

**FOUR CORNERS WATER AND SEWER DISTRICT MINUTES
REGULAR MEETING, February 18, 2020**

Call to Order

President Cory Klumb called the regular meeting of the Four Corners Water and Sewer District (FCWSD) to order at 6:30 pm on Tuesday, February 18, 2020, at the office of the Four Corners Water & Sewer District at 495 Quail Run Road, Bozeman, Montana.

Board Members present: President Cory Klumb, member Phillip George, member Peter Thatcher, and member Nancy Flikkema (arrived 6:34).

Staff/Public: Amy Ellingson and Larry Powers from FCWSD, Brad Hammerquist of Morrison-Maierle (MMI), Brad Early, Bob Thelen, Matt Menge, Joy Davis, Secretary

Approval of Minutes

January 21, 2020 Board Meeting:

Motion: Member Peter Thatcher moved to approve the minutes as written; member Phil George seconded. The minutes were approved 3-0.

Public Comment on Non-Agenda Items:

None were raised.

GENERAL BUSINESS

Resolution 2020-04: Calling for Election to be Conducted by Mail Ballot

If an election is needed this year for the two board seats that are opening, this resolution states that it will be held on May 5, 2020 and conducted via mail ballot.

Motion: Member Phil George moved to approve the resolution; member Peter Thatcher seconded. No public comment. Resolution passed 3-0.

RDO- Requesting 1 Sewer EDU

One lot in the Kennedy subdivision is requesting a sewer-only annexation. Sewer-only is not an unusual request, therefore Phil recommends approval and will bring a petition for annexation at the next meeting.

Pronghorn Lots - Cook

Two lots on Pronghorn are requesting a water-sewer annexation. Services and lines are directly across the street. Phil recommends approval and will bring a petition for annexation at the next meeting.

Engineer's Report

Brad Hammerquist gave the Engineer's Report.

- Construction continues at the Water Reclamation Facility.
- We are still waiting on DEQ approval for the Elk Grove Dewatering Facility.

Monthly Operations & Maintenance Report

Phil George provided the report on behalf of Larry Powers:

- There has been a lot of sickness among the staff in the past month.
- Waste Activated Sludge pumps at the EGWWTP needed seals replaced.
- EGWWTP effluent pump failed. A temporary pump has been installed and a slightly larger

replacement ordered.

- The control system for RI Basin shut down and locked out after a power outage, requiring MET to reprogram the PLC. System is working fine now, but this illustrates the need to update all of the district's control systems to current technology.
- WRF: SBR #2 has passed the leak test. Material for the repair for SBR #1 has arrived and the leak test for it should begin this week. SBRs must be backfilled before the majority of the remaining cast-in-place concrete can be completed.

General Administration Report and Monthly Financial Report

Amy Ellingson provided the General Administration Report:

- Office remodel is finished, barring a few minor items.
- One of our newest operators left, so we are now looking for two people to fill two different spots.
- No board meeting next month. The next meeting will be April 21, 2020.

Amy Ellingson provided the Monthly Financial Report:

- In shared expenses, we are over in vehicle expenses due to the two vehicles purchased in August. We are over in professional services due to lawsuit and water right issues. We are slightly over in personnel as well due to overtime.
- Water – We are about \$220,000 over in revenue. Everything else is at or below budget, but water's half of shared expenses has raised the total expenses slightly over budget.
- Sewer – We are about \$150,000 over in revenue and significantly under budget for expenses due to reduced effluent hauling costs.

Following the mention of water rights issues, Matt Menge asked how the district handles cases when individuals have water rights that are from other sources besides Utility Solutions (US) and if they are subject to possible annexation into the district. Is the district interested in obtaining water rights in exchange for cooperation? Is this a situation that would be handled by US or by the district?

Phil George responded that while the district is always open to opportunities, currently the only validated, potable water available is the water owned by US. US went through a two- to three-year process with the DNRC to determine potable use as well as points of extraction.

Matt expressed concern that water rights being sold are exceeding the district's capacity and that landowners with other water rights are unaware of the value and usefulness of those rights upon annexation.

