and you will know.

Frank said in the meeting they also passed out a sheet for the cost of the street opening permits. There was also an announcement that there may be a possible 2.3% increase in water rates.

OLD BUSINESS:

Item #1 Decision on General Manager Employment

The board met and no decisions were made regarding the hiring of a new General Manager. They each went through and discussed as well as rated each applicant. They are attempting to narrow it down to three individuals if they can. Once they hear back from the Associated Employers if they approve it, they will proceed further.

Evelyn asked how many applications they received.

Doug said six.

Item #2 Geo Tech for Northwest Transmission Line

Doug explained this was covered in the Manager's Report.

Jeff says since our access time is limited, he would like to get the inventory performed while we have the access permits.

More discussion was had regarding the boaring.

Public Comment:

Laura asks if the proposal pricing good for 30 days. Did the board decide to take action on this tonight?

Doug said it was included in Task Order 28.

Jeff makes a motion to proceed. Frank seconds.

Public Comment:

Pam said that the Board President should sign the contract as well as the Board Secretary.

Motion and Vote:

Jeff makes a motion to proceed. Frank seconds. All Approved

Item #3 Custom Program to Help Customers Calculate Bills

Doug explains that we were looking at ways to make our bills more transparent to our customers.

Josh explains that Jenn's husband is a software engineer and that Jenn had mentioned the programming dilemma to him. He said he would be able to make a program that would be compatible with our website and we did verify compatibility with the Civic Plus. It shows the breakdown per tier for both commercial and residential as well as the cost for the meter size charge and the service line fee.

Jenn said she did go to Morrison & Maierle first before she talked to her husband. They were only able to make an Excel spreadsheet and were unable to make a full program.

Public Comment:

Willeen asked if they wanted to double check on our bill we could just go to your website and input our address.

Josh said no if you put in your usage, it will show you the breakdown of how that bill is calculated.

Jeff asks if we need to take action on this tonight. He feels that a press release would be a good idea to get the word out so that people can start using it.

Tom doesn't know if this will do any good. He would like to track how often staff has to calculate customer bills so we know where our money going.

Franks has concerns because the calculator doesn't include the rates and how they are calculated. These tiers are meant for water conservation so the customer needs to see when they will be going into the next tier.

Jenn said the formula was going to be added to the calculator page once it was complete and approved.

Ming said this would be good for those who have questions regarding their bills. He also feels we should proceed with this.

Public Comment:

Laura asked if the fee was an annual cost or a one-time fee.

Jenn said it was a one-time fee.

Laura said she would support this because there are so few things that we as the board that has done that are customer-facing. This is a tool for the customers and with that cost, she thinks it

would be something that would be a tool for the ratepayer and it would enhance their experience with the district.

Willeen said she does like the idea of putting the barrier between the tiers so the customer knows what the calculation details.

Tom asks what we would have to do to update this if we have a rate increase.

Doug said he would just go in and change the tier costs.

Frank asked about adding the calculation to the final webpage.

Jenn said yes, we would add a picture of the formulas next to the calculator if we can if not, we will add an additional sheet to a page of its own.

Doug asks how many times they could go and search.

Jenn said as many times as they see fit. She also stated that we have had a lot of customers who have asked about the potential summertime bills with watering and this would be a great tool for them.

Frank asks for this to be brought back next meeting with the tiers brought out.

Laura asks how much will it cost for the programmer to change the rates. What will his fees be and how long will it take him to change them?

NEW BUSINESS:

Item #1 Wicks to Duran RFP

Already discussed in Managers Report

Item #2 Proceed Engineering for Wicks Ln Main Replacement

Already discussed in Managers Report

Item #3 Membership in Associated Employers of Montana

Jeff makes a motion to invest \$675 for the board and General Manager to utilize the Human Resources and data they provide. Ming seconds.

Tom said he is against this because we have health insurance and we haven't had to advertise for the last several people we have hired.

Josh said we did advertise for the most recent job opening. He also asks if this does go through and the GM would like to utilize the safety training does the additional cost have to be brought to the board?

Doug said no it would be in the budget.

Frank said he was unimpressed with the video that was sent to him. He also feels there were too many hidden costs.

Further discussion was had regarding this topic.

Frank amends the motion to try it for one year if we don't use it enough in that time then we can get rid of it. Tom seconds.

Public Comment:

Laura said she was in favor of this because there are things that they cover that even a GM may not have current knowledge of such as the FMLA compliance. Also, they can do training on drugs and alcohol but they can also assist with the testing.

Pam asks Josh if he feels that there are things that are useful to him.

Josh said more training is always better. However, as far as what we use on a day to day he's always reached out and tracked down the answer himself.

Jenn asks if you call and have a five-minute question are you getting charged for an hour or for the few minutes that you are on the phone?

Doug said he would have to find out.

Laura said the hotline is available to members on a no-fee access.

Greg said employment law is changing constantly because of lawsuits. By looking stuff up on the internet, you may not find those little things that someone with experience can show to you.

Tom said we already have the drug testing available.

Motion and Vote:

Jeff makes a motion to invest \$675 for the board and General Manager to utilize the Human Resources and data they provide. Ming seconds. All Approved

Frank amends the motion to try it for one year if we don't use it enough in that time then we can get rid of it. Tom seconds. All Approved

Item #4 STIP Program

Authorize Representation:

Jeff makes a motion to participate in the STIP Program. Ming seconds.

Public Comment:

Laura says that all of the statements are electronic, and there will not be any paper statements generated. She would like to make a recommendation that Suzie be one of the employees because she pulls all of the electronic statements and provides those to the board of directors.

Josh asks how many you can have.

Laura said you can have up to three people.

Pam said it should be Jenn because she may need to transfer money.

Jeff makes a motion that e Signatures be the Board President, General Manager, and Accountant. Frank seconds.

Motion and Vote:

Jeff makes a motion to participate in the STIP Program. Ming seconds. All Approved

Jeff makes a motion that e Signatures be the Board President, General Manager, and Accountant. Frank seconds. All Approved

Work Session Tuesday, April 2nd @ 8:00 AM

Next Board meeting Wednesday, April 17th @ 6:00 PM

Meeting adjourned @ 8:09 pm

Board Secretary, Jennifer Burnside

Board President, Doug Kary



COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Board of Directors Special Meeting Minutes

March 26th, 2024 at 2:00 PM

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

The meeting is open to any interested member of the public. Agendas are prepared for the meetings; agendas may be requested from the General Manager and are available at <https://heightswaterdistrict.com/agendas-and-minutes>. Agenda packets, due to their size, will not be printed off for the meetings or at the public's request. The public can access and view the agenda packet online and can download them or print them at their own expense.

CALL MEETING TO ORDER: President Doug Kary called the meeting to order at 2:00 PM

WELCOME AND INTRODUCTIONS

Board Members present: Doug Kary, Frank Ewalt, Tom Zurbuchen, Jeff Essmann (On Zoom)

Jenn Burnside (Board Secretary)

Staff Members present: Josh Simpson

Also present: Greg Erpenbach, David Graves, Pam Ellis, and Evelyn Pyburn (YCN)

PRESIDENT'S REMARKS: Read by Doug Kary

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PUBLIC COMMENT on Non-Public Hearing Agenda Items: Read by Doug Kary

- A. Any member of the public may be heard on any subject that is not on the agenda;
- B. The board will not take action on these items at this time but may choose to add the item to the agenda for the next scheduled board meeting.

March 26th, 2024 2:01 PM

NEW BUSINESS:

Item #1 Interview candidates for Board of Directors vacancy

Item #2 Select a candidate

Doug asks the candidates present to inform the board why they would like to serve on the board and what talents they can bring forth.

Frank makes a motion to reject all applications for the vacancy at this time. Tom seconds.

Jeff supports this motion because he feels we need to restore the public's trust.

Doug said he has been receiving emails from another board member pointing out all kinds of stuff. This board member is not telling the full truth. We cannot have three board members without an official meeting. Board members said there are three people on this board that are going to railroad the consolidation with the City through, this is far from the truth. Some of the applications we received, those applicants were not eligible.

Tom is for rejecting all applications. He would like to remind the candidates that we still have a vacant seat and those applicants who wish to serve will have to reapply.

PUBLIC COMMENT:

Pam said she wasn't sure why the board would reject the applications. In the past, they kept applications on file for two years. You know people are interested, it's an error in communication and scheduling. She said she thinks the board should just keep the applications and reschedule the meeting at a later date.

Greg said new laws based on lawsuits just came out. Files were held for future opening but those files were never pulled out only the current applications were used.

David said this has been going on too long. We need to step back and figure out what is best for the ratepayers and the employees of the Water District. As well as figure out how we can work with the City of Billings.

Susan Swimley is concerned with Pam on holding the applications and rescheduling the meeting for another time.

Frank thinks that the Board needs to have new applications.

Motion and Vote:

Frank makes a motion to reject all applications for the vacancy at this time. Tom seconds. All Approved.

Frank said going forward we will have a posting after the April 17th meeting listing the following:

Date of vacancy

Opening for applications

Date of closing for applications

Date of interviews and appointment

To be voted on at the next business meeting.

PUBLIC COMMENT:

Evelyn asked what prompted the calling of this meeting.

Doug said to interview the candidates.

Meeting moved to Executive session.

Next Board meeting Wednesday, April 17th @ 6:00 PM

Meeting adjourned @ 2:15 pm

Board Secretary, Jennifer Burnside

Board President, Doug Kary

04/01/24
15:55:01

BILLINGS HEIGHTS WATER DISTRICT
Check Register For Payrolls from 03/01/24 to 03/31/24

Page: 1 of 2
Report ID: W100A

Check #	Payee #/Name	Check Amount	Date Issued	Period Redeemed	Receipt Acct
-89466	6 JENNIFER M BURNSIDE	1628.45	03/01/24	3/24	
-89465	10 QUIN T FUHRMAN	2072.86	03/01/24	3/24	
-89464	13 MATTHEW KADLEC	1814.58	03/01/24	3/24	
-89463	2 CLAY J MCCAFFREE	1827.34	03/01/24	3/24	
-89462	11 SUZANNE M MCKETHEN	1344.38	03/01/24	3/24	
-89461	1 ANDREW W REICHENBACH	1967.44	03/01/24	3/24	
-89460	7 JOSHUA C SIMPSON	2602.18	03/01/24	3/24	
-89459	FIT EFTPS	3877.68	03/01/24	3/24	
-89458	SIT MT DEPT OF REVENUE	458.00	03/01/24	3/24	
-89457	401K ASCENSUS	2071.31	03/01/24	3/24	
-89456	401K PS ASCENSUS	780.07	03/01/24	3/24	
-89455	6 JENNIFER M BURNSIDE	1612.49	03/15/24	3/24	
-89454	10 QUIN T FUHRMAN	2007.11	03/15/24	3/24	
-89453	13 MATTHEW KADLEC	2144.84	03/15/24	3/24	
-89452	2 CLAY J MCCAFFREE	1889.05	03/15/24	3/24	
-89451	11 SUZANNE M MCKETHEN	1344.38	03/15/24	3/24	
-89450	1 ANDREW W REICHENBACH	1734.76	03/15/24	3/24	
-89449	7 JOSHUA C SIMPSON	2602.18	03/15/24	3/24	
-89448	FIT EFTPS	3893.53	03/15/24	3/24	
-89447	SIT MT DEPT OF REVENUE	463.00	03/15/24	3/24	
-89446	401K ASCENSUS	2033.00	03/15/24	3/24	
-89445	401K PS ASCENSUS	705.18	03/15/24	3/24	
-89444	HEALTH INS BCBS	14687.48	04/01/24	3/24	
-89443	DENTAL GUARDIAN	1484.75	03/29/24	3/24	
-89442	6 JENNIFER M BURNSIDE	1614.50	03/29/24	3/24	
-89441	10 QUIN T FUHRMAN	1941.36	03/29/24	3/24	

04/01/24
15:55:01

BILLINGS HEIGHTS WATER DISTRICT
Check Register For Payrolls from 03/01/24 to 03/31/24

Page: 2 of 2
Report ID: W100A

Check #	Payee #/Name	Check Amount	Date Issued	Period Redeemed	Receipt Acct
-89440	13 MATTHEW KADLEC	1814.58	03/29/24	3/24	
-89439	2 CLAY J MCCAFFREE	1951.76	03/29/24	3/24	
-89438	11 SUZANNE M MCKETHEN	1344.38	03/29/24	3/24	
-89437	1 ANDREW W REICHENBACH	1908.76	03/29/24	3/24	
-89436	7 JOSHUA C SIMPSON	2602.18	03/29/24	3/24	
-89435	FIT EFTPS	3851.93	03/29/24	3/24	
-89434	SIT MT DEPT OF REVENUE	453.00	03/29/24	3/24	
-89433	401K ASCENSUS	2095.07	03/29/24	3/24	
-89432	401K PS ASCENSUS	719.00	03/29/24	3/24	

* denotes missing check number(s)

# of Checks:	35	Total:	77342.56	Electronic Checks:	77,342.56
				Non-electronic Checks:	0.00

04/09/24
10:51:36

BILLINGS HEIGHTS WATER DISTRICT
Balance Sheet
For the Accounting Period: 3 / 24

Page: 1
Report ID: L150

5210 Water

Assets

Current Assets

Operations & Maint Ckg	(70.00)	
Gross Income Fund Ckg		625,810.75	
Payroll Checking		156,424.15	
Undeposited Funds		1,802.58	
First Interstate Savings		258,776.04	
Yellowstone Bank		221,503.09	
D A Davidson Money Market		13.00	
D A Davidson	(100,000.00)	
D A Davidson Investment		100,000.00	
Stifel Nicolaus		6,288,000.00	
Stifel Money Market		273,581.53	
Discount/Premium - Solomon S.B.	(36,282.04)	
Petty Cash		100.00	
Change Fund		150.00	
Accts Rec - Water	(27,177.57)	
Accts Rec		44.87	
Accrued Investment Interest		44,592.86	
Prepaid Expense		2,193.91	
Inventory - Supplies		158,347.57	

Total Current Assets			7,967,810.74

Fixed Assets

Land		245,961.00	
Buildings		575,033.40	
Maint Equip & Vehicles		956,966.20	
Office Equipment		138,738.12	
Maint & Equipment		22,420,330.99	
Accumulated Depreciation	(11,321,899.51)	

Total Fixed Assets			13,015,130.20

Total Assets 20,982,940.94

Liabilities and Equity

Current Liabilities

CONVERSION Accounts Payable		2,844.67	
Comp Abs Payable		81,391.75	
FIT Payable		7,023.99	
SIT Payable	(50.00)	

04/09/24
10:51:36

BILLINGS HEIGHTS WATER DISTRICT
Balance Sheet
For the Accounting Period: 3 / 24

Page: 2
Report ID: L150

5210 Water

State UCC Payable	671.32	
MT Unemp Payable	(737.45)	
401k Payable	5,836.32	
Refunds Payable	(9,121.38)	

Total Current Liabilities		87,859.22
Long-Term Liabilities		
Bonds Payable - Series 2011 Bond B Loan	243,000.00	
Bonds Payable - Series 2016 Bond C Loan	2,035,000.00	
Bonds Payable - Series 2017 Bond A Loan	1,651,000.00	

Total Long-Term Liabilities		3,929,000.00
Total Liabilities		4,016,859.22
Equity		
Fund Balance - Operations & Maint Fund	565,257.45	
Fund Balance - Acquisiton Fund	8,857,227.00	
Fund Balance - Capital Improv Fund	6,651,560.00	
Fund Balance - Reserve Fund	184,383.00	
Retained Earnings	554,048.65	
CURRENT YEAR INCOME/(LOSS)	153,605.62	

