

**FOUR CORNERS WATER AND SEWER DISTRICT MINUTES
REGULAR MEETING, June 16, 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, June 16, 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 Brad Early, member Bob Thelen

Staff/Public present (including those attending via Zoom): Amy Ellingson, Erik Lucksley, and Phil George from FCWSD; Brad Hammerquist from MMI; Thomas J. Kallenbach; and Joy Davis, Secretary

Approval of Minutes

May 19, 2020 Board Meeting:

Motion: Member Bob Thelen moved to approve the minutes as written; member Brad Early seconded. The minutes were approved 3-0.

Public Comment on Non-Agenda Items:

None were raised.

GENERAL BUSINESS

Ordinance 2020-05 Felker 2nd Reading

Ordinance 2020-05: An Ordinance Accepting the Annexation Petition of Fawn Felker, 81133 Gallatin Road, Bozeman, MT 59718 for Annexation. This is for one EDU. Both sewer and water services are nearby and there is an existing well on the property for irrigation.

Motion: Member Brad Early moved to pass the second reading of Ordinance 2020-05; member Bob Thelen seconded. No public comment. Motion passed 3-0.

Irrigation Rate Increase Discussion

The irrigation rate increase discussion continued from last month. The District is currently considering moving all irrigation-only customers from a Category 6 rate structure to a Category 2. This would eliminate Category 6 and give irrigation-only customers a tiered rate structure like the rest of the District's customers. Phil will come back to the board at the next meeting with more information about the break-even point for well subsidies and on whether a rate hearing would be necessary with this change. On average, drilling a 60' well with steel casing (no pumping equipment) would cost approximately \$3,000. There would be no rate increase until at least October. Brad Early noted that a rate hearing could be used to educate customers on the advantages of moving to a well for irrigation.

The District has yet to make a firm recommendation and is open to other ideas.

Engineer's Report

Brad Hammerquist provided the report. The WRF project continues, along with material testing and inspection on site.

Work also continues on the Four Corners discharge permit for increased disposal capacity. That work is in tandem with getting engineering plans and specifications approved to replace the existing subsurface disposal with aboveground disposal basins which will allow the District easier access for maintenance.

Baxter Crossing project is nearing completion. Water is in and the contractor is working on getting the sewer infrastructure in place. That should be done relatively soon.

Monthly Operations & Maintenance Report

Phil George provided the report:

- Baxter Lane Sewer and Water Extension project started April 20th and is nearing completion. Water infrastructure is 100% complete and the sewer infrastructure is 85% complete. It should be done by July 1, 2020.
- WRF project: underground piping is done. Precast walls should start on Monday. There has been a one-week delay, but WRF Phase 1 is projected to be complete by August 28th.
- A pilot test of new technology for the treatment of the septicity in the force mains is still on hold due to COVID-19.
- Piping and floor drains are complete for the Sludge Dewatering Building at the EGWWTP. Concrete placement for the floor slab is scheduled for this week.

General Administration Report and Monthly Financial Report

Amy Ellingson provided the General Administration Report:

- The addition to garage is well underway. Everything is being done internally. It should be done by the end of June.
- Late fees/Disconnect notices: District is still not assessing late fees or disconnecting service until the Governor has lifted the restriction. Two weeks ago, notices were sent to everyone whose bill is more than 60 days overdue. There are around 45 customers out of 2,000 who are late on their payments. All available methods of payment seem to be well-used by customers (ACH, online bill pay, paper checks).
- 2019 Water Quality Report is online. Hard copies are also available in the office.
- Website continues to be updated with construction of WRF. We will be able to post new pictures once walls have gone up.

Amy Ellingson provided the Monthly Financial Report:

- Usage has gone up and billing as well.
- In shared expenses, we are over budget in vehicle expenses due to the two vehicles purchased in August. We are over in personnel expenses due to the three pay periods in May.
- Water has higher than expected revenue. Budget for repairs and maintenance overran some, but that was expected. Revenue Bond payment information has been added to the summary sheet. The monthly payment has increased from \$23,000 to \$38,000.
- Sewer has higher than expected revenue and system operation expenses are below budget. Budget for repairs and maintenance overran some, but that was expected. Revenue Bond payment information has also been added to the summary sheet.
- Amy also reviewed the capacity that has been sold in the last twelve months. This money either stays in the fund reserve or funds the following year's capital projects.
- Capital Projects:
 - The office remodel and C1 fence have both been completed and paid for. Both projects came in under budget and the additional funding for those projects has paid for the awning project.
 - The Elk Grove Well upgrade is not quite completed, but should underrun.
 - The C1 Clear RI Basins has begun and is expected to underrun.

- Elk Grove Lift Station is done and overran the budget by about \$2,000.
- Elk Grove Covers & Odor's only cost so far are for the manhole covers.
- Elk Grove De-Watering Facility has just begun so bills will start coming in. So far, only \$86,000 of the \$240,000 budgeted has accrued.
- Disposal Permit project has been added to the list for visibility. \$28,600 has accrued so far.

2020-2021 Budget Approval

Key assumptions are 1) sewer operating budget will remain the same because the cost benefit of the EGWWTP will be somewhat offset by the operational costs of a second sewer plant; 2) the District will contribute to the water revenue bond at the level previously agreed upon; 3) the District will pay down the sewer revenue bond as affordability exists; and 4) District will create a Sewer Short Term Assets Reserve in the amount of \$36k as a requirement of the bond.

Numbers from the May meeting have all stayed the same except for water income and sewer income, which have increased to \$1.500MM and \$1.410MM, respectively. Phil suggests that the Board pass a resolution to adopt this budget for the 2020-2021 fiscal year. Member Brad Early moved to accept the proposed 2020-2021 budget as written. Member Bob Thelen seconded. Resolution passed 3-0.

Manager Topics

Discharge Permit: District continues working on getting DEQ approval to expand existing basins and approved volume.

Sewer Capacity Discussion: The District is currently processing 2,134 EDU and have obligations for 1,229 more. The state government and DEQ require District to maintain capacity for obligations, which results in underused facilities and limited revenue. Contracts going forward will give the District the option to either charge for unused EDUs or recall them. Phil is working on a way to be able to do that for current obligations as well.

With the Elk Grove and WRF Phase A and B capacity, District will be able to service 4,375 EDU, which leaves 1,012 available to sell, and Phil has had inquiries well in excess of that number.

Reserves: Phil reviewed with the Board the water, sewer and bond reserves, which are all currently with state investment fund, and the liens currently on the water and sewer sides.

Board Member Topics

There were no further comments.

Next Meeting Date: Tuesday, August 18, 2020 (In lieu of a July meeting, Board members are welcome to set up a tour of District facilities with Phil.)

Adjourn

There being no further business before the Board, the Four Corners Water & Sewer District meeting of June 16, 2020 adjourned at 7:23 p.m.



Joy Davis, Secretary