

Teresa J. Kelleher
945 Oilfield Avenue
Shelby, MT 59474

RECEIVED

AUG 22 2018

**CITY OF SHELBY
Montana**

Gary McDermott, Mayor
Shelby City Council
112 First Street South
Shelby, MT 59474

RE: Street Maintenance District Number 1.

Dear Mayor and City Council:

I wish to express my strong objections and the unfairness of including my property at 945 Oilfield Avenue in Street Maintenance District Number 1.

The street in front of my property is totally maintained by the Montana Department of Transportation and the City of Shelby incurs no costs for the maintenance of the roadway. In the ten years I have owned this property the alley has been bladed no more than three times, an average of less the once every three years. No gravel has ever been added to this alley in this same time frame. You can drive down this alley today and find it full of pot holes and ruts. To receive an assessment of \$315 per year for this nonexistent maintenance seems very excessive and extremely unfair.

In comparison, there are areas of Shelby that have City maintained alleys and streets on both sides of the property and they receive the same assessment that you are proposing on my property.

The statute referred to in the letter allows the assessment to be made on the length of street frontage that the City of Shelby maintains. The city of Shelby does not maintain any of the street frontages in front of my property at 945 Oilfield Avenue and as such I do not believe it has the authority per the state statute and your ordinance to make an assessment on this property.

I have always supported improvements in our community and good streets are important and I do pay for street maintenance on my other properties in Shelby but the City does maintain the streets in front of these properties. They do not in this situation.

I respectfully request that this property not be included in Street Maintenance District Number 1.

Sincerely,



Teresa J. Kelleher

Index, Date

INDEX	Date	RES #	SUBJECT
Street-SM01	5/2/1994	1252	Creating a street maintenance district; defining the boundaries thereof; and describing the streets, avenues and alleys constituting the Shelby street maintenance district
Street-SM01	7/18/1994	1259	Levying a special assessment to defray the cost of the maintenance in Street Maintenance District #1
Street-SM01	6/19/1995	1302	Amending Resolution No. 1259 pertaining to levying a special assessment to defray the cost of the maintenance in Street Maintenance District No. 1
Street-SM01	8/7/1995	1306	Levying a special assessment against all of the property in Street Maintenance District No. 1
Street-SM01	7/15/1996	1334	Levying an assessment against all property in Street Maintenance District No. 1
Street-SM01	8/4/1997	1370	Levying FY97-98 Street Maintenance assessments
Street-SM01	6/15/1998	1405	Levying assessment for Street Maintenance #1
Street-SM01	7/6/1999	1457	Levying an Assessment for Street Maintenance District #1
Street-SM01	7/17/2000	1497	Levying assessment for Street Maintenance District #1
Street-SM01	8/20/2001	1530	Levying 2001 assessment for Street Maintenance #1
Street-SM01	7/15/2002	1570	Levy 2002 assessment for Street Maintenance #1
Street-SM01	8/4/2003	1603	Levy 2003 assessment for Street Maintenance District #1
Street-SM01	7/19/2004	1620	Intent to change Street Maintenance #1 boundary
Street-SM01	8/2/2004	1623	2004 assessment for Street Maintenance #1
Street-SM01	9/6/2005	1656	Levy 2005 assessments for Street Maintenance District #1
Street-SM01	8/21/2006	1690	levying 2006-07 assessment for Street Maintenance District #1
Street-SM01	8/21/2006	1686	expanding Street Maint#1 boundary to encompass current & future city limits
Street-SM01	8/20/2007	1726	levying 2007-08 StMaintenance assessment
Street-SM01	9/2/2008	1741	levy 2008 street maintenance
Street-SM01	10/5/2009	1780	levy 2009-10 assessments for street maintenance district #1
Street-SM01	8/16/2010	1803	levy 2010-11 assessments for street maintenance district #1
Street-SM01	9/6/2011	1822	levy 2011-12 assessments for street maintenance district #1
Street-SM01	9/4/2012	1845	levying 2012-13 assessment for Street Maintenance #1
Street-SM01	9/3/2013	1870	levying 2013-14 assessment for Street Maint #1
Street-SM01	9/2/2014	1899	Assess Street Maintenance #1 for 2014 assessments
Street-SM01	8/31/2015	1919	assess Street Maintenance #1 for 2015 assessments
Street-SM01	9/6/2016	1943	assessing FY 2016-17 street maintenance
Street-SM01	9/5/2017	1960	levy 2017-18 assessment for street maintenance district #1

RESOLUTION NO. 1252

A RESOLUTION CREATING A STREET MAINTENANCE DISTRICT; DEFINING THE BOUNDARIES THEREOF; AND DESCRIBING THE STREETS, AVENUES AND ALLEYS CONSTITUTING THE SHELBY STREET MAINTENANCE DISTRICT

WHEREAS, the City of Shelby, Montana, has indicated its intention of creating a Street Maintenance District, and has introduced Ordinance No. 697 for that purpose; and

WHEREAS, Section 7-12-4402, M.C.A., provided for an adoption of a resolution designating the whole or any part of a city into a maintenance district, to be known and designated by number; plainly defining the boundaries of the district; and, describing the streets, alleys and public places constituting the district;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHELBY, MONTANA:

1. CREATION OF STREET MAINTENANCE DISTRICT. All of the property hereinafter listed in the City of Shelby shall constitute a single Street Maintenance District hereby designated as Shelby Street Maintenance District No. 1.

2. BOUNDARIES OF SHELBY STREET MAINTENANCE DISTRICT. The boundaries of the Shelby Street Maintenance District No. 1 shall be as depicted on the map of the City of Shelby with corresponding legal description, attached hereto as Exhibit A and made a part thereof by this reference.

3. STREETS, AVENUES AND ALLEYS CONSTITUTING THE SHELBY STREET MAINTENANCE DISTRICT. All streets, avenues and alleys within the boundaries of the above described Street Maintenance District shall constitute Shelby Street Maintenance District No. 1.

