

**FOUR CORNERS WATER AND SEWER DISTRICT MINUTES  
REGULAR MEETING, May 18, 2021**

**Call to Order**

President Cory Klumb called the regular meeting of the Four Corners Water and Sewer District (FCWSD) to order at 6:31 pm on Tuesday, May 18, 2021, at the office of the Four Corners Water & Sewer District at 495 Quail Run Road, Bozeman, Montana.

Board Members present: President Cory Klumb, member Bob Thelen, member Brad Early, member Nancy Flikkema

Staff/Public present (including those via Zoom): Phil George from FCWSD; Amy Ellingson from FCWSD; Brad Hammerquist; Marty Gannon; Jim Dolan; Matt Menge; and Libby Kueneke, Secretary

**Approval of Minutes**

April 20, 2021 Board Meeting

**Motion:** Member Brad moved to approve the minutes as written. Member Nancy Flikkema seconded. No public comment. The minutes were approved 3-0.

**Public Comment on Non-Agenda Items:**

Jim Dolan asked where resolutions can be accessed on the website. Motions are posted on the website after they are approved. Jim Dolan requested motions be posted on the website in advance so the public can intelligently comment at monthly meetings. The GM will take care of the request.

**GENERAL BUSINESS**

**Ordinance 2021-06 3 Peaks LLC – 2<sup>nd</sup> Reading**

Ordinance 2021-06: An Ordinance Accepting the Annexation Petition of Chad Larson for annexation into the Four Corners Water and Sewer District

The property is located west of Gallatin Heights on Valley Center. The petition is for 215 EDUs at this phase. Phil recommends approval.

**Motion:** Member Brad Early moved to pass the second reading of Ordinance 2021-06; member Nancy seconded. No public comment. Motion passed 3-0.

**Ordinance 2021-07 Phoenix Rising Commercial, LLC– 2<sup>nd</sup> Reading**

Ordinance 2021-07: An Ordinance Accepting the Annexation Petition of Phoenix Rising Commercial, LLC for annexation into the Four Corners Water and Sewer District

The property is located at the corner of Cobb Hill and Huffine. The petition is for 2 EDUs. The company carries the obligation to go under Huffine for sewer and water services. Phil recommends approval.

**Motion:** Member Nancy Flikkema moved to pass the second reading of Ordinance 2021-07; member Brad Early seconded. No public comment. Motion passed 4-0.

**Ordinance 2021-08 Brooks/Lennon – 1st Reading**

Ordinance 2021-08: An Ordinance Accepting the Annexation Petition of Andrew & Mandy Brooks and Matthew & Brindley Lennon for annexation into the Four Corners Water and Sewer District

This property is located on Valley Center east of Jackrabbit. The petition is for 1 EDU for a storage lockup location. They will gravity feed to a sewer system installed by Town Pump. Phil recommends approval.

**Motion:** Member Nancy Flikkema moved to pass the second reading of Ordinance 2021-08; member Bob Thelen seconded. No public comment. Motion passed 4-0.

**Ordinance 2021-09 Childre – 1st Reading**

Ordinance 2021-09: An Ordinance Accepting the Annexation Petition of James & Erin Childre for annexation into the Four Corners Water and Sewer District

This property is located in the Coolwater minor subdivision off of Monforton School Rd. The petition is for 1.5 EDU of sewer only. Adding an apartment over the garage requires the .5 EDU. Issuing .5 EDUs is standard practice for studio apartments when added to a parcel. Phil recommends approval.

**Motion:** Member Bob Thelen moved to approve Resolution 2021-09; member Nancy Flikkema seconded. No public comment. Motion passed 4-0.

**Resolution 2021-06: Water & Sewer Capacity Fee's Increase**

Resolution 2021-06: A Resolution of the Four Corners County Water and Sewer to increase the water capacity fee per EDU to \$3,500 and sewer capacity fee per EDU to \$10,500 effective October 1, 2021.

This resolution, discussed in April, was put forth for further comment. This ordinance raises sewer capacity fees, not the rate, per EDU from \$12,000 to \$14,000. Those who annex and sign a water service contract before October 1 access savings. Guarantees will be given once SBR 3&4 is complete.

**Motion:** Member Brad Early moved to approve Resolution 2021-06; president Cory Klumb seconded. No public comment. Motion passed 4-0.

**Resolution 2021-07: Increase of Infrastructure Equalization Fee**

Resolution 2021-07: A Resolution of the Four Corners County Water and Sewer to increase the Infrastructure Equalization fee for annexed properties post-purchased connecting into the established water and sewer system to \$3000 per EDU effective October 1, 2021.

This resolution raises the infrastructure fee charged for each new EDU from \$2000 to \$3000. It doesn't affect those already annexed in the district, as they have been paying taxes, as stated by "annexed properties post purchased connecting". Though the board notes the language may be unclear, since it has been effective and in place, the board is comfortable with maintaining the same language.

**Motion:** Member Nancy Flikkema moved to approve Resolution 2021-07; member Bob Thelen seconded. No public comment. Motion passed 4-0.

**2021-2022 Draft Budget**

Phil George provided the report.

