

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES REGULAR MEETING, November 15, 2016

Call to Order

President Cory Klumb called the regular meeting of the Four Corners Water and Sewer District to order at 6:30 pm on Tuesday, 2016, in the library of Monforton School at 6001 Monforton School Road, Bozeman, Montana.

Board Members present: President Cory Klumb, Vice President Nancy Flikkema, Treasurer Terry Malloy, and Member Sarah Stahlberg.

Staff/Public: GM Kevin Kundert, Marty Gagnon representing MMI; Maralee Parsons, Secretary; Amy Ellingson, Larry Powers, Matt Donnelly, Cass Malloy, Matt Kunkel, Nancy Lehrkind.

Approval of Minutes

September 20, 2016 Board Meeting Minutes

Motion: VP Nancy Flikkema moved to approve the minutes of September 20, 2016 as written; Treasurer Terry Malloy seconded. ***The minutes were approved 4-0.***

Public Participation on Non-Agenda Items:

None were raised.

GENERAL BUSINESS

Gallatin Gateway Sewer Pipeline Project Status/Timeline

Matt Donnelly, General Manager of Gallatin Gateway Water & Sewer District (GGWSD) provided a brief update on the construction of their collection system and pipeline to FCWSD treatment plant. MDT did not approve the GGWSD's initial pipeline design of a west-side alignment along highway 191, due to a planned west-side highway expansion project. The District's engineers have completed the east-side alignment design, and the District now has MDT approval to proceed. The bid process will begin next week, with a bid opening date of 1/12/17 and construction anticipated to begin in Spring 2017 and completed in fall 2017. Mr. Donnelly advised that the 27K gal reserved capacity contracted for in the interlocal agreement still remains the best guess estimate of flows. A set of plans is available in the FCWSD office.

Elk Grove Water Capacity Study

Marty Gagnon reported on the results of the study, intended to evaluate the Elk Grove water system's capacity to accommodate the addition of approximately 160 homes to the service area. Developer Nancy Lehrkind and project manager Matt Kunkel were in attendance at the meeting, who explained they are exploring the project now, and would not need any capacity before spring of 2018. The Morrison Maierle analysis evaluated both the water system capacity and water right capacity. Mr. Gagnon stated that the District currently experiences water system capacity issues during peak irrigation season and there are 2 potential solutions to mitigate this issue: 1) expand the storage volume at the Elk Grove site and 2) remove irrigation of the existing open space at Elk Grove from the public water supply system, and provide onsite wells in the open space to produce irrigation water. Mr. Gagnon stated it is his opinion, that if mitigation measures were implemented in some combination, the water supply and distribution system will likely accommodate an additional 160 homes. It will require a change of place of use, but since these water rights are older than 2006, it is fairly easy to change. Nancy Lehrkind explained that they would drill 8-10 wells for Elk Grove irrigation at their expense. which would take open space off FCWSD svstem. and the new homes would

bring in year-round revenue, vs. seasonal. She stated they are willing to pay sewer capacity fees up front as well. Board discussion focused on timing of the development (planned for 3 phases), and potential beneficial impacts to Elk Grove by removing their irrigation water from the public water supply. It is expected that Elk Grove homeowners association would operate the wells. The Board indicated to the developers that they are interested in the project, and would like them to bring more information forward when available.

Marty Gagnon provided a brief report on upcoming projects. There is a project on NE corner of Baxter & Jackrabbit, Jackrabbit Business Park, which will require water and sewer. There is an existing easement for water & sewer to travel to Gallatin Heights. Mike Stewart, owner for Gallatin Heights, agreed to extend water & sewer east on Baxter Lane to east side of Jackrabbit lane, as payment for the easement. The agreement states that the owner of the utility (which is now the District) is responsible to design and construct that facility, and Gallatin Heights will pay those costs. The District will need to hire an engineer to design and do the construction/inspection (no cost to District, all fees to be paid for by Gallatin Heights). The developer will likely come to the Board in February 2017 with a presentation on capacity needs (ballpark 200-220 EDU's). Mr. Gagnon noted there is another property interested which would also require water & sewer on the east side of Jackrabbit, and suggested the District might want to consider putting out an RFQ for several known upcoming projects, including the wastewater plant upgrade, which would save time and money over doing each project individually. The Board agreed to go forward with that suggestion, and Kevin will prepare an RFQ for approval at the January 2017 Board meeting.