4. AREAS EXCLUDED FROM SHELBY STREET MAINTENANCE DISTRICT. All of the areas, tracts or parcels of land which are located within the boundaries of the Shelby Street Maintenance District are hereby specifically EXCLUDED from the Shelby Street Maintenance District No. 1 by this Resolution or by Ordinance No. 697:

Any and all federally owned property.

Any and all City of Shelby owned property.

INTRODUCED AND PASSED at the regular meeting of the City Council of the City of Shelby, Montana, on the 2nd day of May, 1994.

AYES: Coni Thorn, Ben Ober, Don Lee, Eugene
Haroldson, Chuck Carver

NAYES: NONE

ABSENT: Chip Miller

PASSED by the City Council of the City of Shelby, Montana,
and approved by the Mayor this 2nd day of May, 1994.

— LARRY J. BONDERUD, MAYOR

ATTEST:

JO ANN WRIGHT, CITY CLERK-TREASURER

APPROVED AS TO FORM:

JAMES A. JOHNSON, CITY ATTORNEY

RESOLUTION NO. 1686

A RESOLUTION EXPANDING THE BOUNDARIES OF STREET MAINTENANCE DISTRICT NO. 1 IN THE CITY OF SHELBY WHICH WAS ORIGINALLY ESTABLISHED UNDER RESOLUTION NO. 1252.

WHEREAS, the City Council of the City of Shelby is declaring its intent to expand the boundaries of Street Maintenance District No. 1, and

WHEREAS, the boundaries of Street Maintenance District No. 1 shall encompass the current and future corporate Shelby city limits; and

WHEREAS, the estimated cost of maintaining the streets and alleys within such district for the first year will be one dollar and eighty-four cents (\$1.84) per lineal foot of each street frontage (only one street frontage shall be utilized, that particular street frontage which is the longest of such lot, piece or parcel, except where the lot is a corner lot, in which case the street frontage, which is the shortest of such lot, shall be utilized), and

WHEREAS, notice and public protest shall be controlled and provided pursuant to M.C.A. 7-12-4303.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHELBY, MONTANA:

That the boundaries of Street Maintenance District No. 1 in the City of Shelby shall encompass the current and future corporate Shelby city limits.

PROVISIONALLY PASSED BY THE CITY COUNCIL OF THE CITY OF SHELBY, MONTANA, AND PROVISIONALLY APPROVED BY THE MAYOR THIS 21ST DAY OF AUGUST, 2006.

LARRY J. BONDERUD, MAYOR

ATTEST:

TERI RUFF, CITY FINANCE OFFICER

FINALLY PASSED BY THE CITY COUNCIL OF THE CITY OF SHELBY, MONTANA, AND FINALLY APPROVED BY THE MAYOR THIS 5TH DAY OF SEPTEMBER, 2006.

LARRY J. BONDERUD, MAYOR

ATTEST:

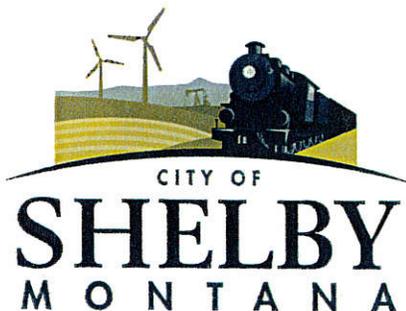
TERI RUFF, CITY FINANCE OFFICER

I, Teri Ruff, city finance officer for the City of Shelby, Montana, hereby certify that on the 23rd day of August, 2006, copies of the above resolution were posted as follows: (1) Lobby of City Hall, (2) Lobby of Toole County Courthouse, and (3) Lobby of Toole County Sheriff's Office.

Teri Ruff, City Finance Officer

CITY OF SHELBY

112 First Street South
Shelby, MT 59474
Telephone: (406) 434-5222
FAX: (406) 434-2039
www.shelbymt.com



Mayor: Gary McDermott
Council: Luke Casey, Deb Clark, Aaron Heaton,
Lyle Kimmet, Bill Moritz, Trent Tustian
Animal Control: Mark Warila
Attorney: William E. Hunt, Jr.
Building Inspector: Rob Tasker
Community Development: Lorette Carter
Finance Officer: Jade Goroski
Judge: Joe Rapkoch
Superintendent: Loren Skartved

August 22, 2018

Becky Anseth
Montana Department of Commerce
301 S. Park
P.O. Box 200523
Helena, MT 59620-0523

Re: Shelby Storm Water Infrastructure Project MT-TSEP-CG-15-758A

Dear Becky,

The City of Shelby is persistent in its efforts to move forward with the storm water infrastructure project benefiting the community of Shelby as well as the Montana Department of Transportation and BNSF Railway.

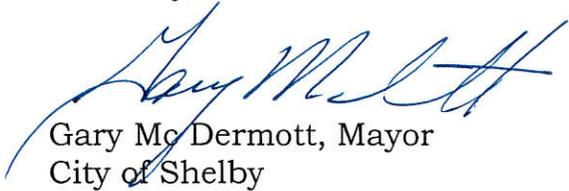
City officials have been working diligently with our engineering team, KLJ to secure the necessary BNSF permits in moving forward. Unfortunately, response time has been very slow. Our last correspondence dated August 17, 2018 to Patricia Villegas of JLL indicated expediency on their part for the Corporate Real Estate division to respond.

Bore pipe, concrete and lateral piping has been purchased for the project and is being stored on city property until the required permitting has been received. The awarded contractor, Helena Sand & Gravel is aware of the delay and will be available to complete the bore in the month of September if the BNSF permit is finalized in August. The contractor is also anticipating some construction work on the south ditch during the 2018 construction season. KLJ anticipates construction completion in the summer of 2019 if the project moves forward this fall.

