

Vaughn Cascade County Water & Sewer



1161 6th Ave, Vaughn, MT 59487

Board Meeting Minutes

August 16th, 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,

Employees: Annette Kniffen, James (Rusty) South

Swear in Leo Baer: 6:09

Herb: I went to elections office and everything is correct. Leo gave us an election certificate and oath of office dated July 19 2022. This was an uncontested election. Leo did submit his form for candidacy in time. There was no communication between the elections office and district board. The board filled the empty seat with Sandra. Rex resigned and now there is an empty seat on the board for Leo. At the last board meeting I asked Leo if it was ok to seat him in Rex's empty seat. **Leo:** I said it didn't matter one way or the other. I was elected and now you want to try and appoint me. Rex filed his nomination also. **Herb:** I did also. We had a vacant seat which I believe was John Gurnsey's. **Leo:** how many seats were open at the election time? **Herb:** one. **Leo:** asked Sandra to read something. **Sandra:** read the paper regarding the seats open on the board. **Herb:** when Rex and I went to elections office to reapply for our seats the elections office said no one else was running. **Leo:** Cory's seat was open, he was up for reelection this year. If Becky was here, her election would have been up this year and if Kathy Taylor was still on the board she would have been up this year. So that's 3. **Herb:** is that the form from the elections office? **Leo:** no that's my form. This was in 2018, Becky, Cory and Kathy. **Herb:** George Duffy took over for Becky and Rex took over for George. **Leo:** for this election there were 3 terms up. There was only 2 people that filed, that was Rex and me. **Herb:** I also filed. **Leo:** your term doesn't come up until 2024. **Herb:** I went to the elections office and asked them for their rotation. They had old members on their list even though Annette had updated them with the changes. **Leo:** they were never updated nobody sent them any notification when somebody resigned and who replaced. **Annette:** that is not true. **Leo:** you sent it to clerk and recorders. **Annette:** Yes and Marie at clerk and recorders sends it over to the elections office. **Leo:** that is not what Rhena from elections office told me. **Herb:** the secretary at the elections office said they don't keep track of that. **Leo:** then how do they keep track? **Tina:** apparently they don't. **Herb:** first of all I would like to take care of the first item on the agenda and second we need to take care of the rotation of the board when people's

seats come up for renewal since the elections office couldn't help. Maybe Leo has more accurate information. **Leo:** I have quite a bit at home. **Herb:** ok. We would like to get it accurate. We don't have to swear him in since he was sworn in by the County. **Leo:** asked Sandra to read something regarding the oath of office. That anyone who is elected has to file their oath with the elections office. **Herb:** all we need to do is seat Leo. Welcome to the board. I will see that this rotation is correct. **Rusty:** what is filed with the clerk should be correct. **Herb:** I will get together with Leo and go over what he has compared to what we have and make sure the board rotation is correct. In our by-laws, 2 board members are for 3 years and 3 board members are for 4 years, so they are on odd and even years. **Leo:** asked Sandra to read something regarding a house bill 84 that was passed in 2015 elections. **Sandra:** read the paper and it said in 2015 all elections will be on even years for 4 years. **Herb:** I don't want to take up any more time discussing this at this board meeting but put it on the next meeting agenda.

Cory arrived: 20:22

Cory: welcome back Leo. **Herb:** to bring Cory up to speed, Leo and I are going to get together to go over what he has for election and what the district has. **Leo:** I would like one other person sit in. **Herb:** we can't have three that would be a quorum. **Leo:** we could have that as a work session. **Cory:** no we don't want to start that again. **Herb:** I think we should exam the information we have and just get it straightened out. **Leo:** the more people that know what we are doing the better off. **Herb:** that is what I am saying, we can work on it and then put it on the next agenda. **Leo:** I think one other person needs to be there. **Sandra:** why can't Annette go? **Annette:** NO Thank you. **Rusty:** NO. **Cory:** if you guys want to work on it then we can present it at the next board meeting. Then it gets entered into the minutes and made public.

Approve the July 19, 2022 minutes: 24:24

Herb: we will put this at the end of the meeting.

Secretary Report: 25:06

See attached

Note from a customer: She wanted the board to know that Rusty is appreciated and thank him for his help on a water line. He was extremely helpful.

Cory: the best explanation we got for our MACo bill going up is because our assets went up?