- The major increase is personal employee expenses, including an additional hire, summer hire, wages due to salary, and insurance increases. The GM's contract, Marty Gagnon's contract for administration help, and 4 simultaneous legal activities are keeping professional services high.
- The proposed 21-22 water budget has a modest increase in income while expenses stay the same. The finance subcommittee agreed to go up to \$60,000/month for the water revenue bond payoff, dropping the operating reserves to \$75,000. The income may be understated depending on irrigation rates that recently changed.

- The proposed 21-22 sewer budget maintains a conservative income. The 20-21 operating expenses have been impacted because the WRF wasn't on until December. The timeline for getting SBR 2 operational and rehabbing Elk Grove is tentative, and related auxiliary expenses may arise, which will impact 20-21 expense. Ample funds are set aside for the operating reserve. The subcommittee has not yet reached an approach on early payment of the Revenue Bond.
- The operating revenue proposed for water is \$75,600. Without putting more money toward the Revenue Bond, the operating revenue proposed for sewer is \$428,400.
- \$60,000 in vehicle expenses reflects the newly added vehicle.
- This budget is a draft to be voted on at a future meeting.
- SBR 3 & 4 has commenced through engineering with \$6.5M as a placeholder. The \$1.5M will replace the whole water booster in Elk Grove. Both the water booster and WWP rehab adhere to engineering's recommendations. The GM is getting a bid for a new SCADA security system. All 5 projects will be applied through ARPA for matching funds. If the district doesn't receive matching funds, the GM will not recommend this many projects.
- The engineering team is writing PERs and helping with submittals. They have people attending the Montana Rural Waters conference with a session from the state to gain updated information and report back to the GM. Jane Gallette is helping attain matching funds, as a source from the county level to gain entry into the process.
- The board recommended meeting with different county commissioners and contacting local or state representatives at the appropriate time. The first submission is due July 15th to the state. The GM will be working on the submission to the county over the next few weeks.

### **Capacity Forecast**

Brad Hammerquist provided the report.

Sewer flows have increased steadily since 2004. For the next few years an increase in growth rate is anticipated due to multi family units planned for development. An estimated 220 houses will be connected per year for the next two years. The uncertainty of the building market capacity creates the need for three scenarios of various levels of increase. The engineer team recommends the district not reach their capacity on their permitted 1.5M GPD. Adding SBR 3 and 4 would prepare the district for top growth through 2032.

### **Bond Discussion/Possible Resolutions**

When the bond refinance proposal comes through, it will be sent to the subcommittee to present to the board. The GM has spoken to the council and is looking at a special assessment bond of \$27M and a revenue bond of \$6.78M.

### **Monthly Operations and Maintenance Report**

Phil George offered the report.

- Phase 1 of WRF is nearly completed. Phase 2 of SBR is 80% complete. The GM is dedicated to addressing odor complaints due to the WRF. They have visited residential properties within the district and in neighboring areas to investigate needs. The subcontractor that installed the odor control system is addressing deficiencies. One property owner has requested FCWSD purchase his property due to odor. The wind circles and comes from multiple directions, but complaints are primarily from the south west. A fan has been adjusted to pull out air, crystal filter bags have been added, an enclosure has been contracted to be built around the fan, and a berm populated with self-sufficient perennials and trees will be established along the ditch. A log book has every complaint documented. Those who request call backs receive them.
- RI Basin 4 is nearly completed and Basin 5 is started in construction. They should be completed by July 1. Two substantial water leaks have been remediated.

### **Genera. Admin Activities and Issues:**

Amy Ellingson provided the report.

- Will do maintenance to an existing truck. A fleet truck is expected to arrive by June 30.
- Has hired 2 employees.
- Plans to reopen the office to the public June 1. Both the GM and Office Administrator are fully vaccinated and will keep masks and sanitizer available. After considering procedures for city and county offices, the board decided to open meetings to the public with an option for the public to join in person or via zoom.
- The road in front of the WRF has been graded. The parking lot inside the gated area will be paved on May 24th.
- Actively looking for another board member due to Peter's resignation.
- For the current stip money, the bond reserves continue to gain, water has increased to \$1.8M, and sewer has increased to \$3.5M.
- For personal expenses, board members are running under budget. Office expenses are over budget as they've been in the past; the office expenses budget has been increased for next year. Vehicle Expenses will increase by about \$7K once the first payment is made on the new fleet vehicle. The professional services budget is anticipating payment. The Other Expenses category is over budget; with balloon payment coming, it should even out except for \$14K due to the new insurance on the WRF. \$14K for insurance has been added to next years' budget.
- Water has higher than expected revenue. System Operating Expenses are slightly over budget due to repair and maintenance projects. Water is under budget overall.
- Sewer has higher than expected revenue. System Operating Expenses are slightly over budget due to hauling expenses. Repairs and maintenance are lower than expected due to focus on the WRF. Sewer is under budget overall.
- There are 58.5 EDUs as a remainder for sale at the current capacity, including all of the May meeting's ordinances, but not the infill.

#### **General Manager Topics**

The GM is focused on securing matching funds from the state and county

#### **Board Member Topics**

No board member topics.

#### **Public Comment:**

Jim Dolan expressed interest in joining the board. The board has been in contact with a homeowner from Gallatin Heights.

**Next Meeting Date:** Tuesday, June 15, 2021

#### **Adjourn**

There being no further business before the Board, the Four Corners Water & Sewer District meeting of May 18, 2021 adjourned at 7:35 p.m.



Libby Kueneke, Secretary