

North Valley County Water & Sewer District, Inc.
Special Board Meeting #67
4:00 p.m., Thursday, December 27, 2018
at St. Marie Town Hall,
Building 521, 6th Street, Meeting Room
St. Marie, MT 59231

Directors in attendance: Nick O. Chiechi, Hugh G. Frankson, James A. Logan, and Carl Millerick

Directors absent: None. One Director position is currently vacant, awaiting appointment.

Others in attendance: Alice M. Hawkins, Anthony Hebert, DeAnn Ketchum, Jerry Ketchum, and Marv Bethea

Before beginning President Nick Chiechi read several e-mail messages. These messages were responses to the question of whether the District has the ability to remove certain accounts receivable from its Black Mountain Software (BMS) utility billing database without violating Montana Code Annotated (MCA). Chiechi proposed a plan to remove certain aged, non-paying, bad debt properties from BMS as active customers in order to have these accounts qualify as non-EDUs by Dry Prairie Rural Water Authority (DPRWA). The plan is to charge each removed account a separate fee in QuickBooks titled "capital infrastructure maintenance" which would be billed separately month-to-month. Chiechi stated a savings of at least \$19,000.00 annually in its DPRWA billing. Responses were read from Tripp & Associates, CHMS, PC, and Attorney Chris Walker of Bosch, Kuhr, Dugdale, Martin, and Kaze PLLC.

The meeting was *called to order at 4:10 p.m.* by President Nick Chiechi. Before beginning, Chiechi read a *memorandum for record* to the public which *documented NVCW&SD CLOSED Special Meeting #66 did not take place* and was not convened due to a lack of quorum of directors. Four Directors were present, providing a *quorum*. *Proof of notice* was by posting today's agenda on town hall bulletin board and at the Valley County Courthouse on 12/20/2018. Chiechi welcomed the public. Chiechi asked everyone in the room if there were any additions and/or deletions to today's agenda. No public comments were made. Chiechi called for a *motion to approve the agenda for Special Meeting #67, as posted*. Carl Millerick made the motion to approve the agenda for Special Meeting #67, as posted. Hugh Frankson seconded the motion, and the vote was unanimous.

New Business:

a. **Projected Dry Prairie Rural Water Authority rates and fees.** Chiechi reviewed the information and rates quoted by DPRWA, \$14.25 connection fee per each equivalent dwelling unit (EDU), which is a property or condominium which has requested and received water service at some point from 1992 until present day with water meter installation. These properties are what is known as tap ready and are currently being billed the same basic rate as customers who have not been shut off for non-payment and

who continue to pay monthly. DPRWA will also bill a water usage amount of \$1.50/1,000 gallons of water to the water storage facility, our water tower on 5th Street.

b. Discussion of actions to remove certain aged, non-paying, bad debt properties from BMS as active customers to avoid a higher rate increase; but continue billing by using QuickBooks for “capital infrastructure maintenance” monthly. The District has 376 billed accounts monthly. Of these billed accounts, 108 are not paying charges assessed. Tripp & Associates, and CHMS, PC agreed a separation is doable, but were not sure it would be fair and equitable to all customers involved. Can the District now separate accounts that were and are now being charged the base rate for their proportionate share of construction costs, and capital infrastructure maintenance? The legal answer is no. Does non-payment constitute a reclassification of account as non-EDU? Montana Rural Water Systems (MRWS) has answered, no. When a water district is examining rates, debt payments and required reserve account funding are integral parts of operations and maintenance costs (MCA 7-13-2301). The more customers paying, the lower the individual unit assessment or base rate is going to be.

c. Discussion of hiring legal counsel for agreement modifications through negotiations in 2019. Chiechi questioned why previous Directors from 2001 forward did not pursue an agreement modification before now. Millerick expressed concerns for any agreement written and entered into in 2001 with a 40 year commitment by parties and not acted on until 2019. An agreement which states the agreement may be modified through arbitration and agreement of both parties. The District has more connections now (376 vs. 190) and the DPRWA base rate of \$14.25 per EDU is less than the \$17.90 per EDU agreement rate. Chiechi expressed DPRWA established its base rate utilizing the same factors and O&M costs that NVCW&SD uses to set its rates.

d. NVCW&SD Resolution No. 144 – Resolution Calling for a Public Hearing on a Water Rate Increase for North Valley County Water and Sewer District, Inc. Chiechi reviewed the numbers provided by Alice Hawkins which were used to compute how much revenue the District would need to collect in its base rate. The proposed increase is a water base rate increase of \$12.55 and a water usage increase of \$2.00/1,000 gallons. After discussion and a check of the January 2019 calendar, Directors approved proceeding with public hearings to be held on Monday, January 14 and Tuesday, January 15 at 6:30 p.m. at the St. Marie Town Hall. Letters will be mailed to all property owners and customers on Wednesday, January 2, 2019 giving notice of the rate hearings and proposed rate increase in accordance with MCA 7-13-2275(6)(a) and 7-13-2275(6)(b). Public notice of the rate hearings will also be published in the Glasgow Courier newspaper in accordance with MCA 7-1-2121(3) and 7-1-2121(4) on Wednesdays, January 2, 9, 2019. Chiechi called for a *motion to approve NVCW&SD Resolution No. 144, A Resolution Calling for a Public Hearing on a Water Rate Increase for North Valley County Water and Sewer District, Inc.* Millerick made the motion to approve NVCW&SD Resolution No. 144, A Resolution Calling for a Public Hearing on a Water Rate Increase for North Valley County Water and Sewer District, Inc. Frankson seconded the motion. All Directors voted FOR the resolution.

e. Request for Refund – SMCA December 4, 2018 Letter to Board. Chiechi asked if Directors had reviewed SMCA’s request for a return of payment of \$1,583.36 (check #10920 of July 13, 2018) for charges prior to June 28, 2018, the date of ownership of units 240A and 393D. SMCA states, “said debts were not addressed in the Valley County District Court Order, were not incurred by SMCA, are not funded by condo assessments and were not secured by lien.” After discussion of the circumstances, Chiechi called for a motion to refund \$1,583.36 to SMCA because it was not their debt to pay. Frankson made a motion to refund \$1,583.36 to SMCA and the money owed (\$1,583.36) be written off by NVCW&SD as a bad debt. Motion was not seconded, and did not receive enough support for a vote.

Public Comments, Matters, or Concerns – Water and Sewer Service: Chiechi opened the floor to comments or questions from the public. There were none.

Board Comments: None.

The next board meeting is scheduled for 5 p.m. Tuesday, January 22, 2019 at Town Hall.

Millerick made a motion for *adjournment*; Frankson seconded the motion and the vote was unanimous. Meeting adjourned at 6:00 p.m.

Approved: *Hugh G. Frankson*
Hugh G. Frankson, Acting President

Date: 1-22-2019

Attested: *Alice M. Hawkins*
Alice M. Hawkins, Recording Secretary

Date: 1-22-2019