Annette: the grant money and loan money we received was counted as revenue. We weren't the only ones, it was everybody. **Cory:** Erwin Insurance is the underwriter for our MACo insurance.

Herb: Annette contacted people about the extra bill from the Auditor. **Annette:** our bond council in Helena and he said that was not part of his purview. I contacted our attorney in Great Falls and he said he only does our site title opinion. **Herb:** I went to the county attorney office and it was locked up. I went to the civil side and gave them my name and number. I never received a call. My other option is to call the attorney office and speak to someone. I want to see if we fall under the jurisdiction of the county since we are a government entity if we have any legal questions. **Cory:** I believe that is the case. **Leo:** Cascade County attorney should be your legal adviser. **Leo:** why can't you get an auditor in Great Falls? **Cory:** the last auditor we had in Great Falls did a great job. **Herb:** we were trying to save money for the district. **Cory:** you get what you pay for.

Operator Report: 38:33

See attached

Cory: when the VFD's weren't working we didn't get close to losing water for firefighting.

Rusty: we got close. The fire chief was called right away and was aware of the situation. He had fire trucks lined up in case we needed them for fire.

Cory: was the budget easier to do this year? **Rusty:** no. It was easier to do because we had a working budget. **Cory:** the district didn't have a budget for a long time. These guys built one from scratch. They came through with flying colors. **Herb:** I know you and Annette have been working hard on the budget. Is this the final budget? **Rusty:** The budget is pretty much done on our end. We don't know where we can shave any more to save money.

KLJ Water project: 47:14

Sean: There are 2 closeout forms to be signed by the board tonight. The first one is the construction finished form that was talked about at previous meeting. It basically says that the owner is pleased with construction and that everything is completed to the PER. **Rusty:** we still have a couple weeks before we send in the final pay out.

Sean: the other one is system operation at the one year mark. Rusty and I have been talking to Jackson contracting about doing the one year walk through. **Herb:** does anyone have questions or comments on these forms? Just one signature? **Sean:** yes

AARP Update: 50:24

Annette: I talked to Dan at KLJ and Sarah at Sweet Grass, they haven't heard anything yet. A couple members from the Board, and Rusty or I need to meet with the county commissioners. The commissioners haven't set when the meeting will be. We only got \$250,000 from the county, we didn't get everything we were asking for. The county will set up a meeting time so they can tell us what we can spend the money on and what time frame we have to use it. **Leo:** is that matching funds? **Annette:** no that is straight grant money. **Tina:** will it be brought up at that meeting why we didn't get the full amount? **Annette:** Sarah emailed Joe Briggs and asked. He said we didn't score high enough.

Herb: any other questions on AARP funds?

Audit cost update: 53:02

Herb: we discussed it earlier. Anyone have any more questions?

Budget discussion: 53:12

Herb: we discussed it earlier, anyone have anything else they want to talk?

Rusty: we can look at the last page, net ordinary income and expense. There are negative numbers and that is what we need to make up. We are actually around \$57,000 negative. **Cory:** the 2022 was actual figure from QuickBooks? **Rusty:** yes actuals. We are going backwards on water side and barely making it on our sewer side. With the cost of everything rising we will go backwards on sewer also. If you look towards the top you can see where the most money is going, chemicals, utilities, accounting and insurance. We can't make the budget go to zero unless we have more income. **Cory:** we are proposing an increase in water for \$13.41 and sewer \$8.65. **Rusty:** that is a rough figure. That doesn't give us any cushion. **Cory:** when they cleaned up the trailer park, we couldn't bill for those residents anymore because they cleaned them out.

