

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES REGULAR MEETING, July 18, 2017

Call to Order

VP Nancy Flikkema called the regular meeting of the Four Corners Water and Sewer District to order at 6:30 pm on Tuesday, July 18, 2017, in the library of Monforton School at 6001 Monforton School Road, Bozeman, Montana.

Board Members present: Vice President Nancy Flikkema, Member Heather West (arrived 6:35), Member Sarah Stahlberg and member Phillip George.

Staff/Public: GM Kevin Kundert, Marty Gagnon representing MMI; Maralee Parsons, Secretary; Amy Ellingson, Chris Wasia, Jerry Ritter, Chris & Rebekah Nelson, Larry Cada, Bill Pound, Carl Cook.

Approval of Minutes

June 27, 2017 Board Meeting:

Motion: Member Phil George moved to approve the minutes as written; member Sarah Stahlberg seconded. The motion carried 3-0.

Public Participation on Non-Agenda Items:

Jerry Ritter introduced himself as the owner of the Korner Klub. He stated he is working toward a resolution with the County Health Department on the issue raised regarding his septic system, and he is working with engineer Marty Gagnon and GM Kundert on a plan to potentially annex and connect to the District, with a need of about 5 EDU's for sewer. He will need to clarify if he will be required to do both water and sewer, which would greatly impact costs. This topic will be placed on the agenda for the next board meeting.

Trevor Smith, representing a group that owns 6 lots on Maple between 3rd & 4th, stated he is trying to obtain any records available on his property regarding any previous transactions (purchase of EDU's) with Utility Solutions. Since the District has checked and does not have any records, VP Flikkema instructed Mr. Smith to contact Utility Solutions.

GENERAL BUSINESS

District Ordinance 2017-02 – 2nd Reading of Vina Del Mar, LLC Petition for Annexation to the District

GM Kundert advised that the contract is close to completion, and the water rights have been purchased.

Motion: Member Phil George moved to accept the second reading of District Ordinance 2017-02; member Heather West seconded. ***The motion carried 4-0.***

Elk Grove Discussion/Update

GM Kundert stated that there will be a second Elk Grove presentation on the budget & rate comparison, on July 25 at 6:00, at Monforton School. The Board stated their preference that this meeting not be advertised as a special Board meeting, but rather a public information meeting only.

There was some discussion on an Elk Grove complaint received by VP Flikkema, about odor coming from the plant. Marty Gagnon stated that the plant upgrade will address the odor issue more, but noted that recent efforts by the operations team has reduced odors over the last few weeks. He noted that addressing the odor-causing issues with

the digester and aeration systems is on the District's capital project list. He noted there will always be some small odor (usually a musty-type odor), which will be mitigated as best as possible. He noted that the Elk Grove wastewater treatment plant was built for the purpose of being a regional facility (it was built with a capacity of 5X of the capacity needed by Elk Grove), and the Board noted that this is an important message to communicate to the Elk Grove community as part of the presentation. A timeline of the plant development will be added to the presentation.

Allowing Irrigation Wells on Large Lots – Policy Discussion

GM Kundert stated that the District's Rules & Regulations currently prohibit irrigation wells. He noted, however, that new properties annexing to the District are not being allowed water rights for irrigation by Utility Solutions, and would need to drill a well for those purposes. He asked that the Board consider adopting a policy allowing irrigation wells for new properties, as well as on current District properties with high-volume irrigation requirements. Chris Wasia of Genesis Engineering and Chris Nelson of Zoot spoke regarding their request to install an irrigation well to provide water for landscaping at the Wildfire Defense Systems, Mesa Labs and Zoot buildings in the Galactic Park subdivision. The owners have proposed an irrigation well for each building under current DRNC regulations to provide water for the proposed landscaping. Chris Nelson noted that he was one of the founding Board members of the FCWSD, and noted that it was the intent of the original Board to examine requests for irrigation wells on a case-by-case basis, as they recognized the need for irrigation wells on larger lots. He recommended that an irrigation area of 1 acre or more might be considered as the defining size. It was noted that it might be difficult to define "water irrigation area", and the size of the lot might be a better defining factor. Board comment indicated they felt 1 acre is too small, and expressed some concern about irrigation wells drawing from the aquifer and lowering the water table. One option discussed was to sell the District's treated water for irrigation purposes. Mr. Gagnon noted it would be costly to get the treated water to the quality needed to irrigate. He commented that he supports irrigation wells, noting that it would reduce the District's revenue, but would also preserve the potable water supply. The Board asked GM Kundert to develop an approach of what size lot (commercial only) should be included in the policy to allow an exempt well for irrigation purposes, and also whether or not the District should charge for a one-time permit to drill an irrigation well. Member Stahlberg also asked for an estimate of what costs would be associated with using District effluent for irrigation, noting there is a political component associated with using non-potable water for irrigation. This will be an agenda item at the next regular Board meeting.