Total Equity		16,966,081.72
Total Liabilities & Equity		20,982,940.94

04/09/24
10:51:36

BILLINGS HEIGHTS WATER DISTRICT
Balance Sheet
For the Accounting Period: 3 / 24

Page: 3
Report ID: L150

7910 Payroll Clearing

Assets

Current Assets

Payroll Checking	3,509.97	

Total Current Assets		3,509.97

Total Assets		3,509.97

Liabilities and Equity

Current Liabilities

Social Security Payable	(120.58)	
Medicare Payable	(28.20)	
FIT Payable	(170.71)	
SIT Payable	(51.00)	
MT Unemp Payable	1,377.92	
401k Payable	(640.55)	
BCBS Health Ins Payable	2,630.77	
Guardian-Dental Payable	347.07	
Guardian-Vision Payable	51.66	
Guardian-LTD Payable	52.89	
Guardian-STD Payable	42.33	
Guardian-Life Payable	18.37	

Total Current Liabilities		3,509.97

Total Liabilities & Equity		3,509.97

04/09/24
10:51:36

BILLINGS HEIGHTS WATER DISTRICT
Balance Sheet
For the Accounting Period: 3 / 24

Page: 4
Report ID: L150

7930 Claims Clearing

Assets

Current Assets

Gross Income Fund Ckg	17,949.42	

Total Current Assets		17,949.42

Total Assets		17,949.42

Liabilities and Equity

Current Liabilities

Checks Payable	17,949.42	

Total Current Liabilities		17,949.42

Total Liabilities & Equity		17,949.42

04/09/24
10:51:36

BILLINGS HEIGHTS WATER DISTRICT
Income Statements Summarized
For the Accounting Period: 3 / 24

Page: 1
Report ID: LB170AS

5210 Water

----- Current Year -----				
	Current Month	Current YTD	Budget	Variance

Revenue				
340000	13,731.01	3,664,576.86	5,538,090.00	-1,873,513.14
360000			-6,519.00	6,519.00
Total Revenue	13,731.01	3,664,576.86		
Cost of Goods Sold				
430100 Cost of Good Sold	148,860.30	1,923,550.70	3,026,106.00	1,102,555.30
Total Cost of Goods Sold	148,860.30	1,923,550.70		
Operating Expenses				
430510 Administrative	34,314.04	314,920.53	453,486.00	138,565.47
430520 Water	108,852.94	835,057.58	993,767.00	158,709.42
Total Operating Expenses	143,166.98	1,149,978.11		
Other Income				
370000	945.86	6,030.44	3,579.00	2,451.44
Total Other Income	945.86	6,030.44		
Other Expenses				
490700 Capital Improvements	46,426.88	443,472.87	1,111,205.00	667,732.13
Total Other Expenses	46,426.88	443,472.87		
Net Income (Loss)	-323,777.29	153,605.62		

04/09/24
10:51:36

BILLINGS HEIGHTS WATER DISTRICT
Object Summary Budget vs. Actual Query
For the Accounting Period: 3 / 24

Page: 1
Report ID: B100SO

Object	Committed Current Month	Committed YTD	Original Appropriation	Current Appropriation	Available Appropriation	% Comm.
110 Salary	53,021.32	433,806.37	596,082.00	596,082.00	162,275.63	73%
112 Directors Fees	750.00	7,400.00	23,776.00	23,776.00	16,376.00	31%
114 Salary - Bonus	0.00	0.00	0.00	0.00	0.00	0%
141	0.00	0.00	0.00	0.00	0.00	0%
142 FICA - SS/Medicare	4,056.16	33,163.46	45,607.00	45,607.00	12,443.54	73%
145 Unemployment	424.17	1,670.74	3,908.00	3,908.00	2,237.26	43%
146 Workers Comp	574.43	5,554.31	10,313.00	10,313.00	4,758.69	54%
147 Retirement Benefits	4,941.60	36,903.76	48,680.00	48,680.00	11,776.24	76%
148 Employee Insurance	16,172.23	155,017.11	212,680.00	212,680.00	57,662.89	73%
149 Payroll Taxes	0.00	75.22	0.00	0.00	-75.22	0%
1XX Object Group Total	79,939.91	673,590.97	941,046.00	941,046.00	267,455.03	72%
211 Office Supplies & Equip	394.67	13,429.30	4,596.00	4,596.00	-8,833.30	292%
221 Operating Supplies	82.01	1,681.28	4,789.00	4,789.00	3,107.72	35%
222 Lab and Medical Supplies	0.00	302.02	317.00	317.00	14.98	95%
226 Clothing & Uniforms	0.00	-9.99	1,946.00	1,946.00	1,955.99	-1%
231 Gas, Oil, Fuel	715.36	11,774.70	18,875.00	18,875.00	7,100.30	62%
233 Machinery & Equip Parts	1,230.14	7,452.50	17,285.00	17,285.00	9,832.50	43%
236 Water Main & Line Repair	0.00	11,705.32	23,140.00	23,140.00	11,434.68	51%
241 Consumable Tools	424.94	4,491.11	1,817.00	1,817.00	-2,674.11	247%
243 Safety Supplies	0.00	2,717.50	127.00	127.00	-2,590.50	***%
2XX Object Group Total	2,847.12	53,543.74	72,892.00	72,892.00	19,348.26	73%
311 Communication & Postage	2,038.89	22,179.95	28,441.00	28,441.00	6,261.05	78%
321 Printing & Forms	1,507.19	2,016.47	1,879.00	1,879.00	-137.47	107%
331 Subscriptions & Legal Notices	0.00	914.95	855.00	855.00	-59.95	107%
335 Memberships & Dues	0.00	2,517.00	2,055.00	2,055.00	-462.00	122%
339 Certification Renewals	0.00	409.30	1,070.00	1,070.00	660.70	38%
341 Electricity	5,118.30	41,028.97	49,096.00	49,096.00	8,067.03	84%
342 Gas	331.41	1,885.43	3,699.00	3,699.00	1,813.57	51%
343 Sewer	96.46	1,008.11	1,516.00	1,516.00	507.89	66%
344 Telephone & Internet Access	308.28	2,783.93	3,395.00	3,395.00	611.07	82%
345 Cell Phone	175.05	1,617.84	2,373.00	2,373.00	755.16	68%
346 Elm-Utilties Underground	326.52	5,007.19	5,254.00	5,254.00	246.81	95%
347 Permits	0.00	102.50	103.00	103.00	0.50	100%
348 Billings Alarm	0.00	780.00	655.00	655.00	-125.00	119%
349 Quality Testing	904.01	7,051.82	7,196.00	7,196.00	144.18	98%
351 Legal Fees	0.00	19,115.20	22,771.00	22,771.00	3,655.80	84%
352 Accounting Fees	0.00	14,000.00	14,956.00	14,956.00	956.00	94%
353 Engineering Fees	14,693.90	17,267.20	167,370.00	167,370.00	150,102.80	10%
355 Data Processing Services	25,773.87	40,386.88	49,578.00	49,578.00	9,191.12	81%
361 Repair & Maint. Contract Servic	1,898.00	65,884.19	21,801.00	21,801.00	-44,083.19	302%
363 Meters Repair & Maintenance	6,443.74	29,015.91	57,660.00	57,660.00	28,644.09	50%
366 Building Maintenance	0.00	0.00	1,355.00	1,355.00	1,355.00	0%
371 Travel & Lodging	0.00	1,124.69	2,023.00	2,023.00	898.31	56%
381 Training & Tuition	0.00	1,645.00	1,392.00	1,392.00	-253.00	118%

04/09/24
10:51:36

BILLINGS HEIGHTS WATER DISTRICT
Object Summary Budget vs. Actual Query
For the Accounting Period: 3 / 24

Page: 2
Report ID: B100SO

Object	Committed Current Month	Committed YTD	Original Appropriation	Current Appropriation	Available Appropriation	% Comm.
3XX Object Group Total	59,615.62	277,742.53	446,493.00	446,493.00	168,750.47	62%
411 Concrete	0.00	5,600.00	5,351.00	5,351.00	-249.00	105%
451 Gravel & Sand	0.00	2,174.28	3,203.00	3,203.00	1,028.72	68%
471 Asphalt & Cold Mix	0.00	6,929.00	15,660.00	15,660.00	8,731.00	44%
4XX Object Group Total	0.00	14,703.28	24,214.00	24,214.00	9,510.72	61%
510 Business Insurance	0.00	94,557.00	12,910.00	94,146.00	-411.00	100%
533 Equipment Rental	0.00	0.00	0.00	0.00	0.00	0%
555 Bank Service Charges	764.33	9,889.82	8,178.00	8,178.00	-1,711.82	121%
591 Taxes	0.00	12,995.46	7,897.00	7,897.00	-5,098.46	165%
592 DEQ Service Connection Fee	0.00	12,030.00	11,962.00	11,962.00	-68.00	101%
5XX Object Group Total	764.33	129,472.28	40,947.00	122,183.00	-7,289.28	106%
620 Interest	0.00	0.00	0.00	0.00	0.00	0%
6XX Object Group Total	0.00	0.00	0.00	0.00	0.00	0%
810 Losses (Bad Debt)	0.00	7.35	0.00	0.00	-7.35	0%
890 Miscellaneous	0.00	0.00	0.00	0.00	0.00	0%
892 Bank Reconciliation-Cash	0.00	917.96	0.00	0.00	-917.96	0%
899 Water Purchased	148,860.30	1,923,550.70	3,026,106.00	3,026,106.00	1,102,555.30	64%
8XX Object Group Total	148,860.30	1,924,476.01	3,026,106.00	3,026,106.00	1,101,629.99	64%
920 Capital Improvements	0.00	184,720.00	183,405.00	183,405.00	-1,315.00	101%
930 Capital Outlay-Improvements to	7,374.72	54,787.64	443,437.00	443,437.00	388,649.36	12%
940 Capital Outlay-Building &	0.00	16,266.01	162,372.00	162,372.00	146,105.99	10%
970 Project Engineering	39,052.16	187,699.22	162,416.00	162,416.00	-25,283.22	116%
9XX Object Group Total	46,426.88	443,472.87	951,630.00	951,630.00	508,157.13	47%
Grand Total:	338,454.16	3,517,001.68	5,503,328.00	5,584,564.00	2,067,562.32	63%



FELT MARTIN
PC

2825 3rd Avenue North, Suite 100
Billings, MT 59101-1949
Phone: (406) 248-7646



Invoice # 8920
Date: 03/12/2024
Due On: 04/15/2024

County Water District of Billings Heights
1540 Popelka Dr
Billings, MT 59105

County Water District of Billings Heights - Opinion re: Dover Ranch

County Water District of Billings Heights

Date	Attorney	Notes	Quantity	Rate	Total
02/26/2024	MSS	Receive and review request for opinion; review Billings annexation maps and policy change, city county minutes re: annexation map, and annexation policy amendments; review Water District Bylaws, service area map, and cost & development study.	5.30	\$350.00	\$1,855.00
02/27/2024	MSS	Draft opinion letter re: Dover Ranch and territory boundary of Heights Water District.	4.50	\$350.00	\$1,575.00
Subtotal					\$3,430.00
Total					\$3,430.00

Detailed Statement of Account

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
8920	04/15/2024	\$3,430.00	\$0.00	\$3,430.00
Outstanding Balance				\$3,430.00
Total Amount Outstanding				\$3,430.00

Account	Balance
Operating Account Balance	\$0.00
Total Account Balance	\$0.00

Tax ID: 81-0406247

This invoice may contain information which is confidential, privileged, or protected otherwise by state or federal law.

You may pay this invoice online. Go to <https://app.clio.com/link/cayFVh7GK7MD>

Susan B. Swimley, Inc.
1807 West Dickerson, Suite B
Bozeman, MT 59715
Telephone: 406-586-5544
Fax: 406-586-3130



March 12, 2024
Invoice No. 13106

Co. Water Dist. of Billings Heights
1540 Popelka Drive
Billings, MT 59105

Client Number: DOF3266 Co. Water Dist. of Billings Heights
Matter Number: 2826 Billings Heights Water District - v. Yellowstone Co.
For Services Rendered Through 3/12/2024.

Fees

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
2/12/2024	SBS	Travel to/from Billings for hearing; Prepare and wait for hearing (Court delay); Attend hearing; Meet w/Board rep. Tom Z.	6.00	\$1,800.00
2/13/2024	SBS	Give summary of hearing to client	0.25	\$75.00
Billable Hours / Fees:			6.25	\$1,875.00

Timekeeper Summary

Timekeeper SBS worked 6.25 hours at \$300.00 per hour, totaling \$1,875.00.

Cost Detail

<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Check No.</u>
2/13/2024	Travel Expenses - Parking Garage - Billings	\$4.50	
Total Costs		\$4.50	

Payment Detail

<u>Date</u>	<u>Description</u>	<u>Amount</u>
2/28/2024	Check Number 11011 against Inv# 13049)	(\$4,250.00)
2/28/2024	Check Number 11011 against Inv# 13049)	(\$51.15)
Total Payments Received:		(\$4,301.15)

Continued On Next Page

Client Number: DOF3266
Matter Number: 2826

3/12/2024
Page: 2

Current Invoice Summary

Prior Balance:	\$4,301.15	
Payments Received:	(\$4,301.15)	Last Payment: 2/28/2024
Unpaid Prior Balance:	<u>\$0.00</u>	
Current Fees:	\$1,875.00	
Advanced Costs:	<u>\$4.50</u>	
TOTAL AMOUNT DUE:	<u><u>\$1,879.50</u></u>	

Thank you for your prompt payment.

Asbestos-Cement Pipe Integrity Testing Report

County Water District of Billings Heights

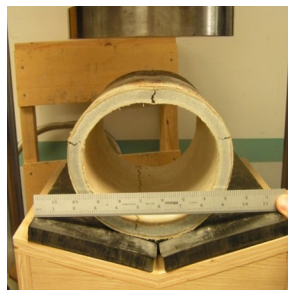
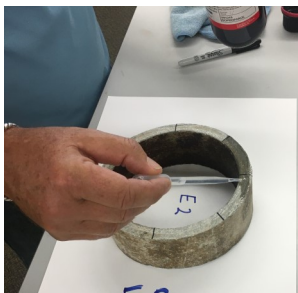
SUBMITTED TO

Josh Simpson
Assistant Manager

County Water District of Billings Heights
1540 Popelka Drive
Billings MT, 59105

JDH JOB NUMBER

2024078



April 3, 2024

County Water District of Billings Heights
1540 Popelka Drive
Billings MT, 59105

Attention: Josh Simpson
Assistant Manager

Subject: Asbestos-Cement Pipe Integrity Testing Report
City of Billings, MT

Dear Josh,

Pursuant to your request, **JDH Corrosion Consultants, Inc.**, has conducted testing of one six-inch diameter asbestos-cement (AC) pipe sample provided to our office. The sample was subjected to crushing and phenolphthalein staining testing and element scanning across the wall of the pipe using a Scanning-electron microscope. This sample reportedly came from a site in Billings, Montana. The test results along with a brief analysis of these results are presented herein for your use.

Purpose

This project involves phenolphthalein testing of one six-inch diameter by two-inch long ring samples and one six-inch diameter by 11-inch long AC pipe sample that was all obtained from a potable water distribution system owned and operated by the County Water District of Billings Heights. The age of the AC pipe sample that was provided for testing was installed in the 1960's.

Testing and Analysis

Phenolphthalein Testing

The pH of the pipe samples was tested by applying a phenolphthalein solution over the cross-section of each pipe sample. Phenolphthalein solution is a pH indicator that when applied to a test sample will remain colorless below a pH of 8.2 and will activate at a pH of 8.4, by changing the test sample color to pink or red.