And all our finances was based on residents and we lost some. **Herb:** so you are saying that this increase will cover the basics but we may have more increase. **Rusty:** it is possible. What I am saying is add 2% to this and then we should have enough to cover. **Annette:** Northwestern Energy said they are raising their rates 18%, I heard that on the radio. **Cory:** you are looking at approximately a \$22 raise in rate to an already high water & sewer bill. We aren't exactly a booming community. **Rusty:** we did get some RV's. They are counted into the top income. **Herb:** we are looking for suggestions or ideas. The unofficial encampment on the corner of Central and 4th. **Rusty:** they are not hooked into water, I check all the time. **Tina:** they aren't filling their tank then unhooking so it doesn't look like they are using water? **Rusty:** she has a well house behind her house. If they are hooked to our water system then we can bill them. She is following the rules and regulations. We can't build a subdivision. **Herb:** so you are saying the \$22 increase will give you the buffer? **Rusty:** no it will get us caught up to where we need to be. If we raise rates we need to add 2% as a buffer. **Cory:** that is a hard sale. If you are doing it to cover costs is one thing. We have a lot of fixed income folks out here. **Leo:** what is the commercial rate for water and sewer? **Rusty:** water is \$82.20 and sewer is \$105.18. It is written on the bottom of the spread sheet. **Cory:** if you are looking at the commercial accounts we only have 16 of them. **Annette:** I am confused on some of these savings accounts. We have general savings, hydrant savings, loan savings, those are the accounts we wished they would have set up decades ago. **Annette:** savings general is for emergency repair. **Cory:** but you bumped it up \$6,000 from 2022 actual. **Rusty:** we had to pull money out of savings to cover some things. **Cory:** so this money is what is in the account after we pulled money out of it? **Rusty:** yes **Cory:** your 2022 budget, was it at these rates? **Rusty:** here is 2022 actuals vs 2022 budget.

Discussion continued on budget:

Cory: we need to set up a special meeting to go over just the budget. **Leo:** we may need to have an accountant go over it with you. **Cory:** we can go off the numbers from last year but then our savings keep going down.

Cory: I would like to move this to a working session. **Herb:** any recommended date? Is there any resource we could run this budget by, Sweet Grass or Montana Rural Water. **Annette:** I can call Montana Rural Water. **Rusty:** you can look at it, MACo insurance went from \$7,000 last year to \$14,000 this year. Look at professional services they're \$16,900 that we have to pay for the audit. **Herb:** I would like to recommend we contact Montana Rural Water or Sweet Grass or any other that may have experience and see if they have suggestions. **Rusty:** we can quit putting money in the savings account for lagoon liner or sagar and hope we can get by longer. Other districts just let it go to fail and then asks for money to fix it. That is why Joe Briggs didn't give us the full amount. At the one meeting he leaned over to Jim Larson and said they don't want to ever do anything and they never want to help themselves, they just wait until it fails. **Herb:** he said Vaughn has never made any repairs. **Cory:** Jim Larson should have stood up and said something. **Rusty:** it was just between the two of them and I was close enough to hear it. **Herb:** Jim did say this is a new board and they are trying to fix it.

Herb: when do we want to have a work session? **Cory:** how long do you need to look at that Leo?

Leo: at least a couple weeks don't you think? **Cory:** we are looking at the end of August, meeting in Sept.

Herb: August 30th, 2022 for the working session at 6:00 pm.

Rusty: is there a way to change the Rules and Regulations so that all district members are either on an email or phone alert notification. I had the well go down and we could have sent an alert instead of driving around town. **Tina:** I got an alert. **Annette:** we do but there are only 13 people signed up for it. I can't enroll

them automatically, they have to do it. **Cory:** so you are saying that is a solution for it. **Rusty:** yes, if they are a paying customer they have to be signed up and their contact information is only shared for alerts. **Leo:** you can put it on TV and radio. **Tina:** I don't watch TV. **Rusty:** everyone has an email or a cell phone. **Herb:** let's put that on the agenda for the next board meeting Sept 20th.

Approve July 19th, 2022 Meeting Minutes: 1:29:03

Herb: any questions on the minutes?

Herb motion to accept the July 19th, 2022 minutes

Cory second

All those in favor say aye: Cory, Herb, Tina, Sandra, Leo.

All those opposed same sign: none

Motion passes.

Cory: I would like to say that this team work with the board and the employees that do the actual work is something this district hasn't seen ever. We appreciate everything you guys do. **Herb:** thank you we do appreciate your work. **Cory:** thanks to the board members here keeping the meeting orderly and moving forward.

Sandra: what is some other districts that we can contact? I know there is one in Fairfield, I have a friend that was on the board up there. **Rusty:** some of them are run by the city and they get tax money. They have funds they can pull from other places. **Herb:** I think we should talk to districts the same size as ours.

Cory: it may be a problem finding any. **Rusty:** we will call Montana Rural Water.

Adjournment:

With no further business before the board, the meeting stood adjourned. **Adjourned: 7:42 pm**

Respectfully submitted:

Annette Kniffen, Secretary/Treasurer

Date

Herbert Phinney III, President

Date