

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES  
September 5, 2007

1. Call to Order

There being a quorum present, President John Hulme called the meeting to order at 6:38 p.m. in the library of the Monforton Elementary School, 6001 Monforton School Road, Bozeman, Montana.

Present: John Hulme, Richard Smith, and Mike Pearson

Also present: Wendy Heibert - bookkeeper for District, Susan Swimley - Attorney for District

Public: John Close, Kris Vandersloot, Ron Edwards

2. Approval of Minutes for August 1, 2007 meeting and August 15, 2007 Special meeting.

Treasurer Smith stated that his title has been misstated in the August 1, 2007 minutes and that the discussion of the proposed budget had not been approved, only discussed.

**MOTION:** Treasurer Smith moved, Vice President Pearson seconded, to approve the minutes of August 1, 2007 with corrections. The motion carried 3-0.

The minutes of August 15, 2007 Special meeting were continued to the next District meeting.

3. Consideration of Financial Reports

a. update on financial policies.

Treasurer Smith asked Ms Heibert for a breakdown of the financial reports she had presented. Ms. Heibert explained what the Board would be reviewing. Ms. Swimley added the legal fees included those incurred for the Board's individual legal representation.

**MOTION:** Vice President Pearson moved, Treasurer Smith seconded, to approve the financial reports as presented. The motion carried 3-0.

b. update on ordinance for Levying Taxes in the District as approved.

Ms. Swimley stated the ordinance hearing date had been rescheduled to 9/13/07. She added that she had received calls with questions regarding the proposed tax; stating that Barbara Campbell had expressed concern with regard to the proposed taxation method. Treasurer Smith added that he had received phone calls as well. Ms. Swimley stated there had been one formal protest and she had invited each caller to the scheduled public

meeting regarding the proposed tax. She asked that one Board member be present at the County meeting to answer questions. Vice President Pearson stated he would check to see if he could attend.

- c. update on Policy for Meters on Lots in the District as approved.

Mr. Close stated that Utility Solutions concern would be sending five separate bills for one lot. Ms. Swimley stated each unit would have its own legal description and the money for units not paying would need to be compensated for by the other units within the building; adding that legally, individual meters would be easier to collect outstanding balances from. Mr. Close responded that a condominium association could shut off a single unit. Mr. Edwards stated that the Black Mountain software could generate one bill with separate units depicted. Ms. Vandersloot added that Barbara Campbell had been concerned with the amount of extra paperwork that would be generated by sending separate bills for each meter. Treasurer Smith responded that there would be some extra work, but the computer system would compensate; adding that he thought it would be better to send a separate bill to each unit. Ms. Swimley responded the ordinance would need to be revised to make the distinction of "larger than a four-plex". Mr. Edwards added that association could be sent one bill and send their own bill to the individual units. Treasurer Smith suggested Ms. Swimley update the existing ordinance. Ms. Swimley concurred; agreeing that the commercial lots would have individual meters per building. Ms. Heibert asked if the billing method should be the same on eight-unit structures. Treasurer Smith responded the meters would be difficult to access in those structures and the usage should be billed to the association. Ms. Swimley added that regardless of the number of units on commercial lots, the buildings would have separate meters. Mr. Pearson added that the Board might have future association issues with regard to collection of bills. Mr. Close added that there would be a separate meter for irrigation systems on some of the four-plexes.

- d. proposed Budget for Fiscal Year 2007-2008 for approval.

Ms. Heibert stated there had been a decision made on the proposed budget when the Board had decided on the method of taxation for the District due to there being money left over. Treasurer Smith suggested Ms. Heibert present a final budget for approval at the next District meeting. Ms. Heibert concurred.

- e. approval of Financial Reports

Item 3e was continued to the next District meeting.