New Fee Structure Proposed for a Required Water & Sewer Connection Permit

GM Kevin Kundert provided information on the proposed new water and sewer connection permit. This is intended to stop new development from proceeding through construction without adhering to District design standards and connection guideline documentation. The County would send the permit application to the District when the developer applies for a Land-Use permit. The applicant will complete part 1 of a 4-part Connection Permit form, and pay a fee of \$150 for the GM to work with the applicant to determine EDU's, fees to be applied, etc. Fees would be paid upfront ahead of construction. The Permit is already built into District Rules & Regulations.

Proposed fees:

- Increase the Capacity Fees (\$3000/EDU – Water Capacity Fee, \$6000/EDU – Sewer Capacity Fee)
- Connection/Inspection Fee of \$150/connection (1 water connection plus 1 sewer connection = \$300)
- Metering Equipment Charges: \$50 (1 hour labor) plus District cost for meter, shipping, fittings, MXU, touchpad.

Application would become void after 60 days if fees are not paid in full, and application fees and labor costs incurred are not refundable.

Motion: Treasurer Terry Malloy moved to accept the proposed fee structure, effective December 1, 2016; Member Sarah Stahlberg seconded. **Motion carried 4-0.** There was then further discussion around whether or not a rate hearing would be required. Kevin advised that council Susan Swimley had indicated that fees could be changed, but not rates. President Cory Klumb directed Kevin to confirm this with District council

Swimley. The final permit draft will be presented to the Board for approval.

Clarify Policy on Charging/Not Charging for Elk Grove Water Meters

GM Kundert stated that historically, Utility Solutions did not charge Elk Grove for water meters. He said there is no reference to this practice in the District's Rules & Regulations and connection guideline documentation, and proposes that the Board approve the practice of charging for water meters for new connections in any subdivision. There are currently 5 empty residential lots and numerous commercial lots yet to be built out in Elk Grove. Since the District purchased the system, it has given away 3 meters. Board discussion indicated that it would be fiscally prudent to charge for all hardware.

Motion: Member Sarah Stahlberg moved to charge all customers (including Elk Grove) for water meters, residential and commercial. Treasurer Malloy seconded. **The motion carried 4-0.**

Resolution 2016-05 Correcting Tax Assessment

GM Kundert advised that the County Treasurer removed 3 lots from the 703 (taxable) list. Resolution 2016-05 modifies the Board approved August 16, 2016 assessment per lot, parcel and tract from \$606.95 to \$608.27. President Cory Klumb signed the necessary documents on behalf of the Board.

Employee Benefits: Retirement Plan

Prior to discussion, President Cory Klumb stated that he is affiliated with Primerica, and removed himself from voting on the matter but would participate in the discussion, to the agreement of the Board. GM Kundert advised that an AXA/Primerica 401A/457B plan is being considered as a replacement for the originally proposed MPERS plan, at no extra cost to the District. Kevin proposed that the Board approve the new AXA/Primerica retirement plan, which adds an employer contribution of 6.6% to the 401A retirement plan (in place of social security), and the 457B plan, in which the District would add 2%, plus match up to another 6% of employee contributions. The 457B account will vest 20% annually over 5 years. Government entities are able to offer an alternate retirement plan to social security. Board discussion included clarification of the matching funds, and who would manage the program. Primerica will manage the fund and train new employees on the plan. An administrative fee is included with the accounts and there is no charge for educating employees. Kevin stated that he has discussed the plan with employees and they are in support of this plan.

Motion: Treasurer Malloy moved to accept the employee retirement plan, as presented. Member Stahlberg seconded. **Motion carried 3-0**, with President Klumb abstaining.

Member Stahlberg further commented that a retirement benefit was supposed to be in place at the time of hire, and asked for Board agreement that the 2% matching portion should be from the date of hire (1-1 match can't start until the employee contributes).