Typical Application of Phenolphthalein to a sample of AC pipe

Pipe samples that have not experienced leaching of the cement mortar will activate the phenolphthalein solution and turn the pipe pink or red because of the high alkalinity and the high pH of the pipe. The phenolphthalein solution will not activate when the pH of the pipe drops below 8.2 because of the decrease in pipe alkalinity due to leaching of the cement mortar. The photos below show the results of the phenolphthalein test for each sample. The area of the sample activated by the phenolphthalein varied for each sample. This area was measured on the sample and recorded in the included data sheet (Table 1 below) as the “Activated Layer”. The percent area of the activated area to total cross sectional area was calculated and recorded as “Activated Area %”.

Phenolphthalein Analysis

The results from the phenolphthalein stain for the AC pipe samples are presented in the table below.

**Table 1 – Stain Testing Results
6” AC Pipe Deterioration Loss Calculations**

Sample 1 Billings						Total Cross-Section Area		Cross-Section Active Area		Active Area	
	Thickness	ID	OD	Active Area	% Active	% Loss				%	% Loss
1	0.718	0.230	0.069	0.4200	58						
2	0.724	0.240	0.049	0.4355	60						
3	0.698	0.231	0.030	0.4375	63						
4	0.733	0.234	0.102	0.397	54						
5	0.752	0.193	0.054	0.505	67						
6	0.723	0.175	0.068	0.481	66						
7	0.723	0.224	0.065	0.434	60						
8	0.724	0.222	0.049	0.453	63						
Average	0.724125	0.218375	0.06075	0.445375	61	39	14.77	9.30		62.9	37.1
Min	0.698	0.1745	0.03								
Max	0.7515	0.2395	0.102								
Std Dev	0.014894	0.022627	0.02107								



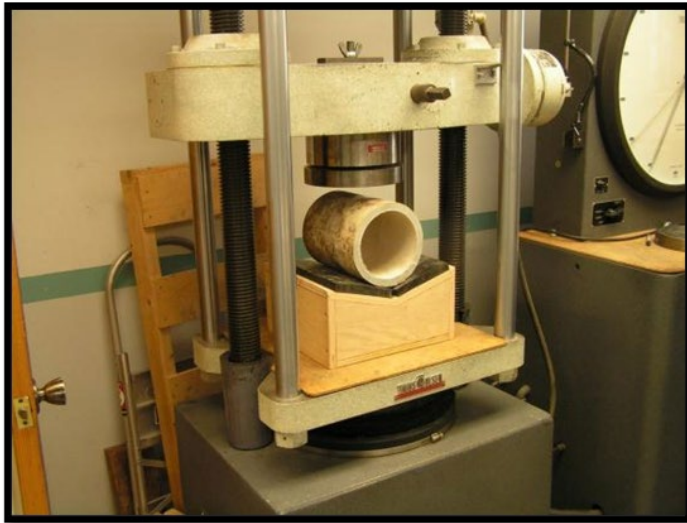
Photo 1 – 6-inch AC Pipe immediately after staining with phenolphthalein



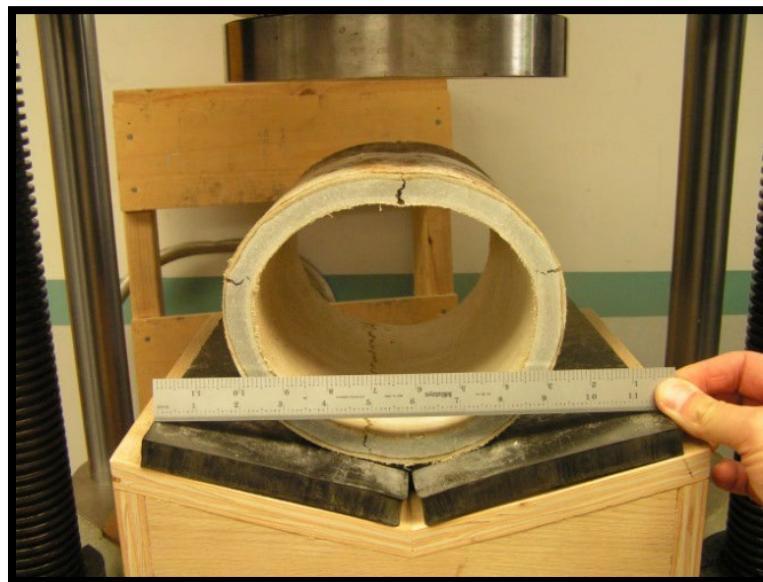
Photo 2 –6-inch AC Pipe segment close up several minutes after staining with phenolphthalein

Crush Testing

Crush testing was performed on the sample obtained from the project site. The test was conducted in accordance with ASTM C 296 “Standard Specification for Asbestos Cement Pressure Pipe” Section 9 and ASTM C 500 “Standard Test Method for Asbestos Cement Pipe” Section 6. The pipe sample was tested in the as-received condition and the sample was tested successfully. The sample was shipped with a wet towel placed inside the pipe to keep the pipe wet and thus not allowing the pipe to dry out.



Typical Testing apparatus and setup for the crush testing.



Typical pipe following crush testing.

**TABLE 2
Crush Testing Results**

TABLE 1. CRUSHING STRENGTH OF ASBESTOS CEMENT PIPE (2024078)				
Specimen ID	Nominal Pipe Diameter (in.)	Wall Thickness (in.)	Pipe Length (in.)	Ultimate Load (lbs.)
1	6.0	0.69	11.0	6,080

The sample tested meets the ASTM C 296 minimum crush test results for new Class 150 pipe. ACP Pressure Class indicates the maximum operating pressure (e.g., Class 150 pipe can operate at pressures up to 150 psi).

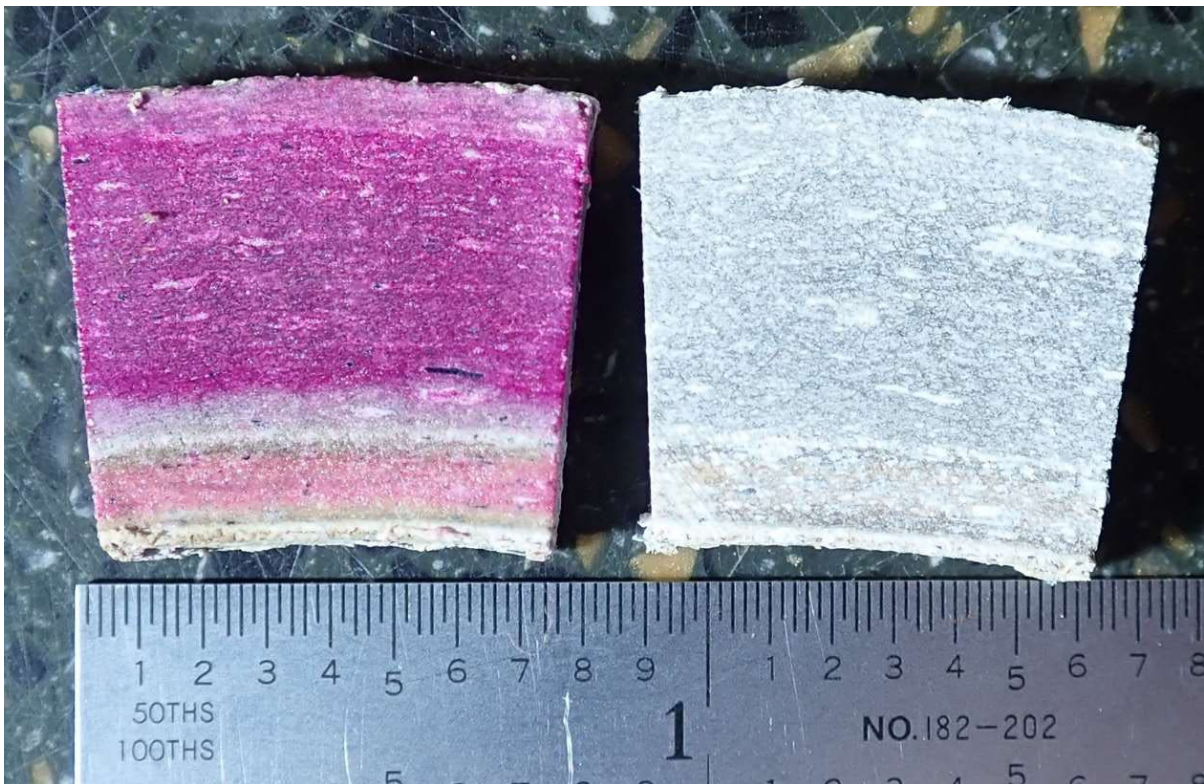
SEM Analysis

Test Procedure

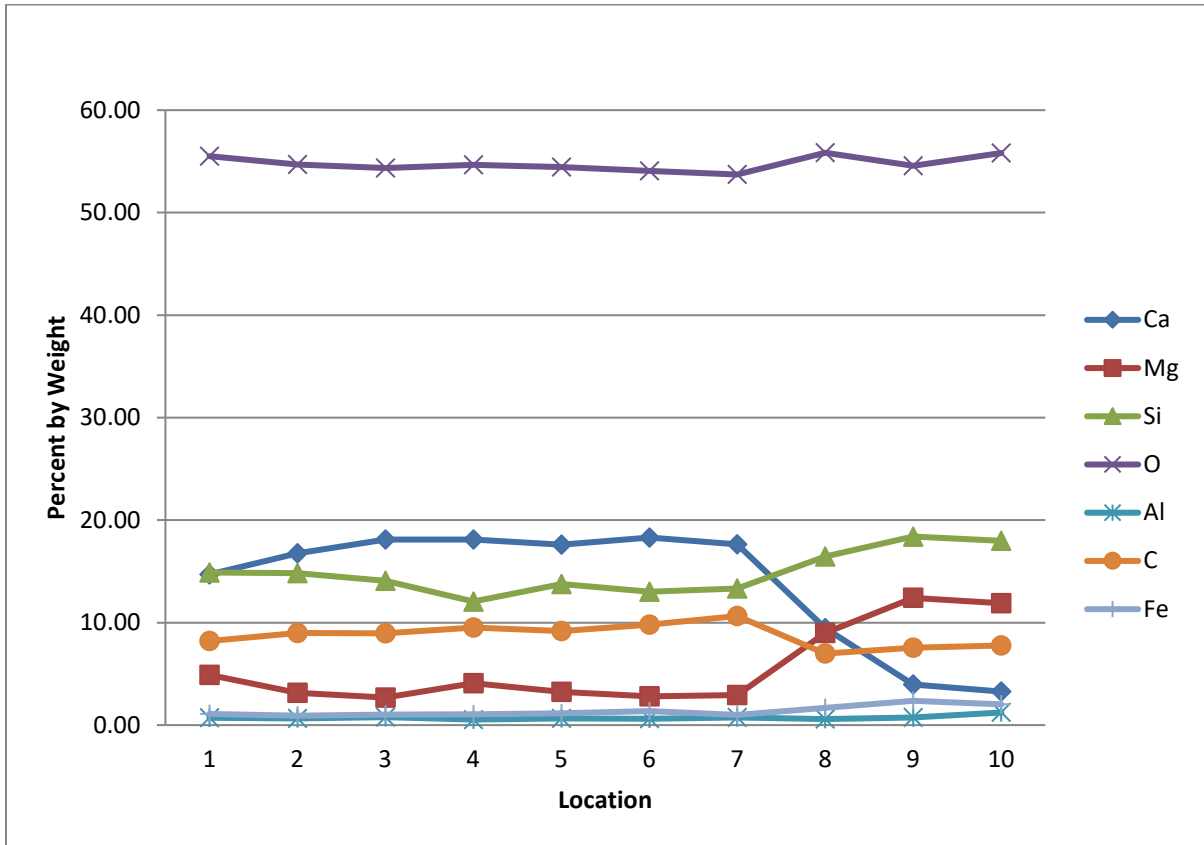
Two cross-sectional samples, through the thickness of the pipe wall, were cut and prepared from the submitted pipe sample. One of the samples was stained with a phenolphthalein pH indicator solution. The pH indicator turns pink at $\text{pH} > 10$ and is colorless at $\text{pH} < 10$. ACP when new and in good condition is approximately $\text{pH} 12-13$ and should stain pink. Leaching of calcium and carbonation reactions over time cause the pH to drop below $\text{pH} 10$.

The second cross-sectional sample was tested utilizing a scanning electron microscope with energy dispersive spectroscopy (SEM-EDS) to determine the elemental composition at incremental steps/locations across the thickness of the sample. The SEM-EDS results data was then plotted to show the variation in composition (e.g., calcium depletion, carbonation, etc.) across the thickness of the sample.

Macro-photographs showing the observed condition of the prepared cross-sections were developed. An example of the test results/deliverable is as shown below from pipe sample.



Side-by-side comparison of sample with and without stain applied.



A scanning electron microscope with energy dispersive spectroscopy (SEM-EDS) is used to determine the elemental composition at incremental steps/locations across the thickness of the sample and a graph is generated as shown above.



The graph is then overlaid on top of the photo of the stained sample as shown above.

A review of the SEM results indicates substantial loss of Calcium (Ca) on the ID of the pipe sample. Loss of calcium results in a reduction in alkalinity or a decrease in pH and becoming more acidic. The loss of calcium also results in a loss of strength of the asbestos cement pipe. The SEM-EDS results are provided below for the sample.

Billings Heights Water District										
Elemental Composition by Energy Dispersive X-Ray Spectroscopy										
(percent by weight)										
Location	1	2	3	4	5	6	7	8	9	10
Ca	14.70	16.77	18.11	18.10	17.61	18.30	17.64	9.45	3.96	3.27
Mg	4.91	3.14	2.69	4.07	3.23	2.81	2.93	9.00	12.41	11.90
Si	14.89	14.84	14.08	12.06	13.75	13.02	13.33	16.44	18.40	17.97
O	55.51	54.69	54.34	54.65	54.44	54.06	53.72	55.84	54.57	55.83
Al	0.70	0.64	0.79	0.54	0.65	0.63	0.74	0.60	0.73	1.23
C	8.21	8.99	8.97	9.52	9.17	9.81	10.64	6.98	7.56	7.78
Fe	1.08	0.92	1.03	1.06	1.15	1.36	1.00	1.68	2.37	2.01
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Conclusions

1. The sample met the ASTM C 296 minimum crush test results for new Class 150 pipe.
2. The phenolphthalein pH indicator stain testing indicated a loss of calcium sufficient to result in the indicator solution not turning color up to 37% of the surface area of the pipe sample tested. We believe this estimate is conservative, however the staining on the sample is difficult to determine with any high degree of accuracy.
3. Average measured loss of calcium via pH indicator solution on the pipe interior surfaces is approximately 0.219-inches thick while the average measured loss of calcium on the exterior surfaces is approximately 0.061 inches in thickness. Therefore, the calcium loss on the interior of the subject pipeline is greater than the average loss of calcium on the exterior surfaces. The calcium loss on the pipe interior surfaces is more consistent, however. This is typical of many AC pipes that we have studied through the years.

Limitations

The analysis and conclusions contained in this report are based on the information and assumptions referenced herein. All services provided herein were performed by persons who are experienced and skilled in providing these types of services and in accordance with the standards of workmanship in this profession. No other warranties expressed or implied are provided.

We appreciate the opportunity to be of service to **County Water District of Billings Heights** on this project and trust that you find the analysis and conclusions contained herein satisfactory. If you have any questions concerning the contents of this report or if we can be of any additional assistance, please do not hesitate to contact us at (925) 927-6630.

