

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES REGULAR MEETING, May 21, 2019

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, May 21, 2019, in the library of Monforton School at 6001 Monforton School Road, Bozeman, Montana.

Board Members present: President Cory Klumb, Vice President Nancy Flikkema, Member Heather West, member Phillip George, and member Peter Thatcher.

Staff/Public: Marty Gagnon and Brad Hammerquist representing MMI; Maralee Parsons, Secretary; Amy Ellingson and Larry Powers from FCWSD, Ricardo Noonan, Kandice Rollison.

Approval of Minutes

April 16, 2019 Board Meeting:

Motion: VP Nancy Flikkema moved to approve the minutes as written. Member Peter Thatcher seconded. The minutes were approved unanimously.

Public Comment on Non-Agenda Items:

None were raised.

GENERAL BUSINESS

2nd Reading of Ordinance 2019-06 3B and Quantum Holdings (Rosa/Johnson)

Ordinance 2019-06, "Ordinance Accepting the Annexation Petition of 3B LLC & Quantum Holdings LLC, Tract 1 COS 2910 Bozeman, MT 59718 Annexation into the FCWSD".

Motion: Member Phil George moved to accept the 2nd reading of Ordinance 2019-06; Member Heather West seconded. There was no Board discussion and no public comment. *The motion carried 5-0.*

1st Reading Ordinance 2019-07 Creekside – 2nd Reading postponed per their request

Bond Resolution

Phil George noted that the District does not have sufficient information at this time to determine the size of the bond, so discussion on this item has been postponed.

Engineer's Report

Brad Hammerquist provided the report. He advised that their primary focus has been on the Water Reclamation Facility (WRF), noting that construction bids were opened the day before. There were 4 bidders, with the lowest bid coming in at just under \$11M. The next highest was 11.9M and the highest bid was 13.8M. The bids came in higher than expected and the engineers are collecting detailed cost breakdowns by bid line item to determine if there are opportunities for reductions in cost without adversely impacting the facility. They are also qualifying all the bidders to ensure they have a good history.

Monthly Operations & Maintenance Report

Larry Powers provided the report:

- Construction of the Zoot & Northstar disinfection upgrade is almost complete, awaiting delivery of tanks and pumps.

- The team is testing a new bio-augmentation additive to treat septicity, and results are still under review.
- The Vacuum trailer is in service and works great. Jetter trailer & training has been postponed to the end of May. It was noted that all training is logged in employee training records.
- The Elk Grove lift station repair is in review for approval to send to the state.

Monthly Financial Report

Amy Ellingson provided the General Administrative Activities & Issues report:

- The new field maintenance mechanic started at the end of April and is fitting in well.
- E-Bills are still on-schedule to launch in June.
- There have been some issues with curb-stops not being visible (curb-stop is where District personnel shut off water to a house). The District will send letters to owners of homes where the curb-stop is not visible, to ensure they are available and accessible.
- One operator (Tom) has advised he will be leaving the District between now and July. The District is looking at previous candidates to see if they may possibly be a fit.
- The previously discussed bill passed the Montana legislature and was signed by the governor, so the District's STE rate will no longer appear on utility bills, but rather will be assessed on the county tax rolls.

Monthly financials were reviewed:

Shared Expenses: Expenses YTD are about \$13K under budget.

Water: Revenue is about \$200K over budget and expenses are about \$30K under budget. The Chlorine upgrade will come in under budget by about \$60K but the garage project will come in over budget, so the two should balance.

Sewer: Revenue is about \$200K over budget, and expenses are about \$40K under budget.

Draft Budget 2019-2020

Phil George presented the draft 2019-2020 Budget.

