

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES REGULAR MEETING, March 21, 2017

Call to Order

President Cory Klumb called the regular meeting of the Four Corners Water and Sewer District to order at 6:35 pm on Tuesday, March 21, 2017, in the library of Monforton School at 6001 Monforton School Road, Bozeman, Montana.

Board Members present: President Cory Klumb, Vice President Nancy Flikkema, Treasurer Terry Malloy (left at 8:00 pm), and Member Sarah Stahlberg.

Staff/Public: GM Kevin Kundert, Marty Gagnon representing MMI; Susan Swimley, Attorney; Maralee Parsons, Secretary, Cass Malloy, John Capp, Ben Carter, Matt Menge, Brad Hammerquist, John Carpenter, Doug Graves, Paul McNeil, Matt Donnelly, Karl Cook.

Approval of Minutes

February 21, 2017 Board Meeting:

Motion: Member Sarah Stahlberg moved to approve the minutes as written; Treasurer Terry Malloy seconded; the minutes were approved 4-0.

Public Participation on Non-Agenda Items:

None were raised.

GENERAL BUSINESS

Engineer's Report/Facility Plan Update

Marty Gagnon introduced Brad Hammerquist of MMI, the principle author of the 2017 Wastewater Facility Plan Update. Brad provided a PowerPoint presentation summarizing the objective of the update and existing conditions of the Elk Grove WWTP. He noted the trigger for WWTP expansion is 250K gallons per day, and the plant is approaching that level now. Three alternative options for expansion of the capacity of the plant were presented and discussed: 1) Oxidation Ditch, at the current Elk Grove site; 2) SBR (Sequencing Batch Reactor), which has an advantage of having a smaller footprint; 3) MBR (Membrane Bioreactor), which has the smallest footprint of all 3. He noted this method would allow treatment at a higher standard than is currently possible (or what is required). All alternatives include additional sludge dewatering, to reduce sludge hauling costs and provide additional disposal options. Two alternative sites for the additional treatment options were presented and discussed: the existing Elk Grove plant, noting the current headworks is sized to accommodate the expansion, and would be easier (and less costly) to construct. The alternative site is Lot C-1, near the current disposal area, which would require build-out of needed infrastructure. Brad reviewed the cost estimated associated with each treatment option at each site, ranging from \$8.4M to \$11.7M, plus \$0.6M additional required for second sludge dewatering facility. He noted all 3 options would expand the capacity equally (an additional 400K gal/day, which at current rate would be adequate until 2024). He is still developing the life cycle costs of each treatment option, which will be included in the final report, but noted that options 2 and 3 are more automated, which would reduce labor costs. The expansion can be modular, to more easily add additional capacity as required.

Board and public discussion included clarifying questions on additional EDU's becoming available for future sale as a result of the expansion (about 2500), which would help finance continued treatment capacity expansion. It was noted that the discharge level

of the District's discharge permit would need to be expanded once it reaches the cap of 700K gal/day, and this is a lengthy process. The Board requested that the DEQ permitting process be inserted into the expansion plan now, to ensure the District has the necessary permits in place to allow continued expansion as needed. District council Susan Swimley offered her opinion that it is not a detriment to the Board's fiscal responsibility to add users while undergoing the expansion process, as it allows the District to utilize existing capacity while providing revenue. The Board also requested a cost-benefit analysis of the options presented. It was noted that the District would like to keep the bond measure financing as low as possible, and they expressed the need to begin the public education process on the expansion bond measure as soon as possible. The Board authorized GM Kevin Kundert to proceed with the engineering Request for Qualifications (RFQ) for District projects.

Lilley Minor Subdivision (Lots 1 & 2) – Request for Annexation and 21 EDU.

GM Kundert advised that this property is contiguous to the District, and is actually surrounded by the District. The approximate costs for the property owners would be \$166,000 for 21 EDU (both water and sewer).

Motion: VP Nancy Flikkema moved to approve the request for annexation of Lilley Minor Subdivision, and the request for 21 EDU; member Sarah Stahlberg seconded. *The motion carried 3-0.*

Discuss Policy on Charging for Elk Grove Metering Equipment

District council Susan Swimley noted that the District is precluded from changing any rates for Elk Grove until such time as Elk Grove is annexed into the District. She will confirm that this includes metering equipment, as well as inspection fees.