Respectfully submitted,

J. Darby Howard, Jr.



J. Darby Howard, Jr., P.E.
JDH CORROSION CONSULTANTS, INC.
Principal

cc: File 2024085

REFERENCES

1. Ellis, William J., Corrosion of Concrete Pipelines, Western States Corrosion Seminar, 1978.
2. AWWA Manual of Water Supply Practices - M27, First Edition, External Corrosion - Introduction to Chemistry and Control (Denver, CO: 1987).
3. National Association of Corrosion Engineers, Standard Recommended Practice, SP-0169-2007, Control of External Corrosion on Underground or Submerged Pipeline.
4. Charlton, R.S., Condition Evaluation of Asbestos Cement (AC) Piping in Potable Water and Sewage Systems, National Association of Corrosion Engineers, Corrosion 2000 Paper No. 00644.
5. Nalco Chemical Company, Second Edition, The NALCO Water Handbook (New York, NY: 1988).
6. American Society of Testing and Materials, ASTM Standards, C500-98 Standard Test Methods for Asbestos-Cement Pipe.
7. Peabody, A.W., Peabody's Control of Pipeline Corrosion, Second Edition. Houston, TX: National Association of Corrosion Engineers, 2001.
8. Revie, R. Winston, Uhlig's Corrosion Handbook, Second Edition. New York: John Wiley & Sons Inc., 2000.
9. ASTM C 296 "Standard Specification for Asbestos Cement Pressure Pipe" Section 9 and ASTM C 500 "Standard Test Method for Asbestos Cement Pipe" Section 6.

SUMMARY MEMORANDUM

To: Jennifer Duray, CPA
City of Billings, MT

From: Miranda Kleven
Ryan Graf

Re: **Heights Water District FY25 Rate Update**

Date: April 1, 2024

INTRODUCTION

In early 2023, AE2S Nexus completed rate analyses upon which the City of Billings (City) established rates for its customers for the 2024 and 2025 Fiscal Years. This analysis included new wholesale rates for the County Water District of Billings Heights (HWD) based on the methodology set forth in the agreements between the City and HWD. The capital component of the rates established for the HWD are set based on a hybrid of two industry standard approaches, the cash method and the utility method. The cash method establishes the costs used in calculating rates based on the actual cash needs at the time. The utility method looks at all of the assets that a particular user group benefits from (utilizes as part of service) and establishes a rate based on a percent of the value of those assets. In this hybrid scenario, HWD's rates are set based on:

- Pro rate share of operation and maintenance (O&M) costs related to service to HWD;
- Pro rata share of depreciation on assets utilized for service to HWD; and
- Rate of Return on portion of rate base, including net asset values and allocated portion of working capital, associated with service to HWD.

Because the value of assets that HWD utilizes is used in setting the specific rate, the timing for placement into service and capitalization of those assets has a direct impact on the need for rate increases. At the time of the 2023 analysis, the Capital Improvement Plan (CIP) included significant investment in the West End Treatment Plant and West End Reservoir, of which approximately \$130M was scheduled to come online in FY25, significantly increasing the treatment components of the rate base and impacting all users, including HWD.

Since the completion of the FY24 and FY25 projections, the City's CIP has been modified in accordance with the changing timetable associated with the design and construction of these major facilities; as a result, the FY25 rate has been recalculated and updated in light of the most recent projections for bringing the facilities online.

As part of the update, other pertinent data has also been updated, including but not limited to: updated FY25 budget, projected water sales based on FY23 flows, and recent peak day and peak hour service values for HWD. This information is critical to how the share of the rate base is allocated fairly and equitably to HWD.

The updated FY25 rate for the Resale class (HWD) is **\$3.04 per one thousand gallons (kgal)**. This is a decrease from the previously calculated FY25 value of \$4.42 per kgal.

FY25 RATE ANALYSIS MODIFICATIONS

To calculate the revised FY25 rate, the following updates were completed in the rate model maintained by the City:

- The FY25 O&M revenue requirements were updated to reflect the actual FY25 budget, as opposed to the estimated budget previously used for the FY25 calculation.
- Three-year average actual expenditure to budgeted O&M expenditure ratio was updated to reflect FY23 results. The updated value, upon which allocation of Joint O&M expenses is based, is 99.4% (previously 95.1%).
- Water use and account values by user class were updated to reflect FY23 billing statistics.
- Debt service, capital expenditure, and grant funding values were updated to reflect the most current information for the City's FY25-FY30 Capital Improvement Plan (CIP). This included changes to the timing of new projects coming online, which in some cases is delayed based on construction timelines.
- The weighted average cost of capital value for FY25 was updated to account for the 30-year treasury rate as of June 30, 2023, of 3.85%. This resulted in a calculated weighted cost of capital for FY23 of 5.24% (previously 4.80%).

Updates to the CIP for FY25 through FY27 are shown in Table 1, along with an indication of whether each project provides a benefit to HWD (and is included in the resulting rate calculations). The values and years shown in Table 1 are when projects are estimated to come into the rate base, not necessarily when the projects will be under construction. For instance, the City will spend resources on construction of the West End Reservoir beginning in FY24 but expects to bring the facility online, and thus into the rate base, in FY27. HWD benefits from this approach because while the City has incurred costs (including debt) for the project, those costs

are not recouped until the project itself is complete and benefiting HWD. **Projects and capital without a benefit to HWD are not used in the overall rate calculations.** Similarly, the rate base does not include contributed capital or system development fee funded capital. The HWD can expect that as future projects from which HWD receives a benefit come online, particularly those in bold in Table 1, rates will increase in accordance with the associated capital-related revenue requirements.

Table 1: Revised FY25 - FY27 Water Capital Improvements Plan (CIP)

Project	Previous CIP FY25	Updated CIP FY25	Updated CIP FY26	Updated CIP FY27	Benefit to HWD/Included in HWD Rate?
Watermain Replacements	\$5,800,000	\$7,600,000	\$7,400,000	\$8,370,000	No
Equipment Replacements	\$780,000	\$965,050	\$928,000	\$953,000	Yes
Water Compensation Agreements	\$300,000	\$300,000	\$300,000	\$300,000	No
WTP Electrical Improvements	\$150,000	\$900,000	\$200,000	\$500,000	Yes
Zone 4 PS Improvements	(Previously programmed for FY24)	\$6,170,263	--	--	No
West End Reservoir	\$53,711,000	--	--	\$77,214,733	Yes
West End Treatment Plant	\$76,298,000	--	\$77,338,500	--	Yes
West End Distribution	(Previously programmed for FY24)	--	\$4,000,000	--	No
Storage Impr (Zone 1)	\$6,700,000	\$6,000,000	--	--	Yes
Central Water Extension	\$800,000	\$670,000	--	--	No
Intake/Catwalk	--	\$3,738,000	--	--	Yes
Belknap Service Center Impr	--	\$300,000	\$236,001	--	Yes
WTP Air Scour/Leak Mit	--	--	--	\$1,000,000	Yes
Fox Reservoir Replacement	--	--	--	\$400,000	Yes
Total	\$144,539,000	\$26,643,313	\$90,402,501	\$87,737,733	

Following the incorporation of these changes to the CIP, Figure 1 summarizes the anticipated change to the overall rate base in FY25 through FY27 as compared to the previous FY25 projection. The rate base is broken down to show the values of assets as grouped by their main function within the utility. To facilitate assignment of cost based on cost causation, the assets within each function are further broken by benefit into sub-functions:

- Joint (all users, including HWD)
- All-But-Resale (all users except HWD)
- Owners (all City users within City limits – excludes HWD)
- Resale (HWD – portion of Walter Pump Station specifically designed for HWD demands)

As result, HWD does not participate in all of the functions shown in Figure 1 equally. Figure 2 illustrates the rate base by sub-function for FY25.

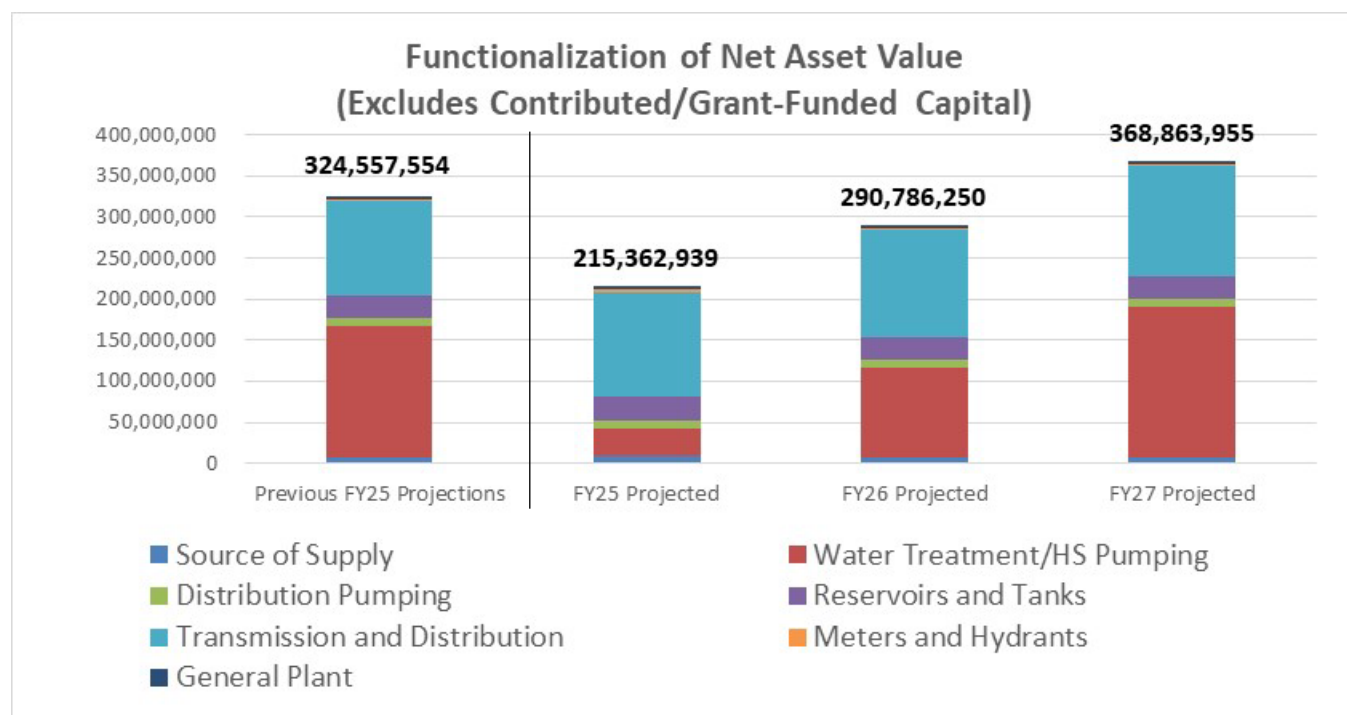


Figure 1: Functionalization of Projected Net Asset Value, per Current CIP

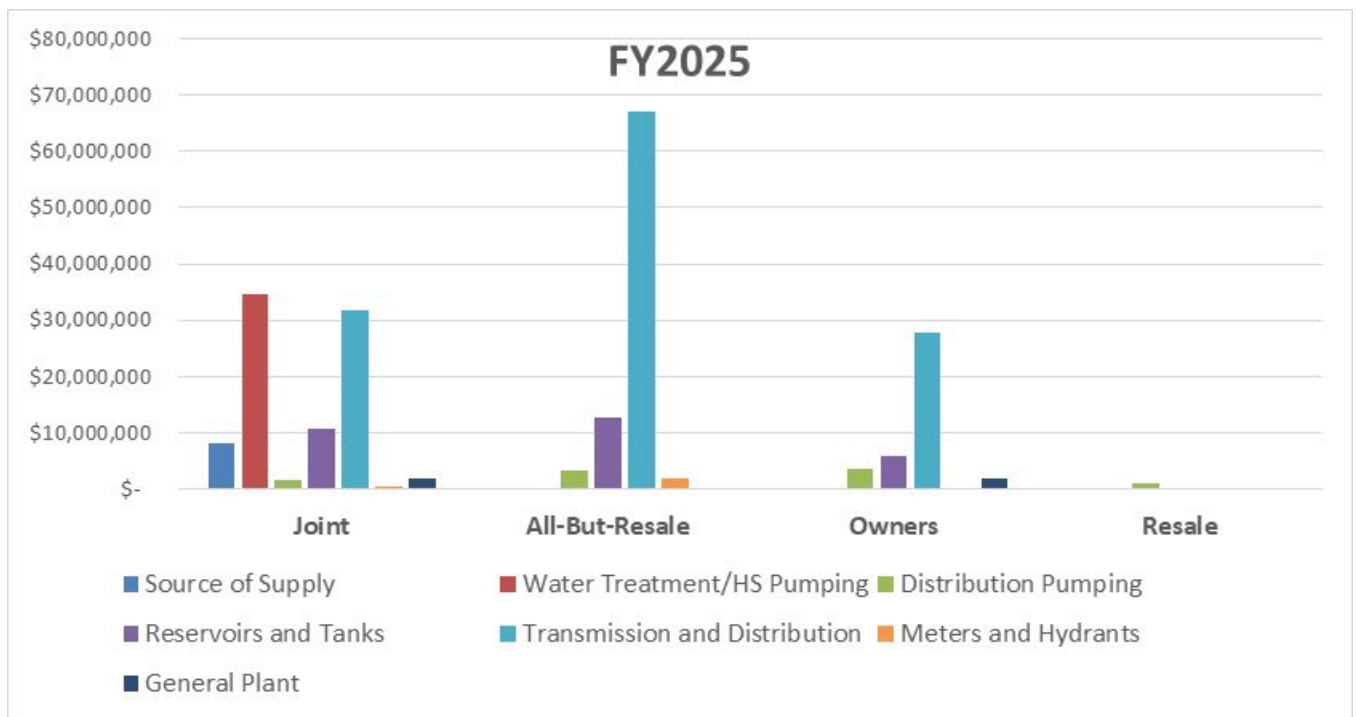


Figure 2: Sub-Functionalization of FY25 Net Asset Value

As shown in Figure 1, the key cause for growth year over year is the change in the Treatment/High Service Pumping portion of the rate base, represented in red. The red portion of the stacked bars in Figure 1 illustrates the impact associated with bringing the West End Treatment Plant and the West End Reservoir online in FY26 and FY27, respectively. This is a functional component of the rate base that is used to calculate HWD's rate.

Figure 3 further illustrates the change in net asset value as these major investments are brought online. The stacked bars in Figure 3 represent a breakdown of how the rate base shown in Figure 1 is classified; specifically, Figure 3 identifies the portion of net asset value that is allocated according to average day water use (Base), peak day use (Max Day), and peak hour use (Max Hour). Water infrastructure is designed to accommodate peak day and peak hour demand requirements in addition to average day demands. As a result, the industry-standard cost of service approach requires consideration of Max Day and Max Hour requirements. Max Day and Max Hour peaking factors for HWD are based on values recorded since 2017. For FY25, a Max Day peaking factor of 2.6 and a Max Hour peaking factor of 3.59 were utilized based on values from 2022 and 2019, respectively.

The west end treatment and reservoir facilities are water treatment and high service pumping facilities. As a result, their asset values are classified as 45.5 percent Base and 54.5 percent Max Day, resulting in the apparent increase in costs for those two classifications in FY26 and FY27.

Customer, meter, and direct fire categories are not shown in Figure 3 because HWD is allocated only a very minor portion of meter-related costs and no portion of costs related to the customer and direct fire categories.