The financing package is in place, which we have drawn funds from our State Revolving Fund, TSEP as well as the Montana Department of Transportation for necessary materials to begin construction.

We are very grateful for your patience as we have faced numerous delays in starting construction. We have attached a March 21, 2017 letter outlining the course of delays and action on the project in order to show our committed efforts to successfully completing this critical project for the community of Shelby.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary McDermott". The signature is fluid and cursive, with a large initial "G" and "M".

Gary McDermott, Mayor
City of Shelby

Cc: Shelby City Council

CITY OF SHELBY

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Mayor: Larry J. Bonderud
Council: Deb Clark, Brian Lee,
Bill Moritz, Lyle Kimmet,
Gary McDermott, John "Chip" Miller, Jr.
Animal Control: Mark Warila
Attorney: William E. Hunt, Jr.
Building Inspector: Rob Tasker
Community Development: Lorette Carter
Finance Officer: Jade Goroski
Judge: Joe Rapkoch
Recreation Director: Cindy Florez
Superintendent: Loren Skartved

March 21, 2017

Becky Anseth, TSEP Program Manager
TSEP
PO Box 200523
Helena, MT 59620-0523

RE: Contract MT-TSEP-CG-15-758 Storm Water Improvements Project

Dear Becky,

The City of Shelby has great news regarding the Storm Water Improvements Project, last night March 20th, 2017 the City Council voted to move forward with the funding package and establish rates for the Storm Water Fund. Without the TSEP contribution this project would not be financially feasible for the City of Shelby. Right now we anticipate a substantial completion date by the end of the 2018 construction season and construction to commence within the next couple months.

The City of Shelby asks of TSEP to extend the deadline for one year, this will allow for substantial completion of the project. Below I will explain the challenges that took place over almost three years to get this project to the construction phase.

In May of 2014 the City hired Raftelis Financial Consultants to put together a utility fee and feasibility study, and after Council review of the report it was an unanimous decision by Council to move forward with the engineering services contract in July of 2014. In August of 2014 the Council once again unanimously voted to approve the Stormwater Special Revenue Fund for the Stormwater Improvement Project. After all notices for public hearing and mailings were sent out the City held the public hearings in August of 2014 and thereafter the Council once again voted unanimously to approve Resolution 1897 that was to establish the Stormwater Special Revenue Fund, issuance of bonds, and establishment of Fiscal Year 2015 assessments and fees. In October of 2014 the first Notice of Invitation to Bid was published followed by two subsequent notices in November. However, once assessments hit the tax rolls in November of 2014 the council passed Resolution 1906 that rescinded Resolution 1897. That action ultimately halted the project.

Fast forward to July of 2016 and we once again began the public hearing process. Note that in January of 2016 two new novice council members started and for the most part were completely unfamiliar with the project. This time there was deviation of the proposed charges for rates. The

City once again went through the proper notice period and in August of 2016 the Council unanimously voted to approve Resolution 1941, that established the Stormwater Drainage System. After several rate structures were discussed by council and re-noticed to the public and all proper public hearings were held once again it was time to vote on a resolution that determined and fixed the charges to rate payers. The council voted down Resolution 1941, 1 approving and 5 against in October of 2016. In November of 2016 we lost two longstanding council members, one resigned shortly after the Council voted on Resolution 1941 and the second Council member moved wards and was no longer eligible to serve the people in the ward he was elected. Now we are sitting with four novice council members with less than one year serving the public. New council in itself bring challenges let alone trying to get up to speed for infrastructure upgrades.

In December in 2016 we started looking at the “core” system of the storm drain project that would decrease the overall construction costs. The “core” system represents the upgrades identified in the initial TSEP application for funding. Move forward to 2017 and after a newly appointed council member hired an independent engineering firm to evaluate the preliminary engineering report on the storm drain upgrades we found some consensus with the Council. The independent engineering firm confirmed that a Storm Water infrastructure upgrade was needed. In February of 2017 the Council unanimously approved Resolution 1949, the intent to establish storm water drainage system charges. Once again after going through the proper public notices and public hearings we were set to vote on Resolution 1951, approving rates and charges for the Storm Drain system. This time the Resolution passed, 4 approving and 2 against.

We have worked hard to get the project to this point as well as everyone else involved in this process. Without the TSEP funding this project would not be practical for the City of Shelby. On behalf of the City of Shelby, I ask for an extension of one year that will allow for substantial completion of the project.

We are estimating construction to begin in the next couple months and to be substantially complete by the end of next year’s construction season. We have passed a resolution approving rates and charges and have also sent a notice to proceed to Helena Sand & Gravel to begin construction.

Sincerely,

Larry J. Bonderud



2969 Airport Road, Suite 1B
Helena, MT 59601-1201
406 449 7764
KLJENG.COM

Memorandum

Date: 8/17/2018
To: BNSF Real Estate
Copy to: City of Shelby, JLL
From: Luke LaLiberty, PE
RE: City of Shelby, MT request for reduction of fees for permit 17-58331

Remarks

Dear Sir or Ma'am,

The City of Shelby, Montana requests a reduction in the license fee associated with BNSF permit 17-58331. The permit is for a longitudinal storm drain pipeline to be installed between 31 and 54 feet away from the nearest track. The storm drain project provides significant benefit to BNSF and the residents of Shelby and is unlikely to proceed without a reduction in annual cost to the City.

The draft permit includes a base fee of \$28,269, which increases at 3% annually for the duration of the permit. The City has determined that rate exceeds the value of the permit to the project and requests BNSF consider the following:

- License fee during construction years of \$28,269. Construction is anticipated to begin in the fall of 2018 and be complete in the fall of 2019.
- Base license fee of \$5,000 increasing 3% annually once construction is complete.

