

Vaughn Cascade County Water & Sewer



1161 6th Ave, Vaughn, MT 59487

Board Meeting Minutes

July 19th, 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 6:09 pm

Pledge of Allegiance

Roll Call: Sandra, Rex, Herb, Tina, Cory (6:21)

Employees: Annette Kniffen, James (Rusty) South

Approve June 21st and 28th, 2022 minutes 2:09

Herb: has everyone had a chance to read the minutes?

Herb: any board discussion regarding minutes? **Tina:** no **Rex:** no

Herb: any community comments? **None**

Herb: I make a motion to approve the June 21st and 28th minutes

Sandra: I second that motion.

All those in favor say Aye: Tina, Herb, Sandra, Rex

All those opposed same sign: none

Motion Carries

Secretary/bookkeeper report: 3:44

See attached

Herb: so everyone understands, we reached the deadline for the 2021 audit. At our special meeting we decided to do a biannual audit. It would cover the 2021 audit and the 2022 audit. The reason we need a 2022 audit is because of the grant money we had coming in it pushed over the limit. **Rusty:** why are we paying the auditor more money than the contract price? **Annette:** the \$3,643 was for work he has already done. **Sarah from Sweetgrass:** what does your contract say? **Annette:** the \$15,900. **Sarah:** then they can't bill you for that. **Herb:** the 2021 should be the \$15,900 and then \$15,900 for 2022 audit. Why are we being billed the extra \$3,000 on top of the \$15,900? The \$15,900 is the total contract agreement. That should pay for work he has already done or it should. **Rusty:** didn't you (Annette) get an email saying because our QuickBooks wasn't matching up or something? **Herb:** we spent a lot of time in the audit meeting talking about that. There was discussion between our account and the auditor. He is use to using Black Mountain. He was having a hard time finding and reading the reports from QuickBooks. Marca (our accountant) was

showing him where they were. He then made recommendations that Marca give him the information he was looking for. He made the statement if he filed an audit report right now it would be unfavorable based on the information of what he did or didn't have. **Rusty:** I think we need to get the contract out and look at it. **Herb:** I agree. We need to question his \$3,634.43. That should be part of the \$15,900.

Discussion continued on the \$3,634.43: Sandra said the bill should be approved by the board. Sarah from Sweatgrass Development explained that several water and sewer district use QuickBooks and it shouldn't matter what software you run. The District uses Gary Kasper accounting, they do Powers books and they don't have a problem with audits. Sandra asked if our accountant could pull up any reports he is asking for. The answer is yes.

Cory Eli arrived at 6:21

Herb: explained what the board is discussing to Cory.

Cory: how much did we contract with him for the audit? **Annette:** \$15,900 for 2021 and \$15,900 for 2022.

Cory: he hasn't finished 2021 yet. **Annette:** not yet. **Herb:** we need clarification on these bills.

Rusty asked if there was a lawyer we could contact regarding the extra money. **Herb:** MACo is. **Rusty:** not MACo but our bond counsel since it is through the project. **Cory:** it might be outside his scope.

Herb: any other questions or comments on the bill from the auditor? None

Herb: Annette how are we going to proceed? Are you going to be able to get clarification on it?

Annette: in the morning I will call Nathan in Helena. **Cory:** let's take a look at the contract also.

Sandra: what happens if that is in there that if there are extra's he can charge for? **Cory:** we will have to pay. **Sandra:** going forward how can we help ourselves. **Herb:** he had us on the 28th and the audit needed to be done on the 30th. We had 2 days. **Rex:** we did what we thought was best at the time.

Herb: Annette will have to talk to our bond counsel and maybe the county attorney and also MACo to review it.

Any comments from the board? None

Any community comments: none

Operator/manager report: 21:55

See attached

Discussion on hydrant replacement:

Rusty will save the district money if he does it himself with the help of Heckman Construction. There are 3 hydrants to replace. That is moving one hydrant from in front of Sinclair and replacing 2 others. Fire Dept. request it be moved because they can't use it where it sits. We should have enough in savings to cover the cost of the hydrants.

Herb: 27:39 for the couch lift station how is that going. It is still operating but how is the project coming along. **Rusty:** I told contractor to order the pump and control panel. We are either waiting on ARPA funding or borrow money from somewhere. **Herb:** Sarah from Sweat Grass Dev. will talk about funding later in the meeting.