<u>WATER:</u>	Proposed	2018-2019
Income:		
User Charges	\$ 1,260,000	\$ 1,114,800
Misc. Income	\$ 35,000	\$ 10,600
	\$ 1,295,000	\$ 1,125,400
Expenses		
Operating	\$ 165,000	\$ 165,200
Repairs/Maintenance	\$ 60,000	\$ 45,000
Professional Svcs	\$ 10,000	\$ 21,000
Sub-total	\$ 235,000	\$ 231,200
Short Term Asset Res	\$ 68,400	\$ 68,400
Rev Bond	\$ 268,600	\$ 268,600
Shared Expenses	\$ 435,000	\$ 375,600
Total	\$ 1,007,000	\$ 943,800

Water Operating Reserve	\$ 288,000	\$ 181,600
SEWER:	Proposed	2018-2019
Income:		
User Charges	\$1,106,000	\$ 903,400
Misc. Income	<u>\$ 10,000</u>	<u>\$ 6,000</u>
	\$1,116,000	\$ 909,400
Expenses		
Operating	\$ 350,000	\$ 332,000
Repairs/Maintenance	\$ 60,000	\$ 48,000
Professional Svcs	<u>\$ 15,000</u>	<u>\$ 65,000</u>
Sub-total	\$ 425,000	\$ 445,000
Rev Bond	\$ 204,600	\$ 204,600
Shared Expenses	<u>\$ 435,000</u>	<u>\$ 375,600</u>
TOTAL	\$1,064,600	\$1,025,200
Sewer Operating Reserve:	\$ 50,000	\$(116,200)

It was noted that with this projection of revenue and expenses, this would be the first time the District will be cash-positive on sewer. Phil George noted that he will be reviewing the numbers again and will present for Board approval in June, but the Board requested no specific changes.

The Board reviewed the District's capacity sold since July 1, 2018 and capital projects:

Capacity Sold:

Water:	\$142,797
Sewer:	<u>\$516,675</u> (\$889,675 less \$373K sent to reserve accounts held by state)
	\$659,473

Capital Projects:

Status of 2018-2019 Projects:

<u>Water</u>	<u>Plan</u>	<u>Estimate at Completion</u>
Storage Facility	\$55K	\$80K
Chlorine Upgrade	\$80K	\$20K
Zoot Upgrade	\$100K	\$100K
 <u>Sewer:</u>		
By Pass	\$25K	\$0
EG Upgrade:	\$30K	\$0

Proposed 2019-2020:

<u>Water</u>	<u>Plan</u>
Remodel office space:	\$75K
C1 Fence:	<u>\$75K</u>
Total:	\$150K
 <u>Sewer:</u>	
EG Lift Station	\$110K
EG De-Watering Facility	<u>\$240K</u>

Total:	\$350K
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It was noted that a de-watering facility would take the sludge, remove the water, and turn it into a “cake”, greatly reducing the District’s hauling costs (which is the single highest operating cost), with a return-on-investment of less than a year.

New Facility

Previously covered in the engineer’s report. There was no further discussion.

Board Member Topics

1. Phil George proposed that the District adjust its capacity fee for sewer to \$9000 (no change to water capacity fee). This would ensure the developers pay appropriately for the costs to expand the capacity of the District. A resolution will be prepared for the June meeting.
2. VP Nancy Flikkemra asked for clarification on the postcard mailed to District customers. It was clarified that the District currently has a sewer tax bond and a water tax bond, which were part of the purchase of the facility. A 3rd tax bond is being proposed for the new facility, with the total tax being topped at \$650.

A member of the public asked if Elk Grove had not annexed into the District, would the current facility be sufficient for Elk Grove residents? She noted that the residents were “lured in” and now are being asked to pay for construction of extra capacity for the non-Elk Grove developments, which are driving most of the growth in the District. It was noted that the need for expansion has been discussed at public meetings over the past several years, and everyone in the District will be required to pay for it. It was noted that all of the \$350K being planned for capital improvements next year are all for Elk Grove equipment. Elk Grove sewer rates went from \$80.42 to \$46.00 after annexing into the District, and it was always expected that the reduction in water and sewer rates would be about equal to the additional taxes Elk Grove residents would need to pay. It was further noted that the District absorbed all of the maintenance of Elk Grove infrastructure, rather than asking the Elk Grove residents to pay for it themselves. It was also noted that the Board insisted that considerably more than the minimum required 10% of the Elk Grove community approve the annexation, before moving forward with it.

Adjourn

There being no further business before the Board, the Four Corners Water & Sewer District meeting of May 21, 2019 adjourned at 7:40 p.m.



Maralee Parsons
Secretary