The following factors should be considered in the decision:

- Spring flooding in recent years has affected BNSF property in Shelby. Please see attached photos from 2018 flooding for reference. The storm drain project will alleviate this flooding.
- Installation of the storm drain is a direct benefit to BNSF, as it will convey stormwater away from the tracks. The project also eliminates the need for 2 existing culverts under the tracks that convey water from the south side of the tracks to a wet area on the north side.
- The project includes regrading of a ditch that runs parallel to the tracks. This will make it significantly easier for BNSF crews to access the tracks.
- The storm drain project is being used as matching funds for a \$1 million railway safety improvements grant which adds fencing and gates around two Shelby crossings. If the City cancels the storm drain project, the safety project will also be cancelled.
- The grant for the storm drain project will likely be revoked if construction does not commence in 2018. To accomplish this, the City faces a deadline of 31 August to mobilize the contractor or cancel the project. Shelby requests BNSF expedite the review of the fee reduction proposal.

Shelby has worked hand-in-hand with BNSF on multiple projects in recent years and appreciates the successful partnership that has developed. The fee associated with this permit has the potential to kill

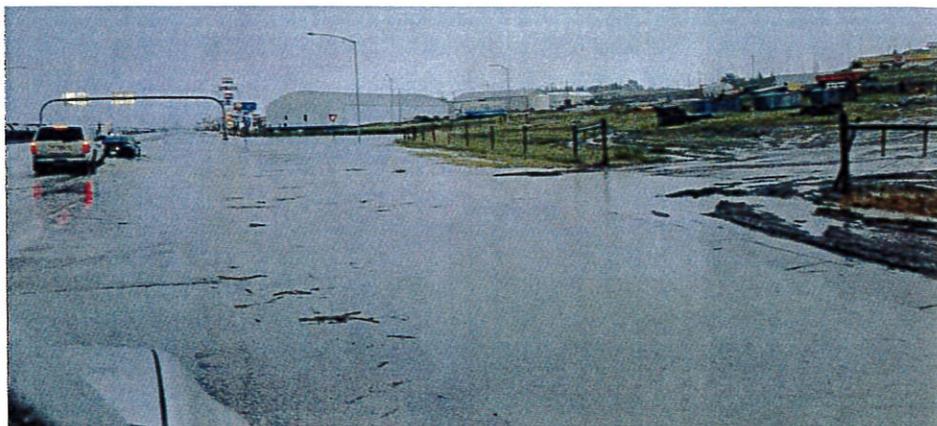


nearly \$5 million in construction projects that are mutually beneficial for the City and BNSF. Mayor Gary McDermott is happy to discuss these projects with BNSF and can be reached at 406-434-5186. The point of contact for this memo is the City's Engineer, Luke LaLiberty.

Respectfully,

Luke LaLiberty, PE, PMP
Project Manager
KLJ Engineering
luke.laliberty@kljeng.com
406-447-3358

Attachments: Photos of spring 2018 flooding



August 24th, 2018

To Honorable Mayor Gary McDermott:

I would like to revisit the issue of the damage occurring to my house due to settling caused by the City hired construction company. I'm sure you recall that I originally contacted you about being unable to close a window during the winter. I was pleased that you took me seriously and sent someone up to look. However, they did not arrange to view the inside of the house. Because the city had previously attempted to address the problem by dumping more dirt on top of the location (which did not stop the settling) and did some cosmetic repair around the east end basement window, the problem was taken care of. The previous mayor had assured me that they would take care of issues.

The settling problem continues to worsen over time. I have had three different contractors tell me that when the construction crew was putting in the new water line between 5th Street and O'Haire Blvd along the side of my house, they should have never exposed the side of my house clear down below the foundation. I now have increasing number of cracks appearing in the walls and bulging spots where nails are pushing out. One contractor noted that the whole support beam in the basement is sagging. Screens are not fitting into window frames.

It makes no sense to continue to do cosmetic repairs when the source of the problem is not addressed.

I have no wish to cause the City of Shelby undue hardship when I know finances are tight; and I have no wish for my taxes to rise. That being said, I have no wish for my house to fall down around my head, nor do I wish to be involved in lengthy legal battles about getting this matter straightened out.

I understand that the City has access to a machine that can pump foam down under a foundation to address the settling problem. Should that be something that is negotiable, I would be very pleased.

Please advise me as to what the City is willing to do at your earliest convenience.

Respectfully,

A handwritten signature in cursive script that reads "Jeanne Keck". The signature is written in black ink and is positioned below the word "Respectfully,".

Jeanne Keck

315 5th St So (P.O. Box 192)

450-7236

North Central Montana Regional Water Authority
Executive Committee Meeting
AE2S Office Buildings (300 15th Street South, Suite #7) – Great Falls, MT
Conference Call Number: 1-712-775-7035 Participation Code 288230#
1:00 p.m. - Tuesday, August 28, 2018

- 1) Approval of Agenda
- 2) Public Comment
- 3) Approve July 24, 2018 Executive Committee Meeting Minutes
- 4) Lobbyist Updates
- 5) Financials & Accounting: Approval of financials and payment of invoices
- 6) Engineering Team Updates
 - A. Shelby/Sweet Grass
 - a) Amendment No. 7 Task Order
 - B. Shelby/Conrad
 - C. Chester
 - D. Newsletter
- 7) Other
 - A. DNRC, BOR, DEQ and EPA Reports
 - B. Next Meeting:
 - OM&R Committee Meeting**
Tuesday November 27, 2018 at 9:30 a.m. – AE2S Office Great Falls, MT
 - Coordinating Committee Meeting**
Tuesday November 27, 2018 at 10:00 a.m. – AE2S Office Great Falls, MT
 - Executive Committee Meeting**
Tuesday October 23, 2018 10:00 a.m. – AE2S Office Great Falls, MT
 - Full Authority Meeting**
Tuesday, September 25, 2018 at 1:00 p.m. – TBD
- 8) Adjournment