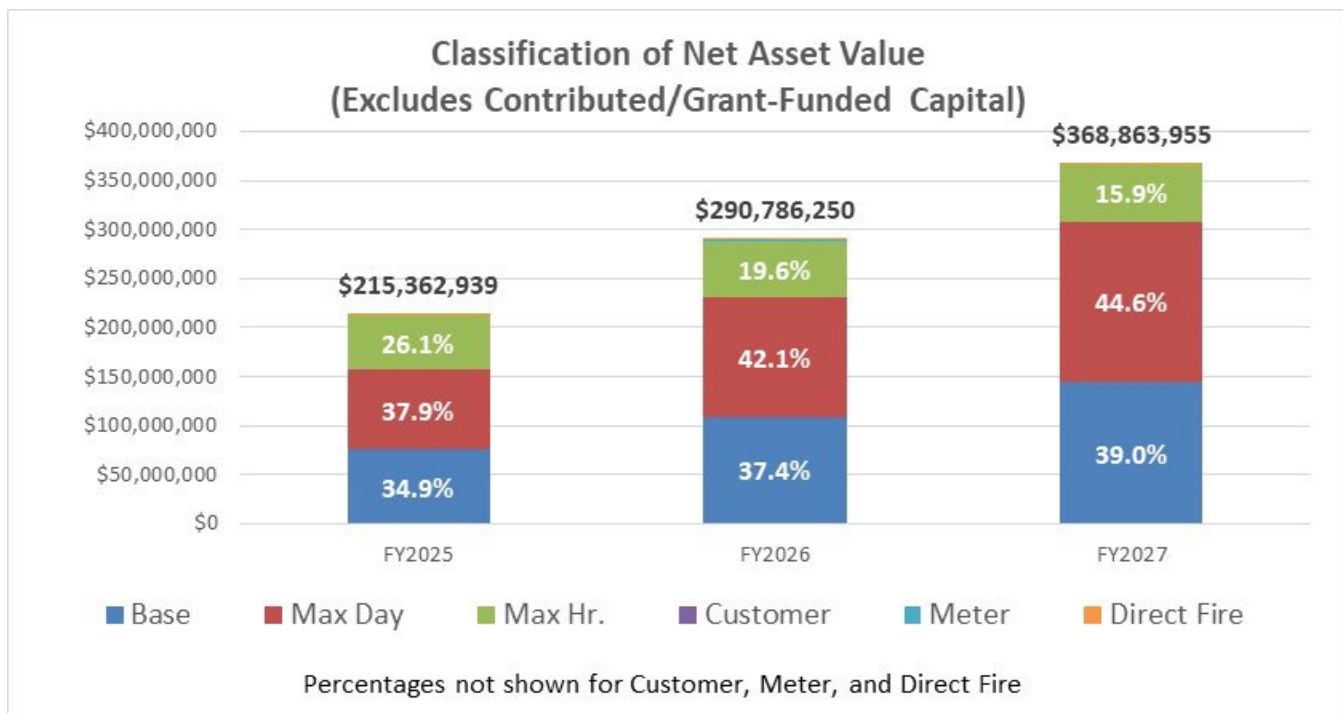


Figure 3: Classification of Projected Net Asset Value, per Current CIP

The total rate base includes both net asset value and allowable working capital, set at 12.5 percent of O&M revenue requirements. The capital-related revenue requirements used in the annual rate setting itself are calculated by applying the rate of return to the total rate base and adding in depreciation. Figure 4 shows the classification of the projected capital-related revenue requirements. Similar to Figure 3, the stacked bars identify the percentage of total capital-related revenue requirements associated with Base, Max Day, and Max Hour. These percentages are slightly different from those in Figure 3 because they are both depreciation and return on rate base. Similar to Figure 3, customer, meter, and direct fire categories are not shown in Figure 4 because the allocation to HWD is insignificant.

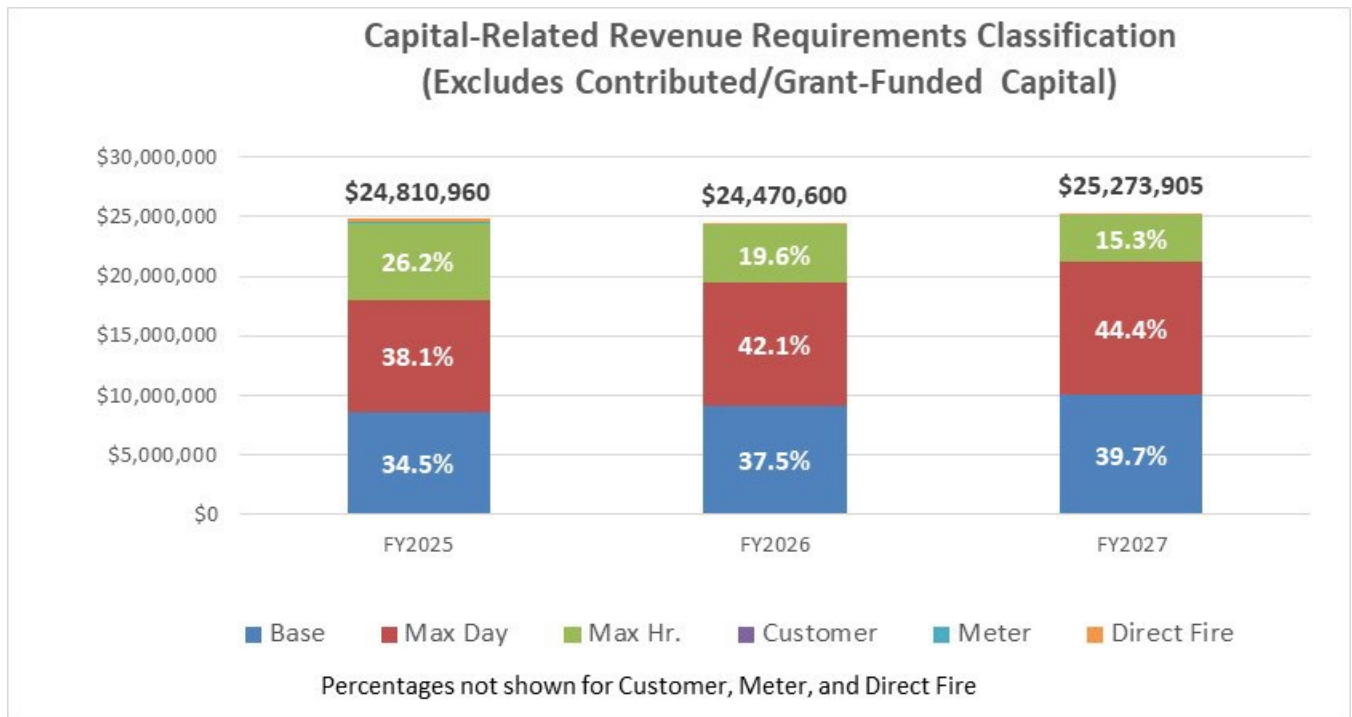


Figure 4: Classification of Projected Capital-Related Revenue Requirements

The primary factor driving increases in the cost to serve HWD is the new water treatment related capital. While HWD is currently served from the existing water treatment plant, the City manages its water supply in a holistic way and the new WTP is a critical piece to maintaining adequate water supply for all customers served. In addition, the related capital investment in the West End will allow for increased system hydraulics and balancing of pressures throughout the entire system serving HWD. As a result, HWD will directly benefit from the new capital once placed in service. While the primary factor driving increases in the cost to serve HWD is the new capital, changes to the cost allocation for HWD is affected both by the increasing percentages of Base and Max Day revenue requirements and the projected increase in HWD water sales as a percentage of total water sales. Table 2 summarizes the Base, Max Day, and Max Hour allocation percentages projected for HWD for revenue requirements related to infrastructure from which HWD receives a benefit. Table 3 summarizes assumed flow growth projections, including those provided by HWD. The most recent demand projections from HWD ranged from 1.8 to 2.5 percent per year.

Table 2: Projected Allocation Factors for HWD

	FY25	FY26	FY27
Base Allocation %	15.1%	15.2%	15.4%
Max Day Allocation %	17.3%	17.5%	17.7%
Max Hour Allocation %	5.8%	5.9%	6.0%

Table 3: Projected Flow Growth

	FY25	FY26	FY27
HWD	2.0%	2.0%	2.0%
Billings Residential	0.5%	1.0%	1.0%
Billings Commercial	0.5%	0.5%	0.5%

Figure 5 summarizes the portion of the rate base applicable to HWD and how it is anticipated to change through FY27. As a reminder, the rate base excludes contributed or grant funded capital and includes both net asset value and allowance for working capital.

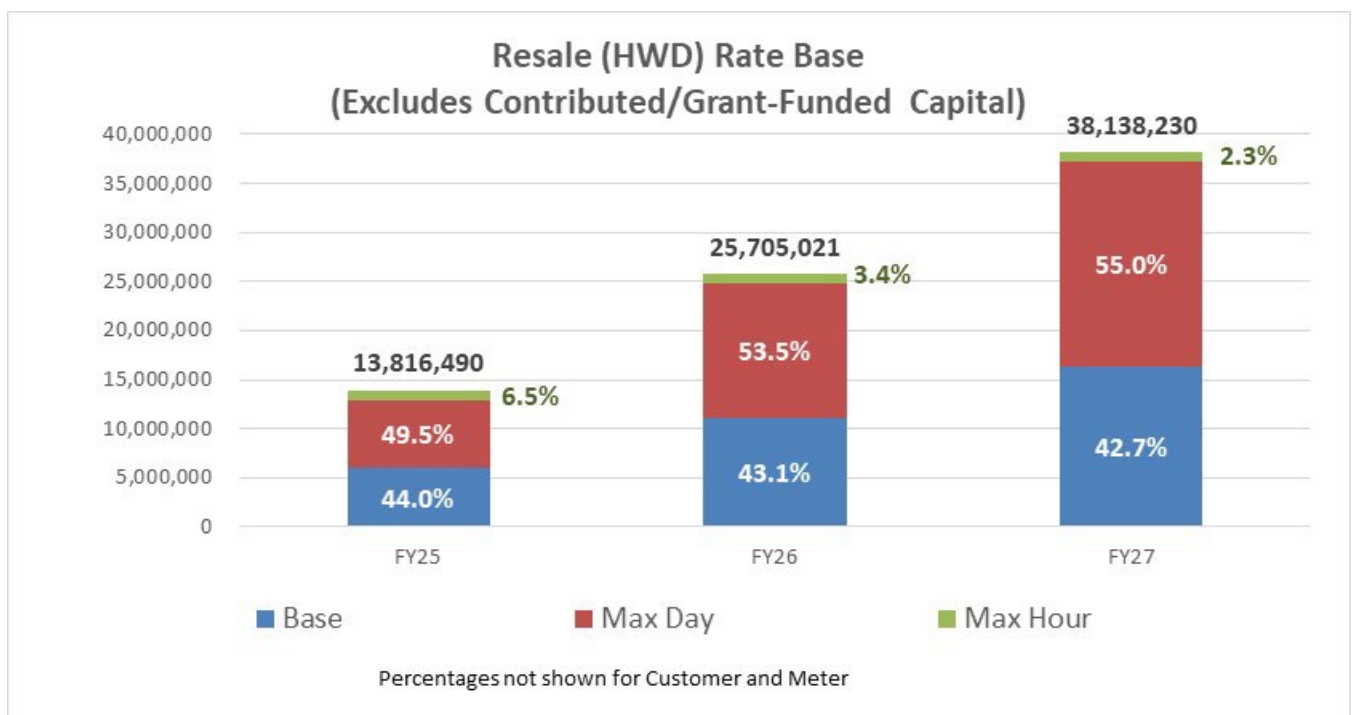


Figure 5: Projected HWD Rate Base, by Classification

Table 4 summarizes the updated FY25 Resale rate calculation, as compared to the calculated FY24 rate and the previously calculated FY25 rate. It is recommended that the City adopt a revised Resale rate for FY25 of **\$3.04 per kgal** to meet the conditions of the agreement for service to HWD.

Looking ahead to FY26 and FY27, as more of the major supply/treatment/storage infrastructure comes online the HWD should anticipate annual increases to its rate. Preliminary estimates project approximate increases of 25 percent per year for FY26 and FY27 based on the current capital cost projections and schedules. The actual FY26 and FY27 rates will be reviewed as part of the next rate setting cycle.

Table 4: Summary of Resale Water Rate Calculations – FY25 Revised

Resale Water Rate Summary		FY2024	FY2025
Projected Water Purchase (kgal)		1,052,497	1,003,598
Actual Water Sales (kgal)		983,920	
Peaking Factor - Peak Day		2.60	2.60
Peaking Factor - Peak Hour		3.83	3.59
Allocated O&M Revenue Requirements - Resale		FY2024	FY2025
Base	\$	828,793	\$ 884,565
Max Day	\$	705,858	\$ 718,520
Max Hr.	\$	37,222	\$ 28,241
Customer	\$	69	\$ 40
Meter	\$	1,656	\$ 2,162
Direct Fire	\$	-	\$ -
Total Resale O&M Revenue Requirements	\$	1,573,599	\$ 1,633,528
Debt/Equity		FY2024	FY2025
Total Outstanding Debt	\$	20,349,399	\$ 78,647,063
Interest on Outstanding Debt	\$	600,258	\$ 1,920,196
Effective Interest Rate on Outstanding Debt		2.95%	2.44%
Total Fund Equity	\$	268,491,791	\$ 136,715,876
Rate of Return on Equity		6.14%	6.85%
Total Equity and Debt	\$	288,841,190	\$ 215,362,939
Weighted Cost of Capital (WCC)		5.92%	5.24%
Summary of Net Asset Value Applicable to HWD		FY2024	FY2025
Base	\$	6,154,571	\$ 6,080,422
Max Day	\$	6,986,754	\$ 6,834,012
Max Hour	\$	1,036,444	\$ 901,332
Meter	\$	34	\$ 725
Total	\$	14,177,803	\$ 13,816,490
Summary of Capital Revenue Requirements - HWD		FY2024	FY2025
Net Plant in Service for HWD	\$	14,177,803	\$ 13,816,490
Share of Working Capital for HWD	\$	196,596	\$ 204,191
Total Rate Base for HWD	\$	14,374,400	\$ 14,020,681
Return % on Rate Base for HWD		5.92%	5.24%
Return on Rate Base for HWD (Rate Base x WCC)	\$	848,603	\$ 732,461
Depreciation Less Amortization for HWD	\$	711,077	\$ 677,225
Total Capital-Based Revenue Requirements for HWD	\$	1,559,680	\$ 1,409,687
Total HWD Revenue Requirements	\$	3,133,279	\$ 3,043,215
Calculated Rate - HWD (\$/kgal)	\$	2.97	\$ 3.04

**COUNTY WATER DISTRICT OF BILLINGS HEIGHTS
SAVINGS & PROFIT SHARING PLAN**

CORRECTIVE AMENDMENT NUMBER ONE

WHEREAS, County Water District of Billings Heights (the "Employer") maintains the County Water District of Billings Heights Savings & Profit Sharing Plan (the "Plan") for the benefit of certain of its employees; and

WHEREAS, Pursuant to Section 12.01 of the Plan, the Employer desires to amend the Plan;

WHEREAS, Pursuant to Section 4.05(2)(a) and Section 4.05(2)(b) of EPCRS, IRS Rev. Proc. 2021-30, the Employer desires to amend the Plan as follows, effective January 1, 2022, to retroactively remove All Allocation Conditions for Employer Matching and Non-Elective Contributions to conform to the Plan's operations;

WHEREAS, the Employer desires for these modifications to remain in effect subsequent to the adoption of this amendment, unless later modified;

NOW, THEREFORE, the Plan is hereby amended by substituting the following in the Adoption Agreement, effective as of January 1, 2022:

SECTION D. CONTRIBUTIONS - EMPLOYER MATCHING, NON-ELECTIVE AND OTHER CONTRIBUTIONS

Employer Matching - Allocation Service

NOTE: If A.10 is "Yes" (Employer Matching Contributions are permitted), an Eligible Employee who has met the requirements of Section B and who has satisfied the following requirements shall be eligible to receive an allocation of Employer Matching Contributions during the applicable Plan Year.

