

Vaughn Cascade County Water & Sewer



1161 6th Ave, Vaughn, MT 59487

Board Meeting Minutes

August 30th, 2022

Notice: *These minutes are paraphrased and reflect the proceedings of the Board of Directors.*

MCA 7-4-2611 (2) (b). These minutes were officially approved at the _____ Board meeting.

Call to order/Quorum: Herb Phinney President at 6:04 pm

Pledge of Allegiance

Roll Call: Sandra Dail, Herb Phinney, Tina Cole, Leo Baer

Employees: Annette Kniffen, James (Rusty) South

Work Session: Budget 1:05

Herb: FY 2022-2023 budget discussion. No community in attendance.

Rusty: Letter from Montana Rural Water, (see attached).

Rusty: I lowered chemicals as low as I can get them. Utilities we can't do anything about it. We did learn from Sarah at Sweet Grass that we can get the audit paid for by ARPA funds. I took that off but we need to save for an audit for the next three years.

Discussion on Well 2 going out. They are 40 years old. Not sure if emergency funds are available.

Discussion on wages and backup operator. There are several people that are available for backup. They are not qualified to do samples but other than that they are qualified to turn valves and stuff. Montana Rural Water will come and pull samples if needed. Wages have not increase much since last FY. We hired someone with the experience and a degree. When you hire someone with that much experience and background you are going to have to pay them. We haven't changed their wages except once.

Discussion on mileage reimbursement: if a personal vehicle is used to do something for the district. If we go to Bozeman to classes I don't take the work truck with all the tools we take our own vehicle.

Discussion on Payroll Fees: what QuickBooks charges us for keeping our payroll tax rates up date, e-filing taxes, w-2, direct deposit for employee pay. It is a charge to use QuickBooks.

Discussion on how to get budget down: The board has struggled with trying to keep our cost down as much as possible to cover the expense, don't go over that and don't be extravagant. Like Roger Skogen said these are the bare minimum amounts for cost of operation.

Discussion on revenue and loan income: revenue is what comes in to pay for the loan. A portion of your bill is used just for that loan payment.

Discussion continued on budget number: 33:41

Hydrant cost roughly, \$4,000 that does not include the valve in front of it or stainless steel bolts. So about \$5,000 and that is not including install. Still waiting on the hydrant ordered 3 months ago, it is still on back order.

Herb: the reason we are in this situation is because the board has never wanted to increase our rates for the sake of our customers. We have tried to increase them out of necessity, mostly because of loans we have had to get to repair the water & sewer system. **Rusty:** we should be doing an annual rate raise. **Herb:** we have lost revenue because of the trailer parks downsizing. Costs of material has gone up.

Discussion continued: asking if Roger from Montana Rural Water or Sarah from Sweet Grass Dev. do a comparison of our district and other comparable districts. **Annette** stated the water rates where she is at are going up 18% and that's just for water. Roger stated that they are going up everywhere. Questioned was asked if Vaughn District was on the low end or high end of rate raises. **Leo** thinks we are higher than other districts. **Rusty:** when we did a rate comparison the last time we were lower than other districts.

Discussion: 40:36

Should the district raise rates to keep up with the cost of operations. We will continue to be mindful of how we spend and things we don't have control of. We don't have control over chemical, regulations, utilities or shipping. **Leo:** a lot of people out here are on Social Security. **Discussion:** if people can't make their payments they will be turned over for taxes. **Tina:** I haven't had a raise in 6 years, I get it. The numbers don't lie. **Sandra:** obviously we are going to have to raise rates. Can we do it gradually like a 3-4%? **Rusty:** we can only do it once every 12 months. **Tina:** the number you have for chemicals could double next year you just don't know. Insurance doubled and nobody saw that coming. **Leo:** we don't want to but we are going to have to raise rates.

Discussion on what school and Fire Dept. are paying: 45:30

The school is paying 3 connections. MRW looked at that and said they should be paying more.

Leo: what is the Fire Dept. paying? **Rusty:** one residential connection. They use the water for firefighting help out of the district. **Herb:** so the fire dept. is paying residential and not commercial? **Rusty:** it was written in the rules and regulations about them having free water. **Leo:** we can't give free water. **Rusty:** they should be paying commercial and X amounts of connection. How MRW does rates, is by size of line and they are metered. Since we don't have meter's we can't do that. If the school has a 4 inch line they should be charged X amount for that line because I have to supply water for that demand. **Herb:** the fire dept. has a 4 inch line? **Rusty:** I am not sure but think they do. **Herb:** so what you are saying they can use more volume of water with the bigger line? **Rusty:** correct. You can look into charging them more. It may help residential but not by much. **Herb:** that seems like a morally responsible thing to do. **Leo:** who funds the fire dept. **Rusty:** I think the county taxes but would have to look into that. **Sandra:** I agree.

Discussion on trailer courts: 48:43

They are being charged residential for occupied mobile homes. We are charging for the RV's but they come and go and they aren't there year round. **Leo:** what about all those campers by the school. **Rusty:** they aren't hooked to anything. **Leo:** where are they getting their water from? **Rusty:** there is a well out back. We have a new connection on Timberlane and next year we will have another connection next to Mr. Schwarz.