Herb: 28:24 can you explain about the lead and copper. **Rusty:** EPA is requesting all lead and copper lines from the curb stop to the house be identified. Have to have it all mapped out by 2024. **Herb:** whose responsibility is it from the curb stop to the house? **Rusty:** the land owner is responsible for that. **Herb:** it is the land owner's responsibility to replace it but it is district responsibility to identify them. **Rusty:** it is district responsibility to take pictures and knock on doors. If the homeowner doesn't give us information EPA assumes it is a lead line. **Herb:** when that happens we have to make sure we notify the customers, just like doing curb stop maintenance.

Herb: 30:56 we have had customers get angry when Rusty is doing his job. He is on their property exercising the valves and it is part of his job. Personally I think the only thing we can do to protect Rusty from angry customers is notification. That gives them the opportunity to go to the office or come to a board meeting to see what is going on. We have to let the property owner know. If we have that line of communication we are at least protecting our position. **Cory:** our responsibility ends at the curb stop. **Rusty:** I should have access to the curb stop. I can't say who but I had a lady come and stand on top of the curb stop and the sheriff was called because she wouldn't let me exercise the valve. The curb stop was right on the edge of the property line. She thought I was harassing her and was going to shut her water off, I wasn't shutting her water off. The sheriff had to explain to her. **Herb:** notification will protect us in the long run. **Rusty:** we posted it on Facebook and on our web site. **Cory:** did you post it on the door. **Rusty:** I can't post on every door, it would take me forever. **Herb:** can you send out a notice in the bill? Sandra: that's a great idea. **Cory:** on the bill just put a general notice on there that you will be doing curb stop maintenance all summer.

Any comments or questions from the board on the Operators report: 34:15

Cory: the alum sulfate what is that? **Rusty:** it is a metal salt, it takes the phosphorus and settles to the bottom of the tank. When the lagoon is sludged then it will be removed. **Herb:** we are being required to do it by DEQ correct? **Rusty:** to meet our permit requirements. They are waving all our fines right now because we are attempting something. **Herb:** I just want it in our minutes that DEQ can fine us but right now they are not.

Any community comment: none

Old Business: 36:15

KLJ: Sean: Jackson has been paid there final pay application. Rusty and I are going to do a final walk through on the items we have been in contact with Jackson about, like seeding and adding additional gravel. They did get the mixer in the new tank replaced. Manufacturer will extend that warranty. The last thing I have is the last draw which covers the new tank hatch install on existing tank, and along with that was going to be the audit bill. Until the audit portion gets figured out we won't do that. I will call Sandy with DEQ/SRF and let her know what's going on. **Herb:** for clarification, this is the new tower tank and the extended warranty is for that. **Sean:** not the tank specifically. It has to do with seeding, Rusty will check out the curb stops to make sure everything there is right. Make sure there is no settling where they had to dig. After that I (Sean) and Jackson contracting will drive around and they will be showed what needs to be fixed.

ARPA update: 39:22

Sarah from Sweat Grass Development:

It is my understanding that you have received \$254,647.50 that is recovery fund. It is money that goes straight to the county. That is not the total you are requesting. I will call them tomorrow. I think when we put in the application we put minimal allocation. I have an email into Joe Briggs the county commissioner, he is handling this, to find out what the situation is. They have 1.6 million in minimum allocation grant. In the application it has the total amount requested and it was just broken out in the budget. I am not sure why you didn't get the full amount and everyone else did. I would go ahead and plan on fixing whatever

you need fixed. I don't know how long it is going to take to get the money. **Herb:** we have \$254,000 from local allocation and you are going to see what we are going to get above and beyond that. **Sarah:** IF you are going to any more money.

Any Board questions: none

Any Community comments: none

Sign Paperwork for Credit Card increase: 50:20

Herb: this was discussed at the May board meeting and a resolution was passed. The credit card limit was \$2,000. We proposed to raise the limit to \$7,500. Mostly because of cost of materials.

Annette: the paperwork is asking for the business legal name, tax ID number, gross income, address. It asks if the owners have ever been changed. It is asking for an authorized principle, it is asking for name, address and social security number, email, date of birth. **Herb:** Cory with your background, do you have any experience in the authorized signature. **Cory:** the authorized signature is going to be the chair of the board. What are your concerns Herb? **Herb:** being responsible for payment of the card. **Tina:** you mean personally outside of the business? **Herb:** that's what it sounds like to me. They are asking for the guy to come after.