**NORTH CENTRAL MONTANA REGIONAL WATER AUTHORITY
EXECUTIVE COMMITTEE MEETING MINUTES**

Tuesday, July 24, 2018
AE2S Office Conference Room
Great Falls, Montana

Present:

Larry Bonderud	Havre North – Authority Board Chair
Shaud Schwarzbach	Town of Big Sandy – Authority Vice Chair
Cheryl Curry	City of Conrad – Authority Treasurer
Jody Hellegaard	Authority – General Manager
James Slayton	Kadrmars, Lee and Jackson (KL&J)
Tim Uribe	KL&J
Jennifer Patrick	Authority
Nate Weisenburger	Advanced Engineering and Environmental Services, Inc. (AE2S)
Jade Goroski	City of Shelby
Gary McDermott	City of Shelby
Bill Hunt	City of Shelby
Mike Wallewein	Oilmont/Nine Mile Water District
Larry Morsette	Chippewa Cree Construction Corp (CCCC)
Shalee Russette	CCCC
Keeley Barry	AE2S
Greg Kruzich	Bureau of Reclamation (BOR)
Drew Lesofski	Yellowstone Strategies
Rick Duncan	DNRC
Bob Ganter	Yellowstone Strategies

Via Phone:

Kayla Snapp Representative Gianforte’s Office

Larry Bonderud called the meeting to order, and roll call was conducted with a sign-in sheet.

Agenda: No changes.

Lobbyist Efforts and Current Legislation:

Bob Ganter introduced Drew Lesofski. Drew said he came to Montana because he wanted to visit with the group about what we are looking for. Right now, all the bills have been on hold because the Democrats are working to take the House. Energy and Water has not moved forward, and communications have broken down in the past few months. After the August recess, he said they will know more on the rural water funding.

Financials:

The monthly financial report was distributed to the Authority in the meeting packets. Cheryl made a motion to approve the monthly financial report and claims presented for payment. Shaud seconded the motion, and the motion carried unanimously.

Engineering Team Updates:

Shelby South: James reported that the contractor has been up spraying the weeds and will be out late next week to potentially mow any that have not been handled with spray. One landowner has contacted James on a rutting issue, and that also will be corrected.

Shelby North: It was reported that there remained a few outstanding easement issues that were being obtained. Also, a title/easement issue is being worked on with Shelby and Toole County. Tim said they have been looking into source improvements such as bringing on Well 4, drilling another well and working on Well 6 to address the required water for the interim solution. Also, the issues of treatment needed is being identified.

Nate distributed the bid tabulation sheet and we received 12 bidders and 3 on the facilities. The facilities bids came in \$1.1 million higher than the engineers estimate, Nate felt this could be due to the pump station and auxiliary power but would investigate and report in detail. The pipeline bid on the project came in \$1.1 million lower and Nate has talked with Cartensen Construction, and they are willing to stand by their low bid. Nate also mentioned that the tariffs on steel have been questions that the contractors have had. Nate recommended we award the contract to Cartensen Construction as the base pipeline bid of \$5.9 million and work through the due diligence on the facilities bid with GoPro Construction. Shaud made a motion to accept Nate's recommendation pending due diligence. Cheryl seconded the motion. Greg mentioned if there are questions or concerns with the facilities contractor, we will just need to justify the reasons and support why we did not select the low bidder. Motion carried unanimously.

A valuation of Shelby's system took place. Four components were looked at to reimburse costs of the Shelby line the \$1.3 million indexed from 2013 to 2018 at \$1.5 million. The four components were if the line met environmental guidelines (i.e. SHPPO and FONSI completed), right-of-way and the BNSF insurance would transfer, and the fourth component was were the design and construction requirements met. James did confirm under their evaluation, Shelby did meet all the special provision components and felt they were eligible. He said he has prepared a packet stating their findings. Larry also said the City of Shelby purchased the easements and there should be a check record that Jade could pull up because the city used their loan funding to acquire these easements. James said the project was approved by Montana DEQ and the letter was in the packet for review.

Rick Duncan stated that the State was very interested to get their share in on this project, but it may not be practical in this fiscal year. Larry asked Rick what his deadline was. Rick said he needed to have the funds committed by September. Jody felt the valuation was very close to complete and she could get those documents to Rick to work through the grant application. Gary McDermott asked if Shelby is approved for reimbursement does it come from the State or Federal government. Larry said the contribution would come from both. Larry said as an example let's assume TSEP is \$750,000 and the water field is \$1.5 million out of the funding for \$1.5 million, State would match \$800,000 and the feds would pay \$1.5 million. Larry suggested that in a week we sit down with the City of Shelby and continue conversations on how we want to get the money transferred. Rick said there will need to be an amendment to incorporate the match into the current grant agreement. Rick also stated some funds will be available for the wellfield that does not go into cost share match because the State realizes this may be a water source for some time.

Oilmont/Nine Mile: At the last meeting an alternative route was discussed for Oilmont. Tim displayed a 3D model showing why the route wasn't feasible as discussed previously. They did make some changes to the route and would need a few more easements for the modified route.

Tim reported they have been working very diligently with the Core Team on the estimates presented. The Recycling Pond estimates have been the subject of multiple review and comments. Tim stepped through the coordination with Larry Morsette and team on the pond estimates to get them within 9% of each other. Larry reported they started on the ponds yesterday.