FY 2015-16 Audit Final Report by Rudd & Co.

GM Kevin Kundert noted that he prepared and submitted the District response. Member Sarah Stahlberg noted that on p. 13 of the audit report, the "additions" and "deletions" numbers appear to have been reversed.

FY 2016-27 Budget – Final Version

GM Kevin Kundert advised that he has removed the Board Member Expenses from the budget, as requested by the Board following their decision to not accept any compensation for services.

Elk Grove Water & Sewer System Cost of Operation/Rate Comparison to District

GM Kevin Kundert presented a draft of the FY2016-17 Elk Grove Costs, listing operating revenues and expenses, isolated for Elk Grove. Elk Grove has 20% of the District's connections, per capita. He noted Elk Grove equipment will need some infrastructure upgrades, which will need to be built into the Elk Grove budget as an expense that is passed on to Elk Grove ratepayers. The only Elk Grove/District shared facility is the treatment plant, all other equipment is theirs, which should be expensed and depreciated to the Elk Grove account. Elk Grove pays higher rates than the District users, but they do not pay the District taxes. Ms. Swimley noted that the goal is to be able to show Elk Grove that either their rates do adequately pay for all of the Elk Grove operations, depreciation and reserves, or their rates do not cover them, and, should Elk Grove choose not to annex into the District, the District could raise their rates to cover the costs. Kevin will make the adjustments discussed and send it to the Board.

Resolution Authorizing GM to Sign Loan Documents

GM Kevin Kundert requested the Board consider Resolution 2017-01, authorizing him to sign the loan documents for purchase of a used service truck, and sign an additional check for welding equipment for the service truck.

Motion: Member Sarah Stahlberg moved to accept Resolution 2017-01. VP Nancy Flikkema seconded. *The motion carried 3-0.*

Monthly Operations & Maintenance Report

1. A used service truck with a crane has been purchased, allowing the District to begin repairs on multiple projects. The truck and set-up with welder and tools came in under budget.
2. Hydromatic returned the influent pump after making warranty repairs, and appears to be working properly.
3. The dose tank at the EGWWTP was cleaned after a 2-year period of no cleaning, which had resulted in accumulated fine sludge, impacting performance. There was one noise complaint from an EG resident, and the team is considering ways to perform the required maintenance more quietly.
4. The construction project to upgrade the storage shed at EGWWTP is complete, with insulation, interior wall sheeting and shelving being installed.
5. Installation of additional electrical outlets around the digesters at EGWWTP has begun. There was a near miss (with no injuries) when one of the extension cords shorted out while Zack was plugging it in.
6. A replacement actuator for the HVAC ventilation in the Motor Control Center at the EGWWTP has been installed, restoring normal operation.
7. Repairs to booster pump #2 at the Northstar booster building are underway, after the pump developed a leak between the case halves.
8. The magnesium hydroxide injection for the forcemain from Valley Center lift station to control septicity is moving into the pilot phase, and quotes have been solicited for the needed components.
9. GM & operators attended a pre-construction meeting for the GGWSD sewer project. The contractor has started on the forcemain installation, and they have removed the concrete apron and wall at the EG lift station and located the effluent pipe and a water main that they will be crossing.
10. The block heater for the generator at Black Bull #1 lift station had a short circuit in the thermostat, and has been repaired.
11. A power outage in March affected the EGWWTP and C1 lift station. All backup generators came on line, and performed as expected. There is no backup generator at the effluent disposal (RI Basin) location, and the team is looking into putting a generator at the site (in the budget).
12. A contractor called about a service connection at 101 Prairie Grass Court and the onsite meeting revealed the need for a second water and sewer service to be installed from the main lines to the lot, due to the fact that 2 dwelling units will be on the lot.

Monthly Water Usage & Financial Reports

The Board reviewed the monthly reports, including the District/Elk Grove water

usage/billing report, Summary/Balance Sheet, and P&L reports. Kevin noted that the District's insurance rates increased by \$6000, due to higher payroll. He advised that he will be working with CIA on the MaCO policy to reduce premiums, if possible.

Adjourn

There being no further business before the Board, the Four Corners Water & Sewer District meeting of March 21, 2017 at 9:47 p.m.



Maralee Parsons
Secretary