

Vaughn Cascade County Water & Sewer



1161 6th Ave, Vaughn, MT 59487

Board Meeting Minutes

September 20th, 2022

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

MCA 2-3-212 These minutes were officially approved at the _____ Board meeting.

Public in attendance: See sign in sheet

Call to order/Quorum: Herb Phinney President at 6:45 pm

Pledge of Allegiance was done at Public hearing right before this

Roll Call: board members are still present from Public Hearing.

Employees: still present from Public Hearing

Approve July 19, 2022 meeting minutes.

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

Sandra: why would they be July minutes, shouldn't they be August? **Herb:** there is a correction on the agenda, it should be August 16th, 2022 minutes.

Herb: any board discussion regarding minutes? **Leo:** I have read them already.

Herb: any correction to the minutes on August 16, 2022 minutes? **Leo:** no. **Tina:** no **Sandra:** no

Herb: any community comments? **None**

Herb: I make a motion to approve the August 16 2022 minutes **4:48**

Sandra: I second that motion.

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

All those opposed same sign: none

Motion Carries

Secretary/bookkeeper report: **5:06**

See attached

Annette: I received a call from Marca our accountant and she said she should have everything ready for the auditor late this afternoon or early tomorrow.

Leo: what is the MACo for \$2605. **Annette:** MACo is our insurance company. That's the one that went up 84% or something like that. **Herb:** so the community understands, it was just not us that went up. They

raised their rates across the board for all their customers. We are looking at other insurance companies.

Leo: you have to look at different companies, you can't just take ones work for it.

Herb: any community comment on the secretary report? **9:37**

Dave Capps: you mentioned there was money in reserves for the loans and it can't be touched until the loan is paid off. **Annette:** we can use it for the last payment on the loan. **Dave:** at this point how much is owed on the loans? **Annette:** on the bond reserve loan about \$76,000. On the other two they are close to a million.

Annette: Herb can I address this gentleman (Dave). **Herb:** yes. **Annette:** with those reserve accounts we are sanctioned by the state, we have to prove we have those accounts to keep from being in default. **Dave:** I understand that. My question was if the loans were getting down there, you could save interest over time by using that money to pay them off.

Jessica Fryberger: you said you have other loans. **Annette:** we have 2 water loans and 1 wastewater loan.

Jessica: those all have different amounts? **Annette:** correct. One of the water loans is back from the 1980's. It should have been paid off. When I started 6 years ago some of the payments weren't being made and we finally got all that caught up. Then we refinanced it at a lower interest rate. The other water loan was for the upgrade to the water system. The wastewater loan was for some of the piping, the SAGR system for to lagoons to stay in compliance. **Jessica:** how long of a note are those? **Annette:** 30 years for the water and wastewater and the refinance we have 5 years left. **Jessica:** those payment are collected? **Annette:** through a portion of what we get from the customer.

Operator/manager report: **13:05**

See attached

Herb: please explain to the community what the Couch Lift station is. **Rusty:** Couch lift station serves about 5 houses. Not sure when it annexed into the district. We maintain it, it was put in around the 1970's. The brackets aren't holding anymore and the pump is pulling away. Pump efficiency is about 50% or less. No way of fixing it needs to be replaced. We got some ARPA funding for that project.

Herb: will you explain the condition of the cistern. **Rusty:** it is a half-buried tank that holds 90,000 gallons of water. Doing the inspection last year we found shoring in it still left inside the tank was wood boards. I plan on pulling those out. We added a new hatch so I can get in there and do work. It has cracks on the upper side. They are minut cracks but they need to be sealed. It is off line right now until I can get in there and fix it. **Leo:** I thought that tank was inspected before the water project. **Rusty:** no we had divers come in last year to have it inspected and cleaned. It costs about \$4,000. **Leo:** they should have caught that then. **Rusty:** that is when it was caught.

Old Business: **17:41**

KLJ: Water Project.

