

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES

Public Rate Hearing

September 25, 2018 – 6:30 PM

Monforton School, 6001 Monforton School Road, Bozeman, MT

Board Members Present: President Cory Klumb, VP Nancy Flikkema, member Phil George, member Peter Thatcher.

District Staff & Professional personnel present: Marty Gagnon & Brad Hammerquist representing MMI, District council Susan Swimley, Staff Administrator Amy Ellingson, Board Secretary Maralee Parsons.

Members of the public present: Paul & Rhonda Springer, Dave & Carol Scheck, Rick & Robin Miller, Terry & Kathy Ryles, Kelly & Penni Hoagland, Josh & Matt Chamberlin, John & Cynthia Knox, Erica Droge, KC Barnhardt, Ryan Storment, Mike Kover, A&T Marchwick, Shawn & David Markman, Joe Seaman, Heather Kern, Jenny Larson, Marcie Hahn Knoff.

President Cory Klumb called the meeting to order at 6:31 PM. He introduced the members of the Board and staff present, and provided a brief background on the rate hearing. He noted that the Board is comprised of homeowners and property owners in the District, whose bills will also go up if rates increase. He stated the goal of the Board is to encourage the conservation of water, which is a finite resource, noting that the District is bumping up against its limits and things need to change. He encouraged public comment during the presentation.

Brad Hammerquist provided the presentation on Water and Sewer Change of Rate for Volume (attached). Public comment provided throughout the presentation is documented at the end of each section and is divided into questions asked and answered by the Board, or District engineer or council, and public comment not specifically posed and addressed as a question.

Slide 1: WATER VOLUME

- Conserve Water
- Currently potable water is used for irrigation in some areas
- Need to stay within District's Water Rights
- .25 acres should need approximately 16,000 gal/month for irrigation

Slides 2, 3 & 4: WATER VOLUME RATE IMPACT

Typical Homeowner = No Impact (vast majority of homes in the District)

User Category 1 – Non-Typical Homeowner Example A

Monthly Usage	28,000 gal (during irrigation)
Water Base Rate	\$36.72
Water Base Volume	4,000 gal/month

<u>Currently</u>	<u>After Increase</u>
First 4,000 = \$0	First 4,000 = \$0
4001 – up = \$67.20	4,001 – 10,000 = \$18.00
Total Water Charge \$103.92	10,001 – 20,000 = \$35.00
	20,001 – 28,000 = \$56.00

Total Water Charge \$145.72

User Category 1 – Non-Typical Homeowner Example B

Monthly Usage 45,000 gal (during irrigation)
 Water Base Rate \$36.72
 Water Base Volume 4,000 gal/month

Currently

First 4,000 = \$0
 4001 – up = \$151.52
 Total Water Charge \$151.52

After Increase

First 4,000 = \$0
 4,001 – 10,000 = \$18.00
 10,001 – 20,000 = \$35.00
 20,001 – 30,000 = \$70.00
 30,000 – up = \$210.00
 Total Water Charge \$369.72

User Category 3 – Commercial Example

Contract EDU 3.5 EDU
 Water Base Rate \$128.52/month (3.5 EDU x \$36.72)
 Water Base Volume 14,000 gal/month (3.5 EDU x 4,000 gal)
 Actual Monthly Usage Range 48,088 – 152,129 gal
 Average Monthly Usage 83,203 gal

Currently

First 14,000 = \$0
 14,001 and up = \$194

After Increase

First 14,000 = \$0
 14,002 – 20,000 = \$36
 20,001 – 30,000 = \$120
 30,000 – up = \$1,276.87
 Total Water Charge \$1,561.39

Issue: 70,000 gal deficit (17.5 EDU)

Remedy: Customer purchases additional EDU and Additional Water Rights or reduces use

Public Comment: Questions & Responses:

How do you know how much water is used for irrigation?

We don't. There is a single meter per household, but you can compare your summer and winter bills to give you an idea of how much is being used for irrigation vs. used on normal household use.

What do you consider an average size lot? I have a ¾ acre lot.

There's a variety of size lots within the District. In Northstar & Middle Creek, most are below ½ acre. About 120 lots in the District right now are ½ acre or larger. We haven't done an average, but ¼ acre is a pretty good average size lot. The size of the lot used in Non-Typical homeowner Example A is a 10,000 sq. ft. lot.

What determines your user categories?

What the use of the lot is. A single family home is Category 1, except Gallactic Park is category 2, because their DEQ approval is for a higher volume of water than other developments. Categories 3 and 4 are commercial categories.