1. Allocation Service Requirements for Employer Matching Contributions

- a. ☐ In order to share in the allocation of Employer Matching Contributions, a Participant is required to complete the following Hours of Service in the applicable period (not to exceed 1,000 hours in a Plan Year or a prorated version thereof): _____
- b. ☐ In order to share in the allocation of Employer Matching Contributions, a Participant is required to be employed by the Employer on the last day of the applicable period
- c. ☐ In order to share in the allocation of Employer Matching Contributions, a Participant is required to be employed by the Employer on the last day of the applicable period or complete at least _____ Hours of Service in the applicable period (not to exceed 1,000 hours in a Plan Year or a prorated version thereof)
- d. ☒ None

NOTE: If the Plan is intended to be a safe harbor 401(k) plan, any requirements specified in the Employer Matching allocation service rules to receive an allocation of Employer Matching Contributions will not apply to any safe harbor contribution.

2. Applicable Period

- a. The applicable period for determining the satisfaction of service requirements for an allocation of Employer Matching Contributions is:
 - i. ☐ Plan Year
 - ii. ☐ Plan Quarter
 - iii. ☐ Calendar Month
 - iv. ☐ Payroll Period
 - v. ☐ Other: _____

SECTION D. CONTRIBUTIONS - EMPLOYER MATCHING, NON-ELECTIVE AND OTHER CONTRIBUTIONS

3. Employer Matching Allocation Service Computation Rules

a. Select hours equivalency:

- i. ☐ None.

An Employee shall be credited with the following service with the Employer:

- ii. ☐ 10 Hours of Service for each day or partial day
iii. ☐ 45 Hours of Service for each week or partial week
iv. ☐ 95 Hours of Service for each semi-monthly payroll period or partial semi-monthly payroll period
v. ☐ 190 Hours of Service for each month or partial month

b. The hours equivalency shall apply to:

- i. ☐ All Employees
ii. ☐ Only Employees for whom hours are not tracked. If the Employer tracks hours for an Employee, satisfaction of allocation conditions will be determined based on actual hours worked.

NOTE: D.3 is only applicable if D.1a or D.1c is selected.

4. Other Employer Service

- ☐ Count hours of service with employers other than the Employer for purposes of satisfying the allocation service requirements. List other employer(s) along with any limitations: _____

5. Exceptions to Allocation Service Requirements for Employer Matching Contributions

- a. ☐ A Participant whose employment terminates on the last day of the applicable period is treated as being employed by the Employer on the last day of the applicable period.
b. Modify Hour of Service requirement or last day requirement for a Participant who terminates employment with the Employer during the applicable period due to:
i. ☐ death
ii. ☐ Disability
iii. ☐ attainment of Normal Retirement Date
iv. ☐ attainment of Early Retirement date
c. Any Hour of Service requirement and last day requirement shall be modified as follows:
i. ☐ Waive both the Hour of Service requirement and last day requirement
ii. ☐ Waive the Hour of Service requirement only
iii. ☐ Waive last day requirement only
d. ☐ The following other modifications shall be made to the requirements specified in D.1-5c: _____

NOTE: Other modifications must be specified in a manner that is objectively determinable and may not be specified in a manner that is subject to Employer discretion.

Non-Elective - Allocation Service

NOTE: If A.11 is "Yes" (Non-Elective Contributions are permitted), an Eligible Employee who has met the requirements of Section B and who has satisfied the following requirements shall be eligible to receive an allocation of Non-Elective Contributions during the applicable Plan Year.

14. Continuing Eligibility for Non-Elective Contributions (select one):

- a. ☐ Same as Employer Matching Contributions. An Eligible Employee shall be eligible to receive an allocation of Non-Elective Contributions upon meeting the requirements of D.1 through D.5
b. ☒ Pursuant to options selected below. An Eligible Employee shall be eligible to receive an allocation of Non-Elective Contributions upon meeting the requirements of D.15 through D.19

15. Allocation Service Requirements for Non-Elective Contributions

- a. ☐ In order to share in the allocation of Non-Elective Contributions, a Participant is required to complete the following Hours of Service in the applicable period (not to exceed 1,000 hours in a Plan Year or a prorated version thereof): _____
b. ☐ In order to share in the allocation of Non-Elective Contributions, a Participant is required to be employed by the Employer on the last day of the applicable period

SECTION D. CONTRIBUTIONS - EMPLOYER MATCHING, NON-ELECTIVE AND OTHER CONTRIBUTIONS

- c. ☐ In order to share in the allocation of Non-Elective Contributions, a Participant is required to be employed by the Employer on the last day of the applicable period or complete at least _____ Hours of Service in the applicable period (not to exceed 1,000 hours in a Plan Year or a prorated version thereof)
- d. ☒ None

19. Exceptions to Allocation Service Requirements for Non-Elective Contributions

- a. ☐ A Participant whose employment terminates on the last day of the applicable period is treated as being employed by the Employer on the last day of the applicable period.
- b. Modify Hour of Service requirement or last day requirement for a Participant who terminates employment with the Employer during the applicable period due to:
- i. ☐ death
 - ii. ☐ Disability
 - iii. ☐ attainment of Normal Retirement Date
 - iv. ☐ attainment of Early Retirement date
- c. Any Hour of Service requirement and last day requirement shall be modified as follows:
- i. ☐ Waive both the Hour of Service requirement and last day requirement
 - ii. ☐ Waive the Hour of Service requirement only
 - iii. ☐ Waive last day requirement only
- d. ☒ The following other modifications shall be made to the requirements specified in D.14-19c: A Participant who Terminates employment with the Employer during the Plan Year due to Early Retirement, if applicable to this Plan, will be eligible to share in the allocation of Profit Sharing Contributions, regardless of the allocation conditions.

NOTE: Other modifications must be specified in a manner that is objectively determinable and may not be specified in a manner that is subject to Employer discretion.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed this _____ day of _____, 2024.

COUNTY WATER DISTRICT OF BILLINGS HEIGHTS:

Signature: _____

Print Name: _____

Title/Position: _____

**COUNTY WATER DISTRICT OF BILLINGS HEIGHTS
FORMAL RECORD OF ACTION**

The following is a formal record of action taken by the governing body of County Water District of Billings Heights (the "Employer").

With respect to the amendment of the County Water District of Billings Heights Savings & Profit Sharing Plan (the "Plan"), the following resolutions are hereby adopted:

RESOLVED: That the Plan be amended effective January 1, 2022 per Section 4.05(2)(a) and Section 4.05(2)(b) of EPCRS, IRS Rev. Proc. 2021-30, to amend the Plan to retroactively remove All Allocation Conditions for Employer Matching and Non-Elective Contributions to conform to the Plan's operations, which Amendment One is hereby adopted and approved;

RESOLVED FURTHER: That the appropriate officers of the Employer be, and they hereby are, authorized and directed to execute said amendment on behalf of the Employer;

RESOLVED FURTHER: That the officers of the Employer be, and they hereby are, authorized and directed to take any and all actions and execute and deliver such documents as they may deem necessary, appropriate or convenient to effect the foregoing resolutions including, without limitation, causing to be prepared and filed such reports documents or other information as may be required under applicable law.

Dated this _____ day of _____, 2024.

County Water District of Billings Heights

**COUNTY WATER DISTRICT OF BILLINGS HEIGHTS
SAVINGS & PROFIT SHARING PLAN**

SUMMARY OF MATERIAL MODIFICATIONS

The purpose of this Summary of Material Modifications is to inform you of a change that has been made to the County Water District of Billings Heights Savings & Profit Sharing Plan effective January 1, 2022. This change has affected the information previously provided to you in the Plan's Summary Plan Description. The revised portion of the Summary Plan Description is described below.

CONTRIBUTIONS

Employer Matching Contributions

The Employer will make a matching contribution on your behalf if you make a "Matched Employee Contribution". A "Matched Employee Contribution" is any Elective Deferral Contribution or Catch-up Contribution that you may make during the Plan Year. If you make a "Matched Employee Contribution" the Employer will contribute to your Employer Matching Contribution Account in an amount equal to 50% of the Matched Employee Contributions that are not in excess of 10% of your Plan Compensation. Matching contributions will be allocated to the Employer Matching Contribution Accounts of Participants after the end of the Plan Year.

The Internal Revenue Code may also further restrict Employer Matching Contributions for highly compensated employees.

Non-Elective Contributions

The Employer may, in its sole discretion, make a Non-Elective Contribution to the Plan on your behalf. You will be eligible to receive an allocation if you have completed at least one (1) hour of service during the Plan Year. The ability of an Eligible Employee to receive an allocation of Non-Elective Contributions will be subject to the following terms and conditions: A Participant who Terminates employment with the Employer during the Plan Year due to Early Retirement, if applicable to this Plan, will be eligible to share in the allocation of Profit Sharing Contributions, regardless of the allocation conditions.. Non-Elective Contributions will be allocated to the Non-Elective Contribution Accounts of each Participant eligible to share in such allocations after the end of the Plan Year. Such contributions will be allocated to the Non-Elective Contribution Account of each Participant eligible in the ratio that each Participant's Plan Compensation bears to the Plan Compensation of all eligible Participants.

Please note, if you are an Eligible Employee and terminate employment with the Employer due to death, disability or attainment of Normal Retirement Age you will be eligible to receive a Non-Elective Contribution regardless of whether you meet any service requirement and/or last day requirement described in this section.

Water Usage Cost Calculator

Select Residential or Non-Residential: Residential ▼

Enter Total Gallons Used: 5093

Select Water Meter Size: 3/4 inch ▼

Calculate Cost

Cost Breakdown

Tier 1 Cost: Maximum Reached \$13.00

Tier 2 Cost: $(5093 - 4000) * (\$4.85/1000) = \5.30

Tier 3 Cost: \$0.00

Tier 4 Cost: \$0.00

Tier Total Cost Calculation: $(5093 - 4000) * (\$4.85/1000) + \$13.00 = \$18.30$

Meter Cost: \$19.70

Monthly Service line Fee: \$1.30

Grand Total: \$39.30

Residential

Tier	Usage	Charge	Maximum Charge
1	0-4,000	\$3.25/ 1,000 GAL	\$13.00
2	4,001-20,000	\$4.85/ 1,000 GAL	\$77.60
3	20,001-40,000	\$7.10/ 1,000 GAL	\$142.00
4	> 40,000	\$9.50/ 1,000 GAL	No Maximum

Non-Residential/Commercial

Tier	Usage	Charge	Maximum Charge
1	0-10,000	\$4.20/ 1,000 GAL	\$42.00
2	10,001-100,000	\$4.60/ 1,000 GAL	\$414.00
3	100,001-500,000	\$5.00/ 1,000 GAL	\$2000.00
4	> 40,000	\$5.30/ 1,000 GAL	No Maximum

ESTIMATE

Burnside Industries

925 Mossman Dr
Billings, MT 59105
406-529-9887

Date 03/11/2024
Estimate # 1

To

Billings Heights Water District
Billings, MT 59105

Item	Hours	Rate	Total
Element Design	2	\$120.00	\$240.00
Discussions for requirements, elements needed and options available. Also time spent gathering information for calculations.			
Writing Program	20	\$120.00	\$2,400.00
Time spent on coding for the different elements of the web app calculator.			
Debugging and testing	5	\$120.00	\$600.00
time spent on the debugging and testing process to ensure functions of the product			
Office Staff training	2	\$120.00	\$240.00
This is for the cost of various office supplies			
Various Supplies	1	\$80.00	\$80.00
This is for the cost of various office supplies			
Sub Total			\$3,560.00
Total			\$3,560.00

Terms and Conditions

This is an estimated cost for the developement of the Web App "Water Usage Cost Calculator". The cost is subject to change depending on additional content needed as well if there are any changes requested before final delivery of the product. Any updates or alterations made after final delivery will be subject to a new estimate and additional cost. Updates for "Rate Changes" will be charged at a flat rate of \$240.00.

Summary of Engineering Updates For: County Water District of Billings Heights

By: Interstate Engineering
April 15th, 2024

WICKS LANE EMERGENCY WATERMAIN REPLACEMENT – CWDBH passed a resolution (No. 005-24) during the March CWDBH BOD meeting (03/20/2024) to authorize Interstate Engineering to commence the engineering work for the emergency project. Interstate Engineering conducted hydraulic modeling and determined an 8" diameter main is an adequate upsized main for replacing the 6" diameter asbestos cement (AC) waterline. Interstate Engineering also conducted a topographic survey for the replacement corridor from Bitterroot Drive to Duran Road.

On April 2nd, 2024, a meeting was held at the CWDBH office to determine how the replacement project should proceed. The City of Billings, CWDBH, Western Municipal Construction, Performance Engineering, and Interstate Engineering were all in attendance. The City of Billings proposed to include a portion of the watermain replacement (from Bitterroot to Moose Hollow) as a change order under their existing stormwater replacement project contracted with Western Municipal Construction. An agreement between the City of Billings and CWDBH for construction costs responsibilities will be prepared by April 12th, 2024. The City of Billings will prepare the proposed agreement. The City of Billings will also cover the design costs for the change-order portion from Bitterroot to Moose Hollow. No decision was made regarding the remaining portion of AC pipe replacement (from Mosse Hollow to Duran). The City of Billings will communicate with CWDBH if there are cooperative solutions. If the city does not offer a cooperative solution, CWDBH will have to administer a separate project contract to replace the remaining AC main.

Interstate Engineering has documented notes from the 04/02/2024 meeting. They are attached and include additional details.

Interstate Engineering is prepared to administer a separate project contract in the event CWDBH needs to move forward with design and/or bidding of the remaining AC pipe east of Moose Hollow. Currently, Interstate Engineering is on hold for tasks associated with the Wicks Lane waterline replacement.

DOVER RANCH – NW TRANSMISSION MAIN ROUTE DUE DILIGENCE – CWDBH has an executed access agreement in place with Dover Ranch. The executed agreement will grant CWDBH access to Dover Ranch properties for the purpose of conducting field survey and due-diligence tasks as they relate to the NW Pressure Zone PER and preliminary design for the potential NW Transmission Main project. The right-to-access agreement will terminate July 31, 2024. Interstate Engineering is working with CWDBH to complete necessary due-diligence tasks to avoid potential delays and/or deadline issues.

SK Geotechnical will begin field work (soil borings) along the proposed NW transmission main route as weather permits during April and May. SK Geotechnical has also included an alternate in their geotechnical proposal for increasing the number of soil-testing bores if rock excavation is encountered during the initial subsurface drilling.

Additionally, Interstate Engineering is inquiring with local firms that conduct archeological and wetland inventories for estimates and timelines. Interstate has received one proposal for wetland delineation and one proposal for archeological inventory (proposals with estimates are attached). Interstate Engineering will continue to coordinate due-diligence tasks with CWDBH management.

NW PRESSURE ZONE/NW TRANSMISSION MAIN PER – Interstate Engineering continues to work on the project PER. Hydraulic analysis of the PER project alternatives is in process. The feasibility of a second metered-supply connection between the city and CWDBH is included in the Alternatives Analysis.