Annette: Sean said they didn't have anything.

ARPA Update: **17:57**

Annette: Emailed County on Wednesday the 14th and received an email back. Mary the budget officer and grant coordinator said they are waiting on the attorney to get the contracts ready. As soon as they are available we will contact you. **Herb:** this is the money that was given to the state and the state distributed it to the counties. The county commissioners are in charge of distributing the money for infrastructure.

Annette: we requested \$500,000 and were promised \$250,000. **Kay Neil:** that \$250,000 is for what? **Rusty:** phosphorous removal and the lift station on couch. **Herb:** phosphorous removal is something that came down from DEQ. They have set limits on how much phosphorous we can discharge into to river. It need to be removed out of our wastewater before we discharge. **Kay Neil:** why wasn't that included in the last wastewater project? I was on the board for that. **Cory:** the reason it wasn't on the last wastewater project was because at that time the phosphorous was ok. DEQ changes things every 5 years. **Kay Neil:** if I remember right from being on the board the people from DEQ said that is going to be coming down the pipe so you need to be ready for it. **Cory:** they did say it was coming down the pipe but it wasn't a requirement at the time. The sewer upgrade was given to us by the board before us. **Rusty:** it wasn't included in the PER. So they couldn't include it and DEQ wouldn't accept it. DEQ approves the PER and you have to go by that PER. **Herb:** even though DEQ said it is coming we didn't have any details so we couldn't act on it. **Kay Neil:** this board should have been aware of what is coming and what will need to be done to make sure we meet the budget. **Annette:** the ARPA funds is grant money we won't have to pay it back. **Kay Neil:** so that will reduce the amounts that are owed on the loans. **Annette:** the ARPA money we should be getting is another project. Another PER will be done for the Couch Lift Station and the phosphorous removal. **Kay Neil:** will that add more debt to the budget? **Annette:** No. It is grant money we don't have to pay it back. **Kay:** that project will stay within that \$250,000? **Rusty:** we don't know until the PER comes out and what DEQ allows us to do.

Election update: 24:51

Herb: Leo and I met as a committee, we discussed election cycle. Our by- laws said we had 3 board members for 4 years and 2 board members for 3 years terms. Our by-laws are dated 2010. In 2015 the state passed a title 82 which changed the term to 4 years for everyone. However 3 board members term expire on one election year and 2 board members expired on alternate election years. Starting in 2018 3 board members were elected.

Discussion continued on election cycles.

Explaining when the members were elected and who was up for reelection. 3 seats were open in May 2022. Leo put his name on the ballot. The election board never communicated to us or Leo as to who won. Leo was given a certificate of election. Left Cory's seat open. Cory's seat is open.

Dave: how many members are on the board? **Herb:** five. **Leo:** in January 2018 Annette went into the elections office, and asked who was on the board and when their terms were up. Annette told them Herb was up in 2020 and I think it was Sue was up in 2020 and the rest were up in 2022. So there were 3 seats open. Rex went in and filed his nomination, I filed and those were the only two that filed. We both got certification from the county office.

Rex resigned July 19 so that's an open seat. So there are 2 open seats. **Tina:** no just one. **Herb:** Cory's seat that came up because of the 4 year and Rex's seat. **Leo:** Sandra's seat is open. Herb: we appointed her.

Leo: when your term is up, your term is up. **Rusty:** she wasn't appointed until May 2. **Leo:** it doesn't make any difference. **Cory:** Sandra's election date was May 22nd. **Leo:** there's no use in arguing over that point anymore, I can see that. It doesn't matter if your term is up it's up. **Cory:** Leo Baer was May 3rd and Sandra was May 22nd she was appointed after the election. **Leo:** do you have those papers? Oh I didn't give them to you. **Mike Mahagon:** when there is a vacancy do you appoint somebody or what? **Leo:** you appoint somebody until the end of their term. You have 3 board members up one time and 2 board members up another time, there are 2 years difference between them. **Herb:** Sandra's seat which was seat number 3 it

was open as of May 3rd. May 22nd Sandra was placed in that seat. Her term is up 2026. Leo's seat will last until 2026. Now we have an open seat, seat 1. My seat is up in 2024. Tina's seat is up in 2024.