If basing your numbers off of the average property being a quarter acre or so, larger lots (like in Gallatin Heights) are being penalized for having a larger lot?

Is the increase you are presenting tonight negotiable?

The purpose of this meeting is to have a conversation with you and have a decision.

You stated the motivation for this change is because we aren't meeting the numbers needed to run the system and also to promote water conservation. Can you clarify the percent of each?

They are close to 50/50.

Is there data on how short the revenue is? That might help people understand the reason for the increase. I also don't think its fair for the Board to prioritize for me water consumption, because I believe less plastic is a problem right now.

District has X amount of water to sell. Once we are out of that water, we are done. We are over-using.

Why are more people being allowed to come into the District?

When they annex in, they bring water rights with them (purchase through Utility Solution or other source).

Where does all the water go when we water our grass?

Your plants use it, and when you over water, it goes back into the aquifer, but we don't get any credit for that. From DNRC's perspective, its gone, since there is no way to monitor or quantify that.

What are the numbers? How far over water use are we?

We don't have the data right here, but the District's water rights are finite. The District must mitigate, they have to put back in the ground every gallon of water the district consumes. Wastewater that is treated goes back into the ground. 95% of the water going into the home goes into the sewer system. 5% of the water going into the home needs to be mitigated. We use existing surface water rights from the properties that were developed and put those surface water rights back into the ground. We have to mitigate 100% of water used in irrigation. We only have so much irrigation water (in the ballpark of 113-acre feet). As soon as we've used all of that water, we can't mitigate any more, and we are over that amount now by about 50-acre feet. It's expensive to buy more and we are in a closed basin. The purpose of this is to ratchet back water consumption.

How are we so much under? Any business plan would have numbers to plan.

We did not have access to all books from Utility Solutions, so we did not have an exact idea of what to run the system. We also do not have reserves built up for the system for replacement parts. The equipment is aging and we don't have sufficient reserves to replace it. We only bought the system, if we wanted to buy \$10M reserves, it would have cost us \$10M more than what we paid for it. This rate increase does not fully fund the reserve as it should, so this is a modest rate increase, from that perspective.

Can you guys provide some guidelines on how/when to irrigate?

We could absolutely develop some guidelines.

How long have you guys been aware of this overuse of water?

We've been discussing it over 3-4 months

Is there a reason why water is such a shortage? I see water everywhere, where is it all going? I see farmers irrigating all over.

The Missouri River basin is over appropriated, which means there are too many water rights for what is available, that's why it's a closed basin. Farmers have the right to use that water as a priority. Some canals are shut off in July. We have junior water rights that we use for mitigation that get shut off in July, so we can't mitigate with that. If each one of you is using 1/3 more water than you should be, it wouldn't take a lot of people to ratchet down their irrigation usage to where it should be so we can take our finite water a lot further.

Why don't you tell Gallatin Heights that they shouldn't require us to landscape our yards?

Homeowners who are buying here should talk to the HOA.

Would you say no to future developers because there is not enough water?

We tell them you have to go get the water rights to as much water as you will use, and we put together an agreement that states they transfer the water rights to the District, and which states the amount of water they are entitled to use and remedies at the District's disposal if they exceed it, including the right to shut it off or the right to ask them to buy more water rights. But we inherited many contracts that don't state such remedies.

Other General Comments from the public (not specifically posed and addressed as a question):

It feels like we are being punished for having larger lots like in Gallatin Heights. We had an agreement with you when we purchased our lot, and I don't know how you guys could be this far off to where we now are seeing an \$800 increase.

A: Intent is not to punish people for higher lots. Having a larger lot comes with higher taxes, and it's a choice to purchase a larger lot. Rates are set at public hearings, which can be changed year to year. We own this system, the District is not trying to make money, we are here to cover the cost of the bills and get people to conserve water.

We just bought our house in Gallatin Heights, and based on landscaping on what they said the water bills are.

I am scared that what you are proposing is my water bill will be as expensive as my mortgage. We are required to put in a certain amount of trees and landscaping. I can't afford that.

If you are not paying for the water you are using, we are all paying for the bill. We also just passed an ordinance which allows owners of lots 1 acre and above to apply to the District for a permit to punch an irrigation well.

I live in Elk Grove and we held out becoming a part of the District, but it was recently approved. We were told we would have lower water and sewer rates if we joined the District, now we here are rates are going up. We don't get the deal we were promised when the HOA voted to be a part of the District.

The meeting adjourned at 8:00 pm.

A handwritten signature in black ink, appearing to read "Nanda K. Koo". The signature is written in a cursive style with a long horizontal stroke at the end.