Item	Core Team 1st Est.	Non-Core 1st Est.	Core Team 2nd Est.	Non-Core 2nd Est.	Core Team Final
Construction w/ contingency	\$ 1,914,366	\$ 1,348,482	\$ 1,693,175	\$ 1,372,768	\$ 1,513,070
Non-Construction					
Design	\$ 23,307	\$ 16,417	\$ 22,607	\$ 22,607	\$ 22,607
Const. Admin	\$ 164,732	\$ 90,000	\$ 167,908	\$ 137,277	\$ 151,307
QA/QC			\$ 16,100		
CCCC Admin.	\$ 62,086	\$ 43,733	\$ 62,086	\$ 37,827	\$ 37,827
Subtotal =	\$ 2,164,491	\$ 1,498,632	\$ 1,961,876	\$ 1,570,479	\$ 1,724,811
TERO	\$ 47,859	\$ 33,712	\$ 49,047	\$ 39,262	\$ 43,120
Total =	\$ 2,212,350	\$ 1,532,344	\$ 2,010,923	\$ 1,609,741	\$ 1,767,931

Tim reported that KLJ has also been talking with Dave Carlson on the Water Treatment Plant and how to bring it near the \$60 million funding ceiling. There has been a lot of great work thus far and more conversations will take place in August. Larry Morsette said at the last board meeting, the Tribal Board Members went on record to adopt the 11 MGD pipeline and 30" line. This will also help to get under the \$60 million ceiling and get an initial estimate out to BOR for review. CCCC then adopted this plan to bring this to reality Larry M reported.

KLJ presented the question as to where to go next possibly Loma and Big Sandy. Also working with Chester to become an interim service provider as well. August 8th is a meeting in Chester.

Landowner Tap Requests:

Four individuals have requested to tap a current line within the Shelby segment. Shelby has approved all four of these taps to come online. Larry asked that the City of Shelby send a letter approving these taps can go online. Shaud moved to approve these taps after the letter from Shelby has been received. Cheryl seconded the motion and the motion carried.

DNRC, DEQ, EPA & BOR Reports:

Rick Duncan had nothing else to add.

Greg Kruzich had nothing else to add.

Other:

During the August meetings, lunch will be provided, and the Shelby well field improvement plans will be discussed.

Adjournment: Cheryl made a motion to adjourn the meeting. Shaud seconded the motion and the motion carried unanimously.

**North Central MT Regional Water Authority
Board Financial Reports
August 28, 2018**

- The attached reports are year to date through July 2018. The 2019 yearend adjustments have not been made for inventory, depreciation, capital assets, accruals and grants receivable.
- *07/31/2018 Balance Sheet*
- *06/01/18-07/31/2018 Customer Balance Detail* – All utility accounts are current
- *Profit and Loss Budget vs. Actual State DNRC* – Actual activity is for the one month ended 07/31/2018. The budget column is for the entire fiscal year.
- *Profit and Loss Budget vs. Actual Utility Operations* - Actual column and budget column are for the one month ended 07/31/2018. I revised the budget format to include the capital contribution that Cut Bank makes on a monthly basis.
- *Brady, Cut Bank, North Havre, South Chester and Riverview Water Usage schedules* – Fiscal year 2019 usage and billings compared to previous years.
- *Status of Federal Work Plan* – This report represents a budget to actual analysis for the scope of work and related budgets under the R14 agreement. “TO” in the description column stands for task order. 2018 Direct wages are over budget due to more time spent with project related meetings than planned. BOR approval of overage is not required as within 10% of budget line item and budget savings from previous administrative budgets is available to cover overage.
- *Transactions by Account Reports* (bank account activity for Admin, Utility and BOR checking accounts along with CDs) – July 2018.

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Accrual Basis

North Central MT Regional Water Authority

Balance Sheet

As of July 31, 2018

	<u>Jul 31, 18</u>
ASSETS	
Current Assets	
Checking/Savings	
100 · Cash - Checking	114,857.66
106 · Cash Utility Checking	12,129.80
108 · CD-Independence Bank (26165)	25,583.23
109 · CD-Independence Bank (25506)	25,685.10
114 · CD-Independence Bank (25902)	76,846.48
115 · Cash - BOR Checking	1,001.17
Total Checking/Savings	<u>256,103.44</u>
Accounts Receivable	
125 · Grant Receivable	9,753,590.17
140 · Water Utility Billings	27,459.70
Total Accounts Receivable	<u>9,781,049.87</u>
Other Current Assets	
12100 · Inventory Asset	1,000.31
12131 · Due From Construction Account	1,000.00
180 · Savings	
180.10 · Utility Savings	14,154.23
180.11 · Utility R&M	14,688.00
180.12 · Utility Capital Reserves	50,601.00
180.20 · Bond Proceeds Reserves	31,576.35
180.30 · Bond Revenue account	2,404.00
180.35 · Restricted for Local Cost Share	9,415.00
Total 180 · Savings	<u>122,838.58</u>
Total Other Current Assets	<u>124,838.89</u>
Total Current Assets	10,161,992.20
Fixed Assets	25,352,403.70
Other Assets	
120 · Prepaid Expenses	7,071.12
127 · Capital Contributions-Note Rec.	
127.10 · Cut Bank	670,889.34
Total 127 · Capital Contributions-Note Rec.	<u>670,889.34</u>
Total Other Assets	<u>677,960.46</u>
TOTAL ASSETS	<u><u>36,192,356.36</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
205 · BOR Deferred Revenue	9,553,590.17
206 · State Deferred Revenue	218,791.16
2100 · Payroll Liabilities	11.55
2101 · Accrued Vacation	1,030.04
230 · Due to DNRC Administration	1,000.00
Total Other Current Liabilities	<u>9,774,422.92</u>
Total Current Liabilities	9,774,422.92
Long Term Liabilities	654,000.00
Total Liabilities	<u>10,428,422.92</u>

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Accrual Basis

North Central MT Regional Water Authority

Balance Sheet

As of July 31, 2018

	<u>Jul 31, 18</u>
Equity	
3900 - Retained Earnings	25,759,021.83
Net Income	<u>4,911.61</u>
Total Equity	<u>25,763,933.44</u>
TOTAL LIABILITIES & EQUITY	<u><u>36,192,356.36</u></u>