Interstate Engineering has provided additional water-demand data to the city and has received information from the city regarding the feasibility and the back-flow-prevention requirements of a secondary-metered connection. Interstate Engineering has also requested the city's input on splitting flow between two additional metered connections (vs. one connection at Wicks/Gleneagles) along Wicks Lane. Louis Engels indicated that one additional connection was more desirable vs. adding two additional metered connections in the NW area. Interstate Engineering is modeling a secondary connection and is working with DEQ on verifying acceptable back-flow prevention configurations.

Interstate Engineering is nearing completion of the NW Pressure Zone/Transmission main PER. A PER draft will be reviewed internally by Interstate and a copy of the PER will be submitted to DEQ the week of April 29th. A review meeting with CWDBH will be scheduled for the week of May 13th to discuss the PER results. Environmental and public hearing meetings are anticipated to be held in June (Exact dates to be determined after meeting with Board the week of May 13th).

CWDBH SYSTEMWIDE PER – Interstate Engineering is also preparing an updated systemwide PER as required by DEQ and funding sources for future CWDBH projects. The systemwide PER will further analyze the existing system and prioritize potential improvement projects in the recently adopted CWDBH CIP.

Interstate Engineering has completed some of the front-end tasks of the systemwide PER. Work will continue towards completing the final document by October 2024.

Piping inventory is being conducted as part of the PER. The purpose of this task is to quantify the existing piping infrastructure within the district by age, material, and size. The statistics will be used for assessing the existing condition of the aging infrastructure and potentially establishing a systemwide pipe replacement program. CWDBH has sent a sample of their existing AC pipe to a lab for condition-assessment testing. Those results will be considered for supporting information as part of the ongoing pipe-inventory task. Additionally, Interstate Engineering can coordinate with a vender to provide non-invasive pipe condition assessment

services (such as ePulse provided by Echologics). If the district desires to move forward, Interstate Engineering can prepare a project scope for the inclusion of the assessment services.

CHLORINATION PROJECT – The original project scope has been completed. Interstate Engineering continues to coordinate with DNRC regarding potential ARPA match expenses and will report the DNRC’s determination to CWDBH upon receipt. Interstate Engineering is waiting on DNRC’s response to clarify if other past district expenses are eligible for ARPA match.

LEAD SERVICE LINE (LSL) INVENTORY – Interstate Engineering is qualified by the Montana Department of Commerce to assist communities with LSL technical support and has been assigned to assist CWDBH. Limited funding for the services is being provided by the State of Montana.

CWDBH personnel (Josh and Jennifer) continue to make progress on most of the LSL-inventory tasks and will reach out to Interstate Engineering for technical assistance, as needed. Interstate Engineering will also assist CWDBH with incorporating the final LSL data into their GIS system.

ATLAS MAP & GIS MAPPING – CWDBH is waiting for developers to submit final record drawings for system additions constructed in 2022 and 2023. The newly added infrastructure will be incorporated into the CWDBH Atlas mapping, GIS, and water modeling systems.

CWDBH management is coordinating with Interstate Engineering’s GIS personnel for potential updates and improvements to help bolster CWDBH’s existing GIS database. Ultimately, CWDBH management desires to move towards digital management of all mapping data, workflow assignments with staff, inventory management, and GIS connections to Black Mountain accounting software and system recorded (SCADA) data. Interstate Engineering continues assisting CWDBH with validating/updating assets for which CWDBH personnel have collected in the field.

HYDRAULIC/NEW DEVELOPMENT REVIEWS – As requested by CWDBH, Interstate Engineering has completed hydraulic reviews for the proposed Caliber Collision and Apple Storage developments. Both hydraulic reviews have been approved based on the developer-submitted hydraulic data. Supporting information/hydraulic results have been submitted to CWDBH management.

Cultural Resource Inventory Proposal

Submitted By: Kuntz Field Research Archaeology

We can conduct the Class III cultural resource inventory of the entire water pipeline route (the 83 acre north-south rectangle plus the approximately 1.5 mile east-west linear segment) for \$3495. This includes pre-fieldwork research, fieldwork, and report production. We will be able to start the file search at the beginning of April and complete the fieldwork in late April to mid May, as long as no snow is covering the ground. Depending on the number of sites that are encountered, the report will take a couple of weeks to complete after the fieldwork is finished. Let me know if you have any questions or need more information. I'm including our methods and information about us here below. Thanks! Pat

Methods and Techniques to Complete the Study-Technical Approach

All work conducted under this contract will be performed with Patrick Kuntz as Principal Investigator and Field Director. No sub-contractors will be used for this contract. KFRA is very familiar with the National Historic Preservation Act (NHPA), including Section 106, which requires Federal agencies to take into account the effects of their undertakings on historic properties, as well as heritage compliance obligations under the Montana Antiquities Act.

To conduct this cultural resource study, KFRA will undertake the following process:

KFRA will conduct a record and literature search through the Cultural Records Office of the Montana State Historic Preservation Office in Helena, Montana, for previously recorded cultural properties and reports in the project area. Reports of previous investigations in the project area and site forms for previously recorded sites will be ordered from SHPO. Review of previous reports and site forms will give us context for earlier projects conducted in the area, as well as information needed to relocate and update previously recorded sites in the inventory parcel. KFRA will also request the GIS shapefiles from MTSHPO for previously recorded sites. These GIS site data showing site boundaries will be uploaded onto our field GPS units prior to conducting fieldwork in order to shorten time in relocating previously recorded sites, and to ensure accuracy in the field.

General Land Office plat maps will be examined to help identify potential historic sites in the project parcels. They often show locations of houses, roads, trails, and other features that existed at the time the historic era maps were drawn. GoogleEarth satellite images will also be examined.

These procedures, combined with an examination of the appropriate USGS 7.5' quadrangle topographic maps, will assist in estimating the kinds and amounts of cultural resources to be expected during the inventory. KFRA has extensive experience in southwestern Montana and is well acquainted with the terrain and the types of cultural resources that are expected.

The cultural resource inventory will be conducted by walking linear transects spaced 15 meters apart. In areas of dense vegetation, transects may be spaced closer and artificial exposure of the subsurface may be used. In all cases, coverage will be thorough. While conducting the fieldwork, KFRA vehicles will remain on existing roads and vehicle trails.

The field crew will navigate using both map and compass and hand-held GPS units and will collect Universal Transverse Mercator (UTM) coordinates and shapefiles for each cultural resource using a hand-held Garmin Rino HCx global positioning system (GPS) unit loaded with Garmin HuntView software with 1:24k topo maps, land ownership, and aerial photo capability. It has WAAS-enabled accuracy within 2 to 3 meters, and is uploaded to AllTopos Pro V7 (which exchanges data with GIS products that use shapefiles, including ESRI Arc products) for importing/exporting waypoints and shapefiles. Montana SHPO metadata GIS and photographic standards will be used.

Surface visible artifacts and features of 50 years of age or older will be recorded. Montana criteria for minimum site definition will be employed during field activities: the minimal prehistoric property definition is any cultural feature or five artifacts within a fifty-meter square area and/or artifacts or features located further than 100 meters from each other but in obvious association. Fewer or more dispersed artifacts will be treated as isolated finds. Tipi ring sites will be recorded employing Montana SHPO recording standards for tipi rings.

Historic properties will be defined as any cultural feature (structure, foundation, etc.) or five or more historic cultural materials of at least two different types within a 50 square meter area. Window glass, nails, fence staples and tin cans will be treated as isolates regardless of quantity unless they contain diagnostic or cultural information or are found in association with other artifact types. Historic sites will be mapped in feet. Some historic sites may also be considered traditional cultural properties if they are historically significant to the cultural beliefs or practices of a living community. Historic transportation systems, i.e., historic roads, will also be recorded and evaluated.

All identified properties will be recorded on the MTSHPO CRS site form. Isolated finds will be recorded on the appropriate isolated find form.

Photographs with a minimum resolution of 8.0 megapixels will be taken of every site and/or feature. A site datum, typically consisting of wooden stakes with the field site number and date, will be placed at each site location. No datum will be placed within road corridors where it could cause damage or harm to road users. Site forms for previously

recorded sites will be updated and re-recorded using current Montana forms. KFRA will develop recommendations for sites that may be affected by the proposed actions.

Sites will be plotted on the appropriate 7.5 minute topographic map. GIS shapefile and data points will be collected with GPS to include site datum, site boundary, features, and important artifacts. In addition, a detailed site sketch map will be drawn to scale for each site. Scale sketch maps will be drawn on site, with reference to the site datum, and will include topographic contour lines, cultural features, basic site contents, and locations of all collected artifacts. The sketch maps will also include relevant modern features (roads, fences, gates, utility poles, cattle trails, etc.) and natural features (boulders, trees, rock outcrops, etc.) to aid and facilitate site re-location and orientation. Site maps will be drawn and mapped in the field using compass and pacing or tape, as well as utilizing GPS technology in a GIS environment, to insure maximum accuracy, detail, and informative potential. The equipment used and level of accuracy employed will be noted.

For historic sites with standing structures, a full architectural description will be made in the field and oral interviews of the occupants, owners, or locals will be conducted when possible. A chain of title search (land title examination) will be conducted for historic properties with standing buildings as part of the site identification and evaluation effort. Other sites that may require chain of title research include archaeological remains that indicate the site once had buildings, or indicate homesteading, mining, and business activities.

Standing historic structures will be photographed on all sides to illustrate architectural features. Photos will be unmodified, at least 3 x 5 inches and shall not contain people or gear except when used for scale. The images will be labeled with a description and orientation, and a photographic record shall be maintained and included with final deliverables. Limited shovel testing to establish potential for site deposition, boundaries, significance may be conducted. No artifacts shall be collected. Artifacts will be mapped and photographed, but left in place.

Upon completion of the fieldwork, site forms will be submitted to SHPO to obtain Smithsonian site numbers for newly recorded sites.

Our report, methods, and analysis documentation will ensure that the results of the cultural resource fieldwork are presented according to professional standards. The report will include 1:24,000 scale maps illustrating the project area and all identified cultural resources. The report will also include photographs, site maps, and artifact photographs and/or drawings. Geographic Information System shape files showing the project area and cultural resources will also be provided.

The cultural resource report will contain, at a minimum: Title Sheet, signed by the Principal Investigator; Abstract of 250-words or less; Table of Contents; Introduction;

Literature Search; Environmental and Cultural Setting; Inventory Results; Summary and Recommendations; References Cited; and Maps and Graphics.

Kuntz Field Research Archaeology will submit the final Class III cultural resource inventory report as well copies of the report, site forms, photos, photo log, GIS data and associated metadata. GIS data will contain, at a minimum, shapefiles of unit boundaries, area surveyed, and site boundaries.

Personnel

Kuntz Field Research Archaeology (founded in 2000 as “Field Research Services”) is a Billings, Montana, based cultural resource consulting firm that specializes in archaeological and historical resource regulatory compliance. In 2014, the company was re-organized and the name was changed to “Kuntz Field Research Archaeology.” From 2012 to 2015, Mr. Kuntz was also employed as a Senior Staff Archaeologist for another Montana-based company working on large scale inventories, evaluation, and mitigation/excavations, throughout Montana and western North Dakota.

Kuntz Field Research Archaeology provides expert services in all aspects of archaeological survey and mitigation, including literature searches, field survey, site recording, resource evaluation, report preparation, and formal recommendations for determinations of eligibility and nominations to the National Register of Historic Places.

All of KFRA’s senior staff are qualified under the Secretary of the Interior’s Professional Qualifications Standards for their respective positions, including archaeology and historic preservation. The principal investigator and senior staff have decades of professional and educational experience in cultural resources management. Patrick Kuntz, the company's founder, has over 25 years of archaeological experience, and all senior staff members are fully knowledgeable of environmental compliance regulations, including NEPA and NHPA.

Our staff members have cross-disciplinary training and can provide high-quality service for a wide variety of projects. KFRA maintains all of the facilities, equipment, and technical expertise necessary to conduct any type of cultural resource management study requested by our clients. We are very familiar with the types of resources and fieldwork challenges particular to inventories in the Montana Missouri River Breaks, including navigating on broken upland terrain, identifying stone features, fire-cracked rock, quartzite lithics, homestead and military historic artifacts, historic transportation systems, early exploration associated sites, agricultural features, and historic Federal government agency projects.

Patrick Kuntz

Mr. Kuntz is the owner and principal investigator for KFRA. He will be personally conducting and leading the inventory fieldwork and writing of the report and final site forms. He has been doing archaeological fieldwork in the Northwestern Plains since 1990 and has been responsible for conducting, supervising, and reporting on a variety of Class III cultural resource inventories, including linear highway and buried cable surveys, as well as small and large block inventories in Montana, North Dakota, South Dakota, Wyoming, and eastern Washington. Mr. Kuntz has also been responsible for test excavation of sites, National Register evaluations, and mitigation excavation for prehistoric sites. He has conducted ethnographic research and Native American consultation with 15 different tribes for projects related to reservoir, railroad, coal mining, and highway construction. He has completed National Register of Historic Places nominations for historic and prehistoric properties. He has completed Class I Overviews for the Montana BLM Hi-Line and Central Montana Districts. Mr. Kuntz has documented and evaluated a wide array of cultural resources including prehistoric rock art sites, historic graffiti inscription sites, prehistoric stone feature sites, buried multi-component campsites, historic mining district properties, historic homesteads, and Native American traditional cultural properties.

Patrick Kuntz | Principal Investigator/Archaeologist

archaeopat@bresnan.net | (406) 861-0264

Kuntz Field Research Archaeology

229 Alderson Avenue | Billings, MT 59101

April 12, 2024

**** Electronic Transmittal ****

Interstate Engineering
ATTN: Bradley Boehm (Brad.Boehm@interstateeng.com)
1610 Poly Drive
Billings, MT 59102

**SUBJECT: Proposal to Provide Wetland Delineation Services
County Water District of Billings Heights**

Dear Brad:

Catena Consulting, LLC (Catena) is pleased to provide this proposal to Interstate Engineering (Interstate) for Wetland Delineation Services in support of the northwest transmission main project (hereafter 'Project') for the County Water District of Billings Heights (CWDBH). This proposal is provided in response to your March 27, 2024 request pertaining to the Project shown in your Exhibit 1 (attached).

Scope of Work

Catena proposes to conduct routine delineations of potential waters of the U.S. (WOTUS), including wetlands, inside the construction corridor shown in Exhibit 1 and the KMZ file provided by Interstate on March 27, 2024. The corridor is approximately 2.5 miles in length with widths of 130 feet (east-west segment) and 700 feet (north-south segment). The total area of the corridor is approximately 104 acres.

Prior to conducting field investigations, Catena will review relevant existing data such as recent aerial photographs, county soil survey data, NWI data, national hydrography datasets, flood insurance rate maps, and topographic maps. These data will be used to identify possible locations of wetlands and other WOTUS and prepare field maps.

Field surveys will delineate boundaries of wetlands and non-wetland WOTUS in the survey corridor through onsite observation of soil, vegetation, and hydrologic characteristics. Wetland delineations will include three-parameter data points used to discern the boundary between wetland and upland conditions. The number of datapoints will depend on the characteristics of the wetlands observed. Datapoints will be installed in representative delineations, but will not be installed in all delineations. Datapoint observation records will be recorded on hard-copy USACE wetland determination forms.

Potential non-wetland WOTUS (including dry channels and streambeds) will be delineated by identifying the boundary of the ordinary high-water mark (OWHM). Where wetlands or WOTUS are narrow, or have relatively uniform widths, field personnel will delineate the centerline and record the width of features.