Shedhorn Subdivision Fire Suppression Line Discussion

GM Kundert stated that the District has provided access to fire hydrants for \$2800/lot. Karl Cook, representing the Shedhorn Subdivision, discussed his proposal for a proposed fire suppression main line into the Shedhorn Subdivision. The proposal is for multiple fire hydrants, for the 22 undeveloped lots, or perhaps up to the entire subdivision of 47 lots. Mr. Cook noted that the subdivision has a fire pond, but Central Valley Fire adopted a new fire code, which limits which building "class" can be built without fire hydrants being installed. He is exploring if the District would be agreeable to providing a fire suppression main line into the subdivision, and what costs would be associated with that. The Board noted that this would be a low consumptive cost to the District, and indicated their desire to include all lots, not just undeveloped lots in the

project. The Board directed GM Kundert to develop a policy with a proposed pricing structure, based on the total number of lots, to be put before the Board for a decision. It was noted that the development would not need to annex into the District to obtain the fire suppression line.

Independent Billing for Water/Sewer During Construction – Policy Discussion

GM Kundert advised that the District has received a few complaints from new commercial and residential customers who had to pay for both water & sewer service during the construction period in order to have water, and asked the Board's consideration of allowing a temporary period of water-only during construction. The Board indicated they do not want to make exceptions or change the policy in any way.

Burned Trailer in Dedicated Public Access Easement on Maple Ave

GM Kundert advised that the Sheriff's department had called about a burned trailer on what shows up as District property, on the west side of Maple Ave in Rainbow Subdivision. There is a public access easement granted in Jan 2006 on the land owned by the District. The Sheriff wants the burned trailer and other abandoned vehicles removed.

Trevor Smith offered to provide assistance with the clean-up. The Board instructed GM Kundert to solicit a legal opinion from District council as to whether or not the District is financially obligated to pay for the clean-up, and if yes, they instructed GM Kundert to discuss the best financial cleanup solution with Mr. Smith. The Board also asked Mr. Kundert to ask if the District should construct appropriate signage on the property.

Vazquez (Rainbow Lots 52-53) Request for Connection/Annexation Variance

GM Kundert advised that the owners of Rainbow lots 52/53 are considering developing the property into a 4 to 6-unit apartment building, and are looking at their options to connect, or not connect, to District water and sewer services. It was noted there are 2 mobile homes on the property now, and they might delay the development of an apartment unit, and put 2 additional mobile homes on the property. It was noted this property meets the minimum distance requirement for mandatory connection. Mr. Kundert noted, however, that due to the current lack of capacity for sewer, annexations are being decided on a case-by-case basis. The property owners do not want to hook up as they currently have a well and septic system, however, should they change the land use, or change/repair their existing system, the County will require that they ask the District to hook up. It was noted that it has been a long-term goal of the District to get as many Rainbow units onto the District system, as these properties on very small lots have historically been a problem. The Board indicated their agreement to allow the property owners to add 2 new mobile home units now, using their existing septic system. If the septic system needs work, however, the property would need to annex to the District and connect, but only 2 EDU's could be purchased prior to the plant expansion. It was noted that after the treatment plant expansion is complete, the owners could request additional EDU's.

Resolution 2017-02 – Commitment of \$15,000 of Matching Funds for a TSEP Infrastructure Planning Grant

GM Kundert noted that he and Morrison-Maierle are working on a TSEP grant application for an infrastructure planning grant for its capital improvements plan, which

requires that a resolution be provided by the governing body specifying the District will commit to providing the required matching funds (\$15K).