- 4. Old Business
  - a. Litigation Update

Ms. Swimley stated Faust was still awaiting a Supreme Court decision and there were no updates on that litigation as of yet. She stated Blackburn and Flikkema would file a "Motion to Intervene"; adding that the issuance of the permit was what the Board would

be waiting for with regard to the annexation of those properties into the District. President Hulme added that the water rights had been approved but a stay on their use had been applied; the permits were in full force and affect. Vice President Pearson asked if the time-frame would be a year before the properties were legally annexed. Ms. Swimley responded it could take a year and the District would be responsible for providing service to those properties with no way to do it if the properties had no water rights. She asked if the District would be interested in intervening in the water rights litigation; suggesting that it would not be a good time for the Board to be involved. President Hulme suggested Ms. Swimley contact the parties involved to find out their positions; adding that he did not think it was a good idea for the Board to intervene. The Board concurred.

- b. Update to petitions for Annexation:
  - i. Land Equity Partners (Gallatin Heights)
  - ii. APK (Buckland Siding)

There were no updates to petitions for annexation at this time.

- c. Consideration of Resolution calling for mail ballot election on December 11, 2007 to annex Black Bull and Middle Creek Parklands

Ms. Swimley stated there would need to be a 40% return on the ballots and the Board would need to check on how many ballots had been returned and call those who had not responded to ensure the appropriate number of ballots were received. Mr. Edwards added that the absentee ballots were more complicated due to those people having to vote as non-resident owners. Ms. Swimley presented the ballot to the Board for their review; suggesting the Board send a mailing before the ballot to alert people of the election (the ballots would be mailed 11/20/07 and votes counted on 12/11/07). She asked the Board to move on the proposed ballot for the resolution.

**MOTION:** Treasurer Smith moved, Mr. Pearson seconded, to approve the proposed resolution and to send out a mailed notice before the election to request the ballots be returned.

- d. Presentation of draft privacy policy for District consumers

Item 4d was continued to the next meeting of the District.

- e. Amendment to Rules and Regulations (rates and charges), Utility Solution Contract for various service areas, report of ad hoc financial committee
  - 1. Contract negotiations for modification of US Contract for additional service areas and proposed annexation of property
  - 2. Contract discussion and negotiation, possible modification regarding lots in Gallactic Park

Treasurer Smith stated he had not heard anything regarding contract negotiations for

various service areas as of yet. Ms. Vandersloot responded that there would be mixtures of residential and commercial development that would be precedent setting regarding rates and those items were still being discussed; adding that of those developments were not currently required to pay anything.

5. New Business

- a. Approval of Amendment to Rules and Regulations with regard to separation of landscape irrigation meter wells and curb stops in Service Area 2

Vice President Pearson and Treasurer Smith gave a brief explanation of meter pits and suggested the item be continued to the next District meeting so that Mr. Zavora could explain in greater detail. Item 5a was continued to the next District meeting.

- b. Policies for Levying Taxes and Meters

Item 5b was addressed by the Board earlier in the meeting.

- c. Other matters to be placed on Future agendas

Ms. Swimley stated Mr. Tony Kolnik had expressed interest in annexing into Service Area 3 and requested the item be included on the District's next meeting agenda. President Hulme suggested Ms. Swimley send him a Petition for Annexation. Ms. Swimley concurred. Treasurer Smith added that issues such as water rights would need to be resolved prior to his annexation.

6. Public Participation on Non-Agenda Items: The opportunity for members of the public to comment on District matters which are not on the agenda. Time limits may be imposed at the discretion of the President.