Delineations will be performed in general accordance with the 1987 USACE Wetland Delineation Manual and 2010 Regional Supplement for the Great Plains Region. For wetlands smaller than 0.25 acre, we proposed to only delineate outer boundaries of WOTUS features and note the dominant condition without separately delineating different types (classes) of wetlands or non-wetland features that comprise each delineation. Wetland boundaries will not be flagged during delineations as flags are rapidly removed by wildlife and livestock and would not be expected to persist until USACE inspection. Catena will use a sub-meter GPS unit to record data point locations and WOTUS boundaries, thereby allowing USACE to return to precise positions for verification, if needed. The resultant data will also be suitable for integration into engineering drawings to determine avoidance measures and/or areas of potential impact.

Following the field effort, Catena will prepare a concise wetland delineation report suitable for submittal to USACE in support of a jurisdictional determination (JD) or permitting. The report will contain background information, method description, and findings, including discussion of the delineated features, photographs of representative delineations and completed wetland determination forms. Report maps will accurately show the location of all delineated wetlands and potential WOTUS and recorded data points. Non-wetland channels will be preliminarily classified as perennial, intermittent or ephemeral based on evidence available at the time of survey. Delineations that appear to be either ditches or other excavated (man-made) features, based on readily observable site conditions, will be classified accordingly with possible relevance to jurisdiction under the Clean Water Act (CWA). Catena will provide Interstate with GIS data identifying the locations of all delineations and datapoints.

Additional notes pertaining to the scope of work:

- Catena's report will include information relevant to a JD, but a formal JD can only be completed by USACE. This scope of work does not include preparation of an application for JD or other communication/coordination with USACE.
- Interstate is responsible for securing permission for unrestricted to the survey corridor and providing notifications to landowners, where necessary, prior to Catena's scheduled field survey. Catena proposes to access the north-south corridor segment via ATV. The east-west corridor segment will be accessed from adjacent public roads.
- The report will be transmitted electronically as a PDF. Hardcopy reporting is not included in this scope of work.

Schedule

Provided that this proposal is accepted, Catena will conduct the field survey in late-May or early-June and compile the report by June 21, 2024. To achieve this schedule, Catena anticipates receiving verbal authorization to proceed with the work described above no later than April 26, 2024, with formal contracts in place by May 3, 2024.

Cost

Catena proposes to conduct the field survey and reporting for a fixed cost of \$8,500.

TO: Bradley Boehm, Interstate Engineering
FROM: Judd Stark, Catena Consulting
RE: CWDBH NW Transmission Main Wetland Delineation Proposal

April 12, 2024

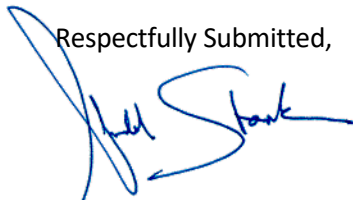
Catena's Qualifications

Catena Consulting, LLC was established in early 2006 to provide environmental consulting services to mining projects in Montana and North Dakota with emphasis on soils, reclamation, permitting, and environmental impact assessment. Since then, services have expanded to include wetland delineation, water monitoring, remediation system management, wildlife surveys, vegetation surveys, NEPA compliance (EAs/EISs), environmental management, agency consultation, and related services. Primary industries served include mining (coal, phosphate, and gold), wind energy, solar energy, upstream oil and gas, and rural water systems (ASRWSS, DPRWA, and proposed Dry-Redwater Rural Water System). Our primary staff include wetland scientists, biologists, environmental technicians, and professionals experienced at environmental management and impact assessment. All work is managed from Catena's Billings office.

The delineation effort will be conducted by Julian Colescott (Professional Wetland Scientist [PWS] No. 1920) and all field and reporting efforts will be coordinated by Judd Stark, Catena's principal and project manager.

In closing, we thank you for the opportunity to provide this proposal and we look forward to the opportunity of working with you. If you have any questions regarding this proposal, please contact me at 406-545-3075 or jstark@catenaconsulting.com.

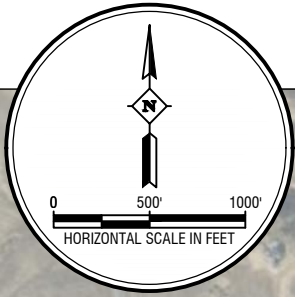
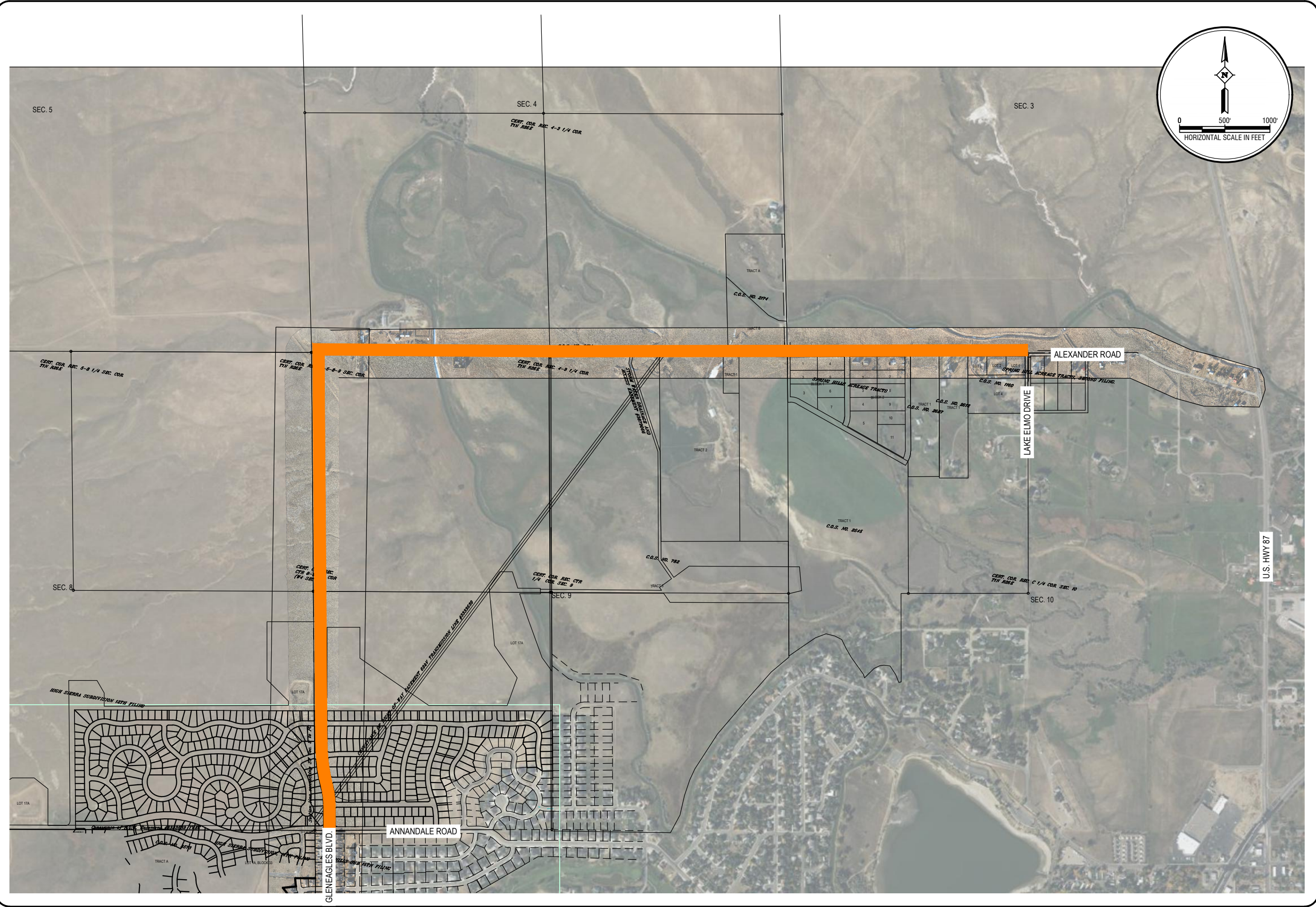
Respectfully Submitted,



Judd Stark
Project Manager/Principal

Attachments:

Exhibit 1 – Project Overview prepared by Interstate Engineering dated 3/7/2023



Rev No	Date	By	Description

NORTH WEST TRANSMISSION MAIN

COUNTY WATER DISTRICT BILLINGS HEIGHTS

BILLINGS, MT

OVERVIEW

Drawn By: CRD

Surveyed By: AS

Project No: WR22-00-135

Checked By: XXX

Designed By: LJC

Date: 03/07/2023

Interstate Engineering

1211 Grand Avenue, Suite 6

PO Box 20953

Billings, MT 59104

(406) 256-1920

www.interstateeng.com



Professionals you need, made you trust.

SECTION

EX - 1

SHEET NO.

64

COUNTY WATER DISTRICT OF BILLINGS HEIGHTS EMPLOYMENT AGREEMENT –GENERAL MANAGER

This Employment Agreement (herein, "Agreement") is made and entered into as of the 17th day of April, 2024 by and between **COUNTY WATER DISTRICT OF BILLINGS HEIGHTS** (hereinafter, the "District") and **Allan Bo Andersson** (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 employment in the position of General Manager of the District. Employee shall provide the services and perform the duties and responsibilities of the General Manager imposed by and in accordance with the District's bylaws and policies, the law, industry standards, and such legally permissible further duties and functions as shall, from time to time, be assigned by the Board of Directors of the District (the Board), as well as all incidental services as necessary to fulfill his duties and responsibilities.

B. Employee shall devote his full business time, attention, interest, skill, ability and best efforts exclusively to the performance of his duties and responsibilities, and 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.

C. The District agrees to pay employee \$15,000 for moving expenses.

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 without limitation 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. As its General Manager, Employee recognizes he is accountable to the Board and will carry out all present and future policies and directives of the Board.

SECTION 3. TERM

A. This Agreement shall be effective as of April, 22, 2024. **The term is for one year**, automatically renewing each year on April 1 unless earlier terminated under Section 4 below.

SECTION 4. TERMINATION AND SEVERANCE PAY.

A. This Agreement shall automatically terminate upon Employee's death, retirement, or permanent disability such that Employee cannot perform his duties and responsibilities with reasonable accommodation by the District.

B. The Board may terminate this Agreement with or without cause approved by vote of the Board, by providing at least 30 day written notice to Employee of the Board's decision to terminate this Agreement; provided, however, that the Board may not terminate this Agreement due to consolidation of the District and the City of Billings Public water utility. If as a result of consolidation of the District and the City of Billings public water utility the Employee is no longer employed, then The Board guarantees Employee's pay through the remainder of the then current term of employment, and the automatic renewal provision is void.

C. The Employee may terminate this Agreement upon providing 30 day written notice to the Board of Employee's decision to terminate this Agreement; provided, however, that Employee shall continue to serve as General Manager until the earlier to occur of (i) a successor is named, (ii) the expiration of the then current term of this Agreement or (iii) This Agreement is otherwise terminated by provided above.

SECTION 5. COMPENSATION.

The District agrees to pay Employee for services rendered pursuant hereto a salary, prorated for any month during which Employee is employed, of \$100,000.00 per year. The District shall pay the salary, 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. The Board expects to perform the first annual evaluation and review in March 2025, and then annually thereafter in the month of March. Employee shall remind Board in writing of any upcoming evaluation no later than February 15 of each year during a term under this Agreement.

SECTION 6. 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 actual business expenses incurred in connection with District business. In order to receive reimbursement hereunder, Employee shall account for all expenses he incurred by providing an itemized account of expenditures with appropriate receipts pursuant to District policies; provided, however, that Employee shall provide advanced notice to the Board of any unusual or out-of-ordinary expenses Employee expects to incur and for which he intends to seek reimbursement.
- B.** 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.** The Employee agrees to use the district owned vehicle purchased for use by the General Manager.
- D.** Employee shall not receive overtime compensation.
- E.** Employee will receive vacation time as approved by the board, sick leave and other time off as approved by the board.
- F. Signing this agreement, Employee waives the District's retirement and health insurance benefits. In exchange, the District agrees to pay 20% of employees gross pay of \$100,000.**

SECTION 7. MISCELLANEOUS

- A.** This Agreement shall be governed and construed under the laws of the State of Montana. Each Party consents to jurisdiction in state and federal courts located in the State of Montana, and agrees that venue of any action in state court will be set in Yellowstone County, State of Montan.
- B. This Agreement contains the entire agreement between the Parties and supersedes any prior arrangements, agreements, understanding or representations**
- C.** This Agreement may not be amended except by an instrument in writing signed on behalf of each of the Parties hereto.
- D.** If during the term of this Agreement, it is found that a specific clause is illegal under state or federal law, the remainder of this Agreement, not affected by such ruling or determination, shall remain in force and effect.
- E.** The Parties acknowledge they have read and understand the provisions of this Agreement. Employee represents that he has been provided an opportunity to have this Agreement reviewed by a representative of his choice prior to signing it.

IN WITNESS WHEREOF, County Water District of Billings Heights has caused this agreement to be duly executed by its President and the Employee in duplicate as of month, day and year first written.

County Water District of Billings Heights

President Doug Kary

Secretary Jennifer Burnside

Employee Allan Bo Andersson



RESOLUTION NO. 009-24

WHEREAS, the County Water District of Billings Heights (“District”) is a duly formed and operating water district pursuant to Title 7, Chapter 13, Parts 22 and 23 of the Montana Code Annotated; and

WHEREAS, the District, the Board of Commissioners for Yellowstone County, and Pam Ellis have been involved in litigation over the District’s county appointed board position in Yellowstone County District Court Case No. DV-56-2022-000838 since August 15, 2022 (“Ellis Lawsuit”); and

WHEREAS, the 2023 Montana Legislature passed House Bill 35, which, in part, amended the composition of the District’s Board of Directors; and

WHEREAS, the District, in response to House Bill 35 codified at §7-13-2232, MCA, et seq. enacted Resolution No. 15-23, passed on August 16, 2023 to not include a county ex-officio board member and not include a municipal ex-officio board member; and

WHEREAS, the District Court determined that House Bill 35 did not change the existing term of the county appointed board member; and

WHEREAS, the District determined that it is in the best interest of the District, its customers, and its operation, to settle the Ellis Lawsuit and thereby temporarily modify District Resolution 15-23 to recognize and re-seat Pam Ellis to the county appointee board seat with the enactment of this Resolution until December 31, 2024, at which time the county appointee seat shall be eliminated and District Resolution 15-23 shall be declared in full force and effect.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS of the County Water District of Billings Heights, Yellowstone County, Montana as follows:

The County Water District of Billings Heights hereby modifies District Resolution 15-23 from passage of this resolution as set forth below until 5:00 p.m on Tuesday December 31, 2024, recognizing the county appointee board member position and further recognizing that Pam Ellis shall be seated in the county appointee board member seat, subject to the bylaws, rules, regulations, and statutes governing the District.

IT IS FURTHER resolved and ordained by the Board of Directors of the County Water District of Billings Heights, that the District shall pay Holland & Hart, LLP with address of 401 N. 31st St., #1500, Billings MT the sum of \$9,500.00 as payment for Pam Ellis attorney fees in the Ellis Lawsuit; and Ms. Ellis shall be seated as the county appointee board member with monthly payment consistent with all elected Board members upon her seating.

PASSED by the Board of Directors of the County Water District of Billings Heights and **APPROVED** this 17th day of April, 2024.

**COUNTY WATER DISTRICT
OF BILLINGS HEIGHTS**

BY: _____
ITS: President, Doug Kary

Attest:

Board Secretary