Mike Mahagon: 10-20% in your district. Do we have one vote? **Rusty:** you can make public comment and no person has a vote here unless the elections office sends out ballots and you get a vote there. **Herb:** in a board meeting you have a say but the board members make the decision at a board meeting.

Rules and Regulations: 39:20

Herb: we need to update our by-laws to reflect the new state rules on election cycle. Make a motion on doing a special working session to get correct wording on how it should be said and updating the by-laws.

Rusty: you are still talking about the election cycle? **Herb:** no I am talking about rules and regulations.

Rusty: that is different, that is By-laws and different than rules and regulations.

Herb: next item is Rules and Regulations: **40:46**

Rusty: Talked about Rules and Regulations update.

Board discussed Code Red. To include the wording. **Gary Sorum:** I think my tenants get notified but if anyone should get notified it should be me. **Annette:** you can sign up for it on our web site. **Rusty:** you just have to put how you want to be contacted. **Herb:** this is strictly for emergency alerts. **Dave:** do you have a Facebook page? **Rusty:** we do but not everyone has Facebook. **Dave:** if you have a Facebook page then you get notification, it pops up. **Rusty:** it does. We post it there also. **Herb:** that works for announcements but for emergency alerts we need the most immediate way. **Dave:** my point is after the Code Red is sent you can post it on Facebook maybe as a second thought. **Rusty:** we do that also. **Sandra:** we need to go to the web site to sign up for the alerts. Are you saying that is the only way we can get these alerts? **Rusty:** correct. **Herb:** that is the only way to get a call list.

Bulk Water Sales: 50:14

Rusty: Bulk water sales: see attached. Prices went up for bulk water sales.

Herb: any board discussion? **Sandra:** what is potable water? **Rusty:** so we have contractors like the railroad that need to use a bunch of water and they have to buy their water or contractor fills up their water truck. Right now our fees aren't covering the expense.

Community:

Kay Neil: what do you consider bulk? **Rusty:** it is thousands of gallons of water. As a customer you are not allowed to fill someone's tank in the back of their truck. There's a fine for that. **Dave:** let's say they want to do it for the next week, is there a daily fee? **Rusty:** to connect to a hydrant is \$100. If they disconnect from that hydrant and come back later and hookup again it's another \$100. Usually leave their connection there and they leave the meter.

Statement, finance charges: 54:19

Rusty: see attached.

Leo: I make a motion to leave it like it was \$5 or 1.5%. **Herb:** why was the increase considered **Rusty?**

Rusty: we have customers who continually pay late. **Leo:** if they can't pay their bill on time do you expect them to pay the \$10? **Dave:** it's a motivation factor. **Rusty:** if it's just \$5 they think I am not going to bother, it's too little of an amount.

Herb: board discussion: 55:45

Sandra: I agree we should raise it. **Tina:** when was the last time it was increased? **Rusty:** I don't think it has ever been. **Tina:** I agree we increase it.

Community: 56:12

Dave: I know where I live if you don't pay your bill they cut you off. Then it costs you extra to get turned back on. **Gary Sorum:** can you bill the tenants rather than the landlords. **Annette:** in rules and regulations it states that we can bill the tenant but if they move out and don't pay then the property owner is responsible.

Mobile Home Parks new section D: 57:18

Rusty: see attached.

Herb: when Red Sky and Sunset were purchased by a real-estate investor, we were only charging for occupied trailers. Just like anybody else that owns property, if you own a vacant lot and it has hookups you are charged an unoccupied rate. What this regulation is saying is we will also charge for unoccupied lots. The reason we do that is because the water district has to maintain those water and sewer lines. **Rusty:** Red Sky has 8 RV spots. We don't expect them to have RV's in the winter but if they do that is fine. We are only saying that we are going to charge them summer months when the RV's are there and an unoccupied rate through the summer months.