North Central MT Regional Water Authority
Customer Balance Detail
As of July 31, 2018

Type	Date	Num	Account	Class	Amount	Balance
Brady Operating						4,496.69
Payment	06/25/2018	3840	140 · Water Utility Bi...		-4,496.69	0.00
General Journal	06/30/2018	06.02	140 · Water Utility Bi...	Water Util...	5,485.35	5,485.35
Payment	07/16/2018		140 · Water Utility Bi...		-5,485.35	0.00
General Journal	07/31/2018	07.06	140 · Water Utility Bi...	Water Util...	6,797.05	6,797.05
Total Brady Operating					2,300.36	6,797.05
Bureau of Rec - Authority R05						384,627.67
Total Bureau of Rec - Authority R05						384,627.67
Bureau of Rec - R14AC00091						9,282,506.12
Payment	06/26/2018		125 · Grant Receiva...		-53,871.43	9,228,634.69
Payment	07/25/2018		125 · Grant Receiva...		-59,672.19	9,168,962.50
Total Bureau of Rec - R14AC00091					-113,543.62	9,168,962.50
Bureau of Reclamation - Tribal						0.00
Total Bureau of Reclamation - Tribal						0.00
Cut Bank Operating						10,217.25
Payment	06/11/2018	56437	140 · Water Utility Bi...		-10,217.25	0.00
General Journal	06/29/2018	06.06	140 · Water Utility Bi...	Water Util...	8,450.30	8,450.30
Payment	07/20/2018	56561	140 · Water Utility Bi...		-8,450.30	0.00
General Journal	07/31/2018	07.07	140 · Water Utility Bi...	Water Util...	11,632.80	11,632.80
Total Cut Bank Operating					1,415.55	11,632.80
DNRC - State of Montana						100,000.00
Payment	06/01/2018		125 · Grant Receiva...		-95,000.00	5,000.00
Payment	07/05/2018		125 · Grant Receiva...		-5,000.00	0.00
General Journal	07/31/2018	07.17	125 · Grant Receiva...		200,000.00	200,000.00
Total DNRC - State of Montana					100,000.00	200,000.00
North Havre Operating						4,601.00
Payment	06/25/2018	6106	140 · Water Utility Bi...		-4,601.00	0.00
General Journal	06/30/2018	06.07	140 · Water Utility Bi...	Water Util...	3,773.25	3,773.25
Payment	07/18/2018	6118	140 · Water Utility Bi...		-3,773.25	0.00
General Journal	07/31/2018	07.11	140 · Water Utility Bi...	Water Util...	4,020.75	4,020.75
Total North Havre Operating					-580.25	4,020.75
Riverview Colony Operating						1,779.14
Payment	06/25/2018	16784	140 · Water Utility Bi...		-1,779.14	0.00
General Journal	06/30/2018	06.04	140 · Water Utility Bi...	Water Util...	1,356.40	1,356.40
Payment	07/24/2018	16862	140 · Water Utility Bi...		-1,356.40	0.00
General Journal	07/31/2018	07.12	140 · Water Utility Bi...	Water Util...	1,488.61	1,488.61
Total Riverview Colony Operating					-290.53	1,488.61
Shelby						0.00
General Journal	06/30/2018	06.13	140 · Water Utility Bi...		1,548.20	1,548.20
General Journal	06/30/2018	06.14	140 · Water Utility Bi...		532.74	2,080.94
Payment	07/20/2018	25169	140 · Water Utility Bi...		-2,080.94	0.00
Total Shelby					0.00	0.00
South Chester Operating						3,252.58
Payment	06/11/2018	3249	140 · Water Utility Bi...		-3,252.58	0.00
General Journal	06/30/2018	06.05	140 · Water Utility Bi...	Water Util...	2,315.83	2,315.83
Payment	07/09/2018	3252	140 · Water Utility Bi...		-2,315.83	0.00
General Journal	07/31/2018	07.13	140 · Water Utility Bi...	Water Util...	3,520.49	3,520.49
Total South Chester Operating					267.91	3,520.49
TOTAL					-10,430.58	9,781,049.87

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Accrual Basis

North Central MT Regional Water Authority
Profit & Loss Budget vs. Actual
July 2018

	Jul 18	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
400 · Grants Revenue				
401 · State Grant Revenue	22,508.15	225,567.00	-203,058.85	10.0%
Total 400 · Grants Revenue	22,508.15	225,567.00	-203,058.85	10.0%
405 · Fees				
406 · Project Administrative Fees	0.00	13,125.00	-13,125.00	0.0%
Total 405 · Fees	0.00	13,125.00	-13,125.00	0.0%
412 · Interest Income	363.89	0.00	363.89	100.0%
Total Income	22,872.04	238,692.00	-215,819.96	9.6%
Gross Profit	22,872.04	238,692.00	-215,819.96	9.6%
Expense				
700 · Project Administration				
500 · Contracted Services	454.88	15,000.00	-14,545.12	3.0%
505 · Legislative Support	6,250.00	100,000.00	-93,750.00	6.3%
506 · Office Rent	45.00	540.00	-495.00	8.3%
507 · Office Expenses	81.61	3,000.00	-2,918.39	2.7%
508 · Office Equipment	0.00	1,000.00	-1,000.00	0.0%
510.40 · Engineering Services-O&M	0.00	9,000.00	-9,000.00	0.0%
515 · Travel	490.51	12,000.00	-11,509.49	4.1%
520 · Audit	0.00	7,500.00	-7,500.00	0.0%
525 · Membership	0.00	600.00	-600.00	0.0%
540 · Miscellaneous	25.00	1,000.00	-975.00	2.5%
545 · Bank Charge	0.00	100.00	-100.00	0.0%
550 · Training and Education	0.00	900.00	-900.00	0.0%
555 · Annual Fee	0.00	1,700.00	-1,700.00	0.0%
560 · Advertising & Promotion	0.00	500.00	-500.00	0.0%
570 · Legal - Authority	152.00	6,000.00	-5,848.00	2.5%
575 · Insurance	7,920.00	7,500.00	420.00	105.6%
Total 700 · Project Administration	15,419.00	166,340.00	-150,921.00	9.3%
710 · Personnel Expenses	7,089.15	72,352.00	-65,262.85	9.8%
Total Expense	22,508.15	238,692.00	-216,183.85	9.4%
Net Ordinary Income	363.89	0.00	363.89	100.0%
Net Income	363.89	0.00	363.89	100.0%