Phil responded that the district is open to working with others besides US, however, water rights water must be converted into potable water with points of diversion near the district through the DNRC first, which is a multi-year process.

Matt asked to clarify if additional water could be accommodated with existing infrastructure if and when those conditions are met.

Phil responded that that is a decision the district would reach once that opportunity exists. He added that the limiting factor for growth is not water, but the district's ability to dispose of treated effluent. The current permit allows approximately 650,000 gallons per day. We are currently at 285-290,000 gallons per day, but once the SBR facility is completed, both Phase 1 & 2, we will be at the permitted limit.

Resolution 2020-05: Authorizing the District to Increase Payment for the Revenue Bond

The resolution authorizes the general manager and an appointed board member to annually determine any additional principal payments based on district's finances.

Member Phil George proposed to pay down district's revenue bonds by approximately \$250,000 per year for sewer and \$15,000 per month for water by using revenues that are significantly over budget for both water and sewer. By reducing the number of years on each bond, the district will be able to maintain the monthly rate charge at its current level while having the capacity to take on increased expenses.

Motion: Member Nancy Flikkema moved to approve the resolution; member Peter Thatcher seconded. There was no public comment. Nancy and Cory agreed that the resolution was flexible enough to allow for fluctuations in funding and was a good strategy rather than passing more specific funding resolutions each year. Resolution passed 4-0.

Manager Topics

WRF Phase 2:

SBR #2 has passed its leak test. The district has a contract in place for its installation and is currently exploring options for its building. It will increase capacity by another 1,000 EDU, but Phil has interest and/or draft sales agreements for all 1000, as well as expressed interest in 500-700 more.

He is exploring the possibility of finishing the SBR building with the extension of a wall, two small additions and a roof, which could save up to eight months on the schedule and also be the most cost-effective option. This would also allow district to shift capacity out of the Elk Grove facility so that it can be refurbished.

Disposal Application:

Phil had a meeting at DEQ to discuss findings from a model of filtration, particle movement, and nitrate absorption. It shows that our infiltration flows with groundwater and hits the East Gallatin River before the Gallatin River. Peter Thatcher asked if we can get another opinion. Phil answered that similar studies are occurring in Belgrade and Manhattan and all three individuals have collaborated on the research. It would be hard to find a better expert than those three. The permitting process to modify an existing discharge permit is rigorous and although we are in the process, it could take nine months before they quantify the level of discharge for which we qualify.

Currently the district runs just under 300,000 gallons per day and our permit allows double that amount. Our planned facilities will absorb the total amount that we're currently permitted for. The new permitting process would increase the capacity even more. Once DEQ determines the capacity of the new discharge permit, the board will need to decide if they want to proceed with Phase 3. Nancy Flikkema asked if Phase 3 would include a land purchase? Brad Hammerquist clarified that the current plant under construction could be expanded well beyond the current two phases.

Matt Menge asked where is district at in terms of EDU available versus interest. His investors want to be able to move quickly, yet the county won't approve developments without a plan to deal with wastewater. He is trying to better understand what is feasible so as to educate his landowner and investor clients.

The district has spoken to DEQ and their lawyers in support of developers who have already paid and been annexed into the district but are not allowed to start infrastructure (pipes) until new plant is operational. However, developers themselves now need to get involved with DEQ if they want to change DEQ's decision. Brad added that this is a recent change in their interpretation of rules. DEQ now wants there to be constructed facilities for all commitments, which doesn't allow developers to put pipes in ground even though they're not connecting yet. This is another reason why saving 8 months on Phase 2's schedule is so impactful. Cory expressed that he wants to find another way of funding future projects besides current residents.

Board Member Topics

There were no further comments.

Public Comment

Bob Thelen indicated that he would be interested in joining the board when a seat vacates this spring. He will send his CV to the board.

Next Meeting Date: Tuesday, April 21, 2020. There will be no March meeting.

Adjourn

There being no further business before the Board, the Four Corners Water & Sewer District meeting of February 18, 2020 adjourned at 7:19 p.m.

Joy Davis, Secretary