Mike Mahagon: who is ultimate responsible for the water and sewer bill? **Rusty:** the owner of the property. **Sandra:** how do you monitor that in the trailer parks? How do you know if it is occupied or not? **Rusty:** I do drive byes and I know who is occupied or not. I have been doing it since day one because we can't trust the owner to give us an accurate count. I drive by a couple times a month. We have asked them to give us a list and they don't. **Sandra:** if I had a rental and it was unoccupied can I receive that discounted rate? **Annette:** you would have to call and let us know what date it became unoccupied. **Herb:** we also need to know when it gets re-occupied. **Rusty:** we can go back 6 months and charge you the 6 months if you didn't.

Abandoned Service: 1:02:37

Rusty: see attached.

Herb: the reason for this? **Rusty:** there are empty lots that used to have a house or mobile home on, they want to keep the lines at the property and they may want to put something else on there in the future. It's so they don't continue to pay unoccupied rates forever. Herb what do you consider an unoccupied? **Rusty:** an abandoned house or empty lot. They are going to have the house or empty lot sitting there for a period of 6 months or more. We have several abandonments. We have several we have liens on. **Herb:** when it's abandoned is there still someone who is claiming ownership? **Rusty:** probably. We usually have liens on them. **Mike Mahagon:** when there is a lien who has first dibs on getting the money? **Herb:** the district places a lien and when it is sold the money is paid to the district. **Herb:** so they can choose to abandon the lines and pay the \$500 each for water and sewer or they can continue to pay unoccupied. **Sandra:** if I remove the mobile from my property, I can cap it off, pay the \$500 and be done with it, I wouldn't have to pay the unoccupied rate forever. **Rusty:** correct, it gives you an out. **Sandra:** later on I could pay the \$1,500 each for water and sewer and get it going again? **Rusty:** correct.

Public Fire Protection: 1:09:15

Rusty: see attached

Dave: the fire dept. does fire protection for the community. Are you going to bill them as a commercial?

Rusty: they have been being billed since they moved to the new building, I think, I can't remember exactly when. **Dave:** according to this it is still on your books that they don't get billed. **Rusty:** I do most of the flushing. It says in here that they get free water if they flush the hydrants. **Dave:** if you are billing them now

and in your rules it says they get free water, you are not following your own rules. **Cory:** the way it reads: the Fire Dept. gets free water in exchange for exercising the hydrants. When they stopped doing it is when they were billed. **Dave:** when I was on the fire dept. they did exercise them.

Leo: I think the fire dept. should be charged for water because they are getting funding through our tax money. 99% of their water goes out of our district. **Dave:** I disagree with that. Yes a good percentage does but there are dept. that come here to help. So it's a tradeoff. **Leo:** the fire departments are getting money from our tax money and we are paying dearly for that. **Dave:** the issue is when did that change?

Herb: can we come up with a date as to when they quit exercising the hydrants and when we started charges. **Dave:** to me if you can't show a date then they shouldn't be billed. Has anyone sat down with the fire dept. and discussed it? **Rusty:** we just aren't going to have them do it anymore. **Dave:** the issue is you made an agreement with the fire dept. **Rusty:** I don't think there was ever an agreement. I think it was written in the rules and regulations and it was never enforced or told to them.

Herb: we as a board will need to table this resolution until we rectify this. **Rusty:** why, we can still make the change.

Herb made motion to approve resolution 22-7 to upgrade the wording on Rules and Regulations. 1:16:58

Sandra second

All those in favor: Tina, Sandra, Leo, Herb. All those opposed same sign: none

Leo: September 27th for budget meeting. **Herb:** at 6:00. **Rusty:** I think it is going to be a work session.