North Central MT Regional Water Authority
Profit & Loss Budget vs. Actual
July 2018

	Jul 18	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
412 · Interest Income	65.29	0.00	65.29	100.0%
415 · Operating Revenue				
416 · Water Utility Billings	27,459.70	24,632.00	2,827.70	111.5%
Total 415 · Operating Revenue	27,459.70	24,632.00	2,827.70	111.5%
Total Income	27,524.99	24,632.00	2,892.99	111.7%
Gross Profit	27,524.99	24,632.00	2,892.99	111.7%
Expense				
850 · Operations & Maintenance				
516 · Repairs & Maintenance				
586 · Contract Services	1,580.00	2,138.00	-558.00	73.9%
516 · Repairs & Maintenance - Other	0.00	979.00	-979.00	0.0%
Total 516 · Repairs & Maintenance	1,580.00	3,117.00	-1,537.00	50.7%
585 · Utilities & Phone	1,051.74	1,632.00	-580.26	64.4%
585.1 · Water	12,170.40	12,000.00	170.40	101.4%
590 · Misc Expense Utilities	25.12	83.00	-57.88	30.3%
Total 850 · Operations & Maintenance	14,827.26	16,832.00	-2,004.74	88.1%
861 · Local Match Contribution	4,008.67	4,008.00	0.67	100.0%
Total Expense	18,835.93	20,840.00	-2,004.07	90.4%
Net Ordinary Income	8,689.06	3,792.00	4,897.06	229.1%
Net Income	8,689.06	3,792.00	4,897.06	229.1%

North Central Montana Regional Water Authority							
For Year Ended June 30, 2019							
Brady Budgeted Daily use is 30,000							
Month/Year	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	Days in Billing Cycle	Average Daily Consumption
Gallons of Water Consumed							
6/21/2018-7/20/2018	-	2,815,196	1,582,238	1,991,175	1,627,940	30	54,265
07/21/2017-08/21/2017	-	2,369,372	1,578,044	2,112,850			
08/22/2017-09/20/2017	-	1,580,900	1,161,590	1,452,179			
09/21/2017-10/20/2017	-	1,231,829	858,002	598,212			
10/21/2017-11/20/2017	-	1,138,106	831,807	510,918			
11/21/2017-12/20/2017	31,360	995,919	568,555	460,732			
12/21/2017-01/22/2018	486,952	595,912	502,794	533,733			
01/23/18-02/20/2018	671,043	673,991	503,568	499,842			
02/21/2018-03/20/2018	446,132	740,163	466,619	494,437			
03/21/2018-04/20/2018	1,026,713	889,733	541,207	588,262			
04/21/2018-05/21/2018	1,546,587	893,427	798,572	873,724			
5/22/2018-6/20/2018	1,842,688	1,457,193	1,180,291	1,197,875			
Total	6,051,475	15,381,741	10,573,287	11,313,939	1,627,940	30	54,265
Daily Average		42,142	29,128	31,168			
	FY 2015	Fiscal Year 2016		FY 2017	FY 2018	Fiscal Year 2019	
Water	Amount Billed & Collected	Amount Billed	Finance Charges	Amount Billed & Collected	Amount Billed & Collected	Amount Billed	Amount Collected
6/21/2018-7/20/2018	\$ -	\$ 10,000.52		\$ 6,178.35	\$ 7,904.91	\$ 6,797.05	
07/21/2017-08/21/2017	\$ -	\$ 8,618.46		\$ 6,165.35	\$ 8,276.02		
08/22/2017-09/20/2017	\$ -	\$ 6,174.20	\$ 116.19	\$ 4,874.34	\$ 6,260.98		
09/21/2017-10/20/2017	\$ -	\$ 5,092.08	\$ 144.09	\$ 3,933.22	\$ 3,656.38		
10/21/2017-11/20/2017	\$ -	\$ 4,801.54	\$ 166.46	\$ 3,852.01	\$ 3,390.13		
11/21/2017-12/20/2017	\$ 97.22	\$ 4,360.76	\$ 156.14	\$ 3,035.93	\$ 3,237.06		
12/21/2017-01/22/2018	\$ 2,782.96	\$ 3,120.74	\$ 141.30	\$ 3,365.35	\$ 3,459.72		
01/23/18-02/20/2018	\$ 3,353.64	\$ 3,362.78	\$ 173.92	\$ 3,367.71	\$ 3,356.35		
02/21/2018-03/20/2018	\$ 2,656.42	\$ 3,567.92	\$ 116.71	\$ 3,255.02	\$ 3,339.86		
03/21/2018-04/20/2018	\$ 4,456.22	\$ 4,031.58	\$ 116.51	\$ 3,482.51	\$ 3,626.03		
04/21/2018-05/21/2018	\$ 6,067.83	\$ 4,043.03	\$ 103.80	\$ 4,267.47	\$ 4,496.69		
5/22/2018-6/20/2018	\$ 6,985.74	\$ 5,790.71	\$ 90.96	\$ 5,431.72	\$ 5,485.35		
Total	\$ 26,400.03	\$ 62,964.32	\$ 1,326.08	\$ 51,208.98	\$ 56,489.48	\$ 6,797.05	\$ -