Motion: Treasurer Malloy moved to confirm that retirement benefits are from date of hire; member Stahlberg seconded. **The motion carried 4-0.**

Employee Benefits: Policy on Working Holidays

GM Kevin Kundert stated that the District's Employee Policy Manual currently states that work performed on a holiday is to be paid at straight time for the hours worked, in addition to receiving the paid holiday. He stated that the norm is 1.5 x hourly rate, plus holiday pay, and requested that the Board approve a change of policy to reflect this new

rate. Board discussion was around clarification of current policy and financial impacts of the policy change, which would amount to about \$500 per year. The Board also noted that going forward, they would like to see a budget before adding additional costs.

Motion: Member Sarah Stahlberg moved to approve a change in policy on working holidays to be paid at one and one-half times normal hourly rate of pay, in addition to holiday pay. Treasurer Malloy seconded. **Motion carried 4-0.**

HR Issues – Closed Session - deferred

Monthly Water Usage & Financial Report, with Audit and Budget Progress

The Board reviewed the monthly water usage/billing reports for September and October as well as Balance Sheet and P&L for both months. Board discussion included clarifying questions and whether or not customers can currently pay on line. Kevin stated that he is still working on the new website and will send the Board a link prior to the next meeting. Kevin also noted that the annual audit is underway, and Rudd will be on-site next week to review processes. He also noted that progress on the budget has been slow, as the chart of accounts in the District's system (QuickBooks) does not align with budget categories, and trying to connect the two has been difficult and time consuming. Board discussion indicated their appreciation of the work involved, but reiterated their need to have a budget to review prior to authorizing additional expenses.

Monthly Operation Maintenance Report

1. All generators have been serviced and are ready for winter operations. Cooling systems were flushed and replaced with new antifreeze, oil was changed, fuel tanks filled, and minor repairs done as-needed (replacement of hoses). Battery maintenance and block heater checks were performed. An extended exhaust stack was added to the primary system generator at Northstar Booster Station and load tests were done on this generator by Laurel Power Systems to ensure it can handle loads and to clean up the operation of the engine.
2. Flushing of hydrants throughout the District & Elk Grove is completed. There are 5 hydrants in need of repair. The District could use a service truck to help with these and other repairs needed, or may be purchasing/building a hoist system.
3. The ferric chloride feed system has proven to help operations so equipment has been ordered to make a more permanent installation of the feed system installed at the Valley Center Lift Station.
4. Increasing aeration capacity in the digesters is planned and equipment is being considered. This should help reduce the volume of waste sludge that needs to be hauled away (the biggest operational expense).
5. Making the transition from high water usage during irrigation season to winter flows required adjustments to the chlorination feed systems.
6. Sanitary surveys of both of the public water systems were completed by MDEQ. Some issues that need to be addressed include installing better caps on test well casings throughout the District and at Elk Grove. Some of the wells need work on the vent caps as well.

7. Signs were installed at the Northstar Booster Station Office and at the Elk Grove WWTP.
8. Uniforms, caps, jackets, and safety gear was purchased for entering confined spaces safely (4-gas meter, tripod system and harnesses, etc.).
9. Operators attended Fall Water School in Bozeman for training and earning CECs (Continuing Education Credits), which are required to maintain operator certifications in the State of Montana. Both Christine and Kevin took (and passed) the Wastewater Class 1C Exam. This week Christine will take her remaining 2 exams (for Water Treatment and Water Distribution Certifications). All operators are otherwise certified or are at least certified as Operator-in-Training which just requires a specific amount of on-the-job experience before becoming classified as Certified Operator.
10. Operators are meeting with Morrison & Maierle engineers to discuss potential minor improvements to the collection system and flow control options at the plant to minimize the surge flows during the peak flow times. We are also evaluating existing capacity and looking into operational improvements that can help optimize systems.

Stredwick Additional EDU, from 3 to 4 (sewer only)

GM Kevin Kundert stated that the Stredwick property, located at 5601 Monforton School Rd., was previously granted 3 EDU (sewer only) and annexed into the District in August 2015. After review of updated plans, it was decided the property needs one additional EDU since it has 4 individual connections to the sewer system.

Motion: VP Nancy Flikkema moved to approve the 4th EDU on the Stredwick property at the new fee structure. Member Stahlberg seconded. The motion carried 3-0 with Treasurer Malloy abstaining.

Adjourn

There being no further business before the Board, the Four Corners Water & Sewer District meeting of November 15, 2016 at 8:55 p.m.



Maralee Parsons
Secretary