Motion: Member Phil George moved to approve Resolution 2017-02; member Sarah Stahlberg seconded. ***The motion carried 4-0.***

Engineer's Report

Marty Gagnon provided the report. Regarding the WWTP expansion, he noted that the engineers have been pondering a question raised at a previous Board meeting: whether money dictated the recommended expansion solution, and they have come up with some additional ideas/options, including repurposing some equipment. They are putting together some costs associated with the options, and would like to present the proposals/costs/revenue impacts along with their recommendations to the Board. The Board decided on a special meeting on August 1, with this as the only agenda item. There was general discussion on the timing of Elk Grove making a decision on whether or not to annex to the District. Mr. Gagnon further noted that he is working with Council Susan Swimley on the contract for the work involved in the Baxter Lane extensions and the bore under Jackrabbit Lane.

Auditing Proposals

GM Kundert noted that 3 of 5 firms contacted have responded to the District's RFP for auditing services for FY2017-19, with one proposal being 50% higher than the other two proposals. The remaining two firms are Amatics CPA Group and Rudd & Company. Board discussion noted the value involved in having the same people assigned to the District's account year-over-year, and that language can be included in the contract to ensure such continuity. Both firms proposed a cost of about \$9000-\$10,000 per year over 3 years, with Rudd also offering accounting and auditing support services for an additional fee. It was noted the most accounting and support services can be provided by the District's bookkeeper. It was noted that many employees with Amatics were with the District's auditing firm prior to Rudd, JCCS, so have knowledge of the District.

Motion: Member Sarah Stahlberg moved to hire Amatics for a 3-year audit contract, and include wording in the contract to provide continuity of the audit team over the full contract of 3 years. Member Heather West seconded. ***The motion carried 4-0.***

Monthly Water Usage & Financial Report

The Board reviewed the monthly water usage and financial reports. GM Kundert noted that the District is still waiting to receive \$540K from GGGWSD and \$189K from Berkshire, which should be paid this month.

Monthly O&M Report

- All influent pumps at the WWTP are back in service. The mixer in the influent vault is in the process of being replaced.
- Inspection of JR Civil's concrete work at the EG lift station discovered improper compaction, which is being addressed.
- WWTP digester mixer modifications are being discussed with Morrison-Maierle on the final design.
- The pH control pilot system is showing promising results, the sludge levels in the clarifiers at the EGWWTP are becoming stable & controllable.
- All EG wells are in service, the main panel and motor starters have been replaced.

- Load testing was performed on all backup generators, with all found to be in good shape.
- The new radio installation is complete, with excellent communications now restored throughout the system.
- North Star lift station experienced a plugged pump due to a problem with the UPS, which was removed. Replacement UPS units are on order.
- North Star well #1 experienced a failure of the pump motor, which was replaced and the well is going through disinfection, flushing and bacterial testing before it can be put back in service (expected July 18).
- A fire hydrant was damaged in Commerce Park area. The property owner who damaged it will pay for the repairs, and it is back in service.
- EG booster station is experiencing intermittent communication issues, which has not been diagnosed yet.
- Consumer Confidence Report for 2016 were produced for both of the District's public water systems and are available on-line or in hard copy format at the District's office.

Review Draft FY2017/18 Budget

The Board reviewed the draft budget and asked clarifying questions on insurance, repair line items, and asset replacement reserves. GM Kundert noted that some insurance line items may have been miscoded in 2016/17, with some insurance line items being combined. The budget line items were provided directly by the insurance provider, and Mr. Kundert further advised that the bookkeeper will be performing monthly journal entries to code insurance charges. He noted that the worker's comp rates went up due to a re-classification of workers. It was noted that the large increase budgeted in the cleaning/jetting sewer line item is due to the fact that the District has not been doing this until recently. GM Kundert noted that the budgeted sewer capital line item includes known projects, and also noted that the total revenues do not include water & sewer capacity fees. The Board stated they would like a running total of capacity fees, what is expected and when, as part of the budget package, and discussed the need to move funds to a sewer asset replacement fund.

Motion: Member Sarah Stahlberg moved to approve the Draft 2017/18 budget, with \$100K of the actual 2016/17 remaining NET INCOME to Reserves & Depreciation going to a sewer asset replacement fund. Member Heather West seconded. ***The motion carried 4-0.***

Board Member Topics

- Sarah Stahlberg asked if the plan for monitoring inappropriate use (i.e. residential use) of commercial condo units in the District has been developed. GM Kundert advised he has not had time to work on this yet.
- Nancy Flikkema asked when the website will be up and running. GM Kundert advised it will be up by the next regular board meeting, and he will send out a link.

Adjourn

There being no further business before the Board, the Four Corners Water & Sewer District meeting of July 18, 2017 at 9:55 p.m.

Maralee Parsons
Secretary