Sarah: that is why you have insurance in case someone takes off with the card. **Cory:** I think what it is saying is that you have full power to sign, and request credit card increase. It is not putting you on the line for the bill. **Tina:** unless they want to run your credit. **Annette:** to run his credit they would have to send a different form. **Cory:** it is just who has authorization to make changes to the card. If that in the unlikely event our secretary would run off with the card, the district would be responsible not you (Herb). **Annette:** question, the only people allowed to sign bank documents is you (Cory), Herb and myself. So that is the people who should sign it correct? **Cory:** I think you are better off with the authorized signatures that the bank has. That is my opinion to keep it consistent. Because with board members coming and going it would be better.

Herb: the three signers at the bank are myself, Cory and Annette. We will proceed to sign these documents to increase the credit card limit to \$7,500. **Cory:** just for clarification, any one of those signers don't have any unilateral authority at the bank. They are just the authorized signers.

New business: 58:27

Budget Discussion:

Annette: I have been going through the numbers and making sure everything matches. Making sure when the water & sewer is added it matches the total. If it doesn't match I go back through the numbers and find out why. I did that today. Rusty has it in his operator report that we will be working on the budget, we will try and get it done before the next board meeting. We have until October 1st to turn it in to the county.

Herb: any questions or comments from the board? **Cory:** so we should have it by next board meeting?

Rusty: hopefully. **Cory:** even if we get a draft of it that would be good. **Rusty:** it may be a preliminary and then the next meeting finalize it. **Annette:** I had to wait until all the bills came in to get correct numbers.

Herb: any community comments: none

Accept Rex Heckle resignation from the board: 1:00:05

Rex: read his resignation letter (see attached)

Cory: I make a motion to accept Rex Heckle's resignation

Herb seconded it.

Board: we are sorry to see you go. We appreciate all that you have done.

All those in favor to accept Rex Heckle resignation from the board say Aye: Cory, Tina, Sandra, and Herb.

All those opposed same sign: none

Motion carries.

Open community comment: 1:02:39

Cory: we got a certification of election. Leo Baer has been elected by acclimation to the Vaughn Water and Sewer District. Term in office is effective as of the 3rd day of May 2022. Two commissioners signed it and Rena Moore from elections office. We have a signed oath of office from Leo Baer.

Cory: what is by acclimation? **Leo Baer:** that is when no one runs against you. **Cory:** we do have a couple issues, don't get me wrong it is not the board's intention to limit or hinder anyone's participation on the board. There are a couple issues we need to check with the county commissioners and elections office because I am fairly sure they are not aware of them. At the time of the election there was not an open seat on the board. The second thing is I believe there is an active restraining order that we need to check in to. We can get this done between now and the next board meeting. **Leo Baer:** whose terms were up?

Cory: I am wondering the same thing. Whose terms were up this election? **Annette:** Pastor Rex and Herb both went down to the elections office and put in for another term. **Herb:** yes we both have receipts for that. **Leo Baer:** whose term was up? **Cory:** Herb and Rex. There are 2 one year and 3 the next year. We can have a conversation with Rena Moore and get this squared away. Herb will take that on and check with the elections office. **Rex:** if I was to stay on the board I would have to re-up for 4 more years. **Herb:** you did when you went and signed up at elections office. **Cory:** we will have to verify that and there is a restraining order that needs to be checked on. **Herb:** I can go in tomorrow and check at elections office and Cascade County Commissioners. **Cory:** the oath of office is dated 19 July. **Herb:** but at the time of that signing we didn't have an open seat which may not be an issue at all. We have to look at the issue of the restraining order also. **Cory:** we didn't receive anything regarding this from the elections office or county. **Herb:** I need to take it into the elections office and ask a couple questions. **Cory:** can you give Leo a call when you find anything out. **Herb:** yes I can. I can notify the board members and Leo what I find out. **Cory:** if you notify the board members you have to do it individually so there is not an unauthorized meeting.

Herb: at the next board meeting August 16th we will put this on the top of the agenda. It will be the first item on the agenda. That way we can make sure we do everything legally and if it checks out we can seat Leo on the board. Is that ok Leo if we check it out? **Leo Baer:** yes.

Adjournment:

With no further business before the board, the meeting stood adjourned. **Adjourned: 7:19 pm**

Respectfully submitted:

Annette Kniffen, Secretary/Treasurer

Date

Herbert Phinney III, President

Date