Public Comment: 1:17:45

Dave: on your price increase it says well turbine, what is that? **Rusty:** that is actually the well pump.

Patty Olson: I live in the older part of town and I am wondering how many of our pipes are lead? **Rusty:** they got replaced in the 80's. I am not sure what is in your house. According to the plans it is all copper from the curb stop to the house. I have to have an inspection done according to EPA by 2024. I will come around and ask to see the pipe in your house. Most of copper and PVC I don't know of any lead lines. The Vaughn lines have none.

Jessica Fryberger. If the board votes no on the rate increase what are the ramifications? The electric company didn't call me up and invite me to a board meeting, they just increased our rates. I am sitting here listening to all these angry people but none are getting the business side of it. If it costs more money for insurance and power, if they say no we don't want an increase do we just stop pumping water? **Rusty:** eventually the district will run out of money. **Jessica Fryberger:** I am assuming the money is paid to employees and to fix infrastructure. **Rusty:** it is difficult because the cost of iron and everything is going up in the 30%. Parts are out 12-52 weeks. The cost of shipping is up. **Jessica Fryberger:** what is the purpose of the hearing? **Herb:** it is law we have this hearing. **Jessica Fryberger:** so you get to sit there and let everyone yell at you. **Dave:** hopefully they will understand why it needs to go up. **Herb:** no they are not allowed to yell but they get to have a say. **Tina:** the numbers don't lie. **Mike Mohagon:** so if this is not voted for will insurance rates go up? **Rusty:** no, eventually you won't have water or sewer. **Annette:** we will have to take money out of savings to keep this district running and when that is depleted there won't be any money for repairs.

Kay Neil: being a large business owner, I am pleading when decisions are made and you decide to add this and that you make a decision like this is your money. Rather than just deciding we are going to do this or that. **Rusty:** I get what you are saying. I am a community member myself. I have saved this district a lot of

money by doing exactly that. I have saved the district over \$180,000. By fixing generators instead of replacing and so much more. **Kay:** may or may not be part of your job I don't know what your job description is. As being a part of this community and being on the water and sewer board for the past 26 years, the decisions that were made have gotten us to a situation where our finances are not where they need to be to run this district. Having people understand the finances. The reason why people were sold on the new water tank was because you needed water to fight fires, people don't want their house insurance to go up. People were sold that but in fact that may or may not have been necessary. I am requesting more transparency. Budgets and expenses be available because you are asking people to pay extra.

Kay Neil: When I sit down and look at a budget there may be things I want or need but I am not getting it because of the way the economy is. I am asking the people that sit on this board to be responsible whether you are voting on pay increases for the 2 employees or doing a project with hopes that state money will come in. This is a huge budget and it is not coming out of your pocket. Be responsible for everyone in this community. **Herb:** every board member is a member of this community and pay the rates. This discussion needs to be done at the Public rate increase hearing. The Budget meeting is open to the public even if it is a working session.

Annette: Can I ask Kay a question? **Herb:** yes. **Annette:** Kay you said you want more transparency. Is there more financials you would like? I post all the financials on the web site. **Kay:** I would like a breakdown, I would like a breakdown of the warrants and what is being paid. I would like all the board members to take a look at that the bills. **Annette:** she would like a list of bills paid each month. I can do that. **Herb:** I would refer the budget discussion to the working session. Annette has offered to give a monthly itemized statement of the bills being paid.

Annette: when did you decide the next rate increase meeting is going to be? **Herb:** we haven't yet.

Rusty: I don't know who posted the \$186 rate at the post office but it got the community riled up. It is not going to even be close to that. \$26.44 would be the highest it would ever go as far as the residential. I think it is going to be down to around \$14.50. We have worked so we can save money.

Adjournment:

With no further business before the board, the meeting stood adjourned. **Adjourned: 8:22 pm**
Respectfully submitted:

Annette Kniffen, Secretary/Treasurer

Date

Herbert Phinney III, President

Date