Ms. Vandersloot proposed a new procedure for billing in Service Area 2; to invoice the District as soon as the users were billed monthly. She stated there were currently no bills outstanding and suggested there was a good payment history to base the decision on; adding the transition toward District billing would be easier. Ms. Heibert responded the delayed payment issues had been addressed and suggested the District receive the check directly from the user; adding the method would decrease the deposit delay. Treasurer Smith agreed the proposed procedure would be a good transition into District billing. Ms. Vandersloot added that there were currently 38 accounts. Ms. Heibert stated there were still outstanding balances from July and August and suggested the Board listen to the auditor recommendations. Ms. Swimley recommended the Board consider that Utility Solutions had been carrying delinquent accounts and the Board would be taking on that responsibility if they voted in favor of the proposed billing procedure. Treasurer Smith responded that the Board would not have access to the necessary billing information on delinquent accounts. Ms. Vandersloot responded that Utility Solutions would remain responsible for delinquent accounts and provide the necessary documentation to the District. Ms. Heibert added that Utility Solutions would be

responsible for delinquencies under the Maintenance Agreement and suggested the payments could be forwarded to her sooner. Treasurer Smith added that the issue to be resolved would be whether or not the delinquent accounts would be carried by the District. Ms. Swimley suggested Utility Solutions forward the payments to the District sooner. Treasurer Smith stated he was concerned that the tracking of delinquent accounts would end up being the responsibility of the District. Ms. Vandersloot responded that Utility Solutions could run a report that included all the necessary information regarding the delinquent accounts. Ms. Heibert expressed concerns with regard to the auditor recommendations to the District and redundancy in billing information.

**MOTION:** Treasurer Smith moved, Vice President Pearson seconded, to change District billing procedures and for Utility Solutions to provide monthly billing statements, reports of delinquent accounts, and to forward checks to the District in a timely manner for deposit. The motion carried 3-0.

Ms. Vandersloot stated Utility Solutions had been approached by Monforton School, Taco Time, and Garden Center to provide sewer service only. Ms. Swimley noted the properties could have annexed into the District. Ms. Vandersloot requested the Board move to approve Utility Solutions providing sewer service only to those locations. Treasurer Smith expressed concern that the District would have no recourse if Utility Solutions provided that service in those locations. Mr. Edwards suggested the District have a separate system for those properties. President Hulme suggested the Board agree to the request and stipulate that those properties must annex into the District. Ms. Swimley responded the District could do a resolution and service contract to be approved that would be specific to those properties. Vice President Pearson added that he did not think the school wanted to annex into the District; adding that they were concerned about monthly payments. Ms. Swimley stated the tax policy for the District would need to be uniform. President Hulme suggested a small upcharge for administrative fees. Treasurer Smith responded that the Board would need to understand the issue more clearly before any decision was reached. Ms. Swimley stated a service contract could be drafted, but the question of segregation of taxes would remain an issue and would need to be resolved. Ms. Vandersloot added that non-contiguous properties would be responsible for the costs associated with bringing the service to the property. President Hulme added that it could be years before the service provided could be billed for and the neither the District or Utility Solutions would be able to charge for usage. Ms. Swimley stated she and Mr. Edwards would draft a short term service contract for the specific requests for sewer service only from Monforton School, Taco Time, and Garden Center.

Mr. Edwards presented a recap of the tax levy that Ms. Swimley submitted to Gallatin County. He explained that one condo lot in Galactic Park would be levied as commercial development. He noted the average calculations and explained that a portion of the District would actually pay less of a tax than they had last year. He noted the total tax revenues and the remainder amount that would be used for the District's budget. Treasurer Smith asked if more land annexed would lessen the tax burden to the existing properties. Mr. Edwards responded the District's portion of the tax collection would go only to those properties on the north side of the District; adding the tax should be shared

throughout the District. Treasurer Smith stated the costs had been based on capital improvements with relation to plants and lines to individual subdivisions; adding that the share could be the same. Ms. Vandersloot suggested Treasurer Smith contact Barbara Campbell; adding that Ms. Campbell would be willing to address the Board's concerns and clarify information at a future meeting.

7. Board Member Issues

There were no Board Member Issues at this time.

8. Adjourn Meeting

There being no further business before the Board, the Four Corners Water/Sewer District meeting of September 5, 2007 was adjourned at 8:30 p.m.

Respectfully Submitted



Tara L. Hastie

Recording Secretary