Discussion continued on the campers by the school. **Leo:** what about the sewer line. I never see them move. **Rusty:** there's nothing to hook to over there. **Leo:** then you look at all those people using sewer in the house. **Rusty:** I don't know if they are going in the house. **Herb:** it would be a county issue to shut them down not the water district.

54:16

Herb: Rusty do you have any more to add? **Rusty:** you need to discuss how much increase. Do you go with Roger's numbers? I know we are going to have public comment on it. You are going to have to answer the public questions. It comes to \$22.68 more a month. **Leo:** is that number residential or commercial? **Rusty:** that's across the board. **Leo:** rate for residential and commercial for water and sewer. **Rusty:** commercial will be roughly \$228 and residential will be roughly \$153. **Leo:** the residents will be putting it on their taxes. People are having a hard time making payments right now. **Cory:** can I make a suggestion, the way Roger has this written up, it is a flat rate across business, residential and unoccupied. Business tends to see a lot more usage than a resident does. **Rusty:** he has it written up where business pays more, it is the same percentage for residential, business and unoccupied. **Cory:** can we do a higher percentage on the business? We are only talking about 16 business accounts. **Rusty:** what about going back to trailer parks and having them pay unoccupied. He wants to put a meter in. **Leo:** we tried meters out here before and it cost more to operate it than what we made to run it. **Rusty:** longevity of a meter is only 10-15 years. **Herb:** it would be the mobile home cost to put a meter in not the districts. **Leo:** he can put as many meters in as he wants to but you are still going to charge him so much. It doesn't matter if he has meters or not he is still going to be charged the same amount. The only thing meters will do is tell him how much water he is using. Which is no concern of the board. The guy with the buffalo should pay more to, those animals drink a lot of water. **Rusty:** they drink out of the canal. **Leo:** what do they do in the winter time? They guy with the cows should be paying more also. **Rusty:** he just gave us an easement to put a water line through. If you try and make him pay more he will come back with a lawyer. **Herb:** that was part of the project to connect water lines so they didn't dead end. **Rusty:** I almost have one on Timberlane talked into hooking up and that would be beneficial. **Leo:** you should be careful on hooking people up out of the district. We still have that sewer problem in staying in compliance. **Rusty:** no we don't. I got an award because it is all cleaned up. **Cory:** this districts name down at DEQ has changed. **Rusty:** I call DEQ and love to hear from me. **Leo:** as long as we are dumping into the river we need to keep up on the laws.

Rate increase: 1:05:51

Cory: We are going to have to do a rate increase. A 5% annual increase is a losing game because we are so far behind. **Rusty:** I can play with those numbers by raising commercial and then we can see what it will do for residential. **Leo:** what is the school paying right now? **Rusty:** 3 commercial connections. **Sandra:** the mobile home parks need to be paying for unoccupied. We need to look in to this. **Rusty:** they need to be because when the loans were figured out that was part of it. **Leo:** the fire dept. basically is part of our taxes. So we are paying for the fire dept. Just like the school gets tax money. **Herb:** so 406 only has sewer. **Rusty:**

no they have water and sewer. They are not watering their horses with it though. They have a well. They only have a lunch thing in there and bathrooms. **Herb:** we need to be fair by our residential customers. Making sure we are charging fairly. **Cory:** minimizing the impact on the residents by raising the business & trailer parks. **Rusty:** you may go from a 15% increase down to a 10% on residential. I am just guessing. We only have 18 businesses. Impact is minimal. **Herb:** but it is a responsible thing to do. **Rusty:** why can't we make the church a commercial? **Herb:** or even the American Legion to commercial. **Annette:** the Post office and the bank are both commercial. **Rusty:** they are used very little.

Herb: do you want to run the numbers and see what you come up with. **Rusty:** I can do that. We have to publish a public hearing. Do we have to put a percentage or can we decide that at the meeting? **Annette:** I have to publish what percentage the rate is going up. And I have to put it in the paper twice. **Cory:** we could publish the MRW percentage and maybe bring it down after numbers are ran again. **Leo:** this needs to be voted on by the customers of the district. **Tina:** I don't think this would ever pass at an election.

Cory: we can give the customers the reason why it needs to be raised. **Annette:** how do you want me to put it in the paper? **Cory:** put in what MRW has and if there is a way to lower it we can say at the meeting.

Herb: we need to let people know that we aren't just raising rates to raise rates. We are really looking at the numbers and trying to protect our low income residents. **Cory:** we have to do it annually. We need to do it at a set date yearly.

Herb: at the next board meeting September 20th we are going to open the meeting for public discussion regarding rate increase. Try to explain to them why and what's happening and then try and vote on a lower percentage.

Herb: any final comments. **Cory:** thanks to the staff for all the hard work. **Tina:** we appreciate you greatly.

Adjournment:

With no further business before the board, the meeting stood adjourned. **Adjourned: 7:21 pm**

Respectfully submitted:

Annette Kniffen, Secretary/Treasurer

Date

Herbert Phinney III, President

Date