

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES REGULAR MEETING, December 18, 2018

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, December 18, 2018, in the library of Monforton School at 6001 Monforton School Road, Bozeman, Montana.

Board Members present: President Cory Klumb, member Phillip George, and member Peter Thatcher.

Staff/Public: Marty Gagnon and Brad Hammerquist representing MMI; Maralee Parsons, Secretary; Amy Ellingson, Larry Powers, Dave Everett, Doug Graves, John Rosa, Jon Carpenter, Cameron Holt, Justin Gerber.

Approval of Minutes

October 23, 2018 Board Meeting:

Motion: Member Peter Thatcher moved to approve the minutes as written; member Phil George seconded the motion and the minutes were approved 3-0.

Public Comment on Non-Agenda Items:

Doug Graves, managing partner for APK, stated that 2 of his company's lots were left out of the annexation agreement when the property was annexed into the District, and he provided some documents explaining the issue. President Cory Klumb advised him the documents will be sent to District's legal counsel to review and correct. Mr. Graves also advised that his development is close to obtaining DEQ approval for the connections to the District, and the State has requested re-confirmation of capacity. He also asked for clarification on what documents are required. Engineer Marty Gagnon advised it was on his desk and will address it this week, and he will also address any concerns by the County on required documentation linked to the land use permit.

GENERAL BUSINESS

Audit Report

Justin Gerber with Amatrix CPA reviewed the audit results for the year ending June 30, 2018. In conjunction with the audit, 2 audit reports and a management letter have been provided. One material weakness was identified, related to the District's maintenance responsibility on developer-constructed water & sewer infrastructure, and a resulting adjustment was made to increase the District's fixed assets. One current year finding was reviewed: bank statements are not reviewed by a member of governance. This has now been corrected. Prior year findings have been reviewed and have been, or are currently being corrected.

Motion: Member Peter Thatcher moved to accept the audit report; member Phil George seconded the motion. *The motion carried 3-0.*

Resolution for Special Tax Assessment 2018-21

This resolution corrects the amount of the 2018 Special Assessment Equalization Rate

amount per lot, tract and parcel annexed after December 23, 2015, to be equal to the final calculations by the Gallatin County Treasurer for the special assessment tax levy charged against all lots, parcels and tracts in the District, which is \$502.34.

Motion: Member Phil George moved to accept Resolution 2018-21; member Peter Thatcher seconded. *The motion carried 3-0.*

Dykstra Partnership Presentation

Marty Gagnon briefly outlined the proposed annexation of the Dykstra Family Limited Partnership, consisting of approximately 96 acres located at the SE corner of Valley Center and Jackrabbit Lane, which is contiguous to the existing District boundary. He noted a formal annexation request is being prepared and tonight's discussion is just an introduction to the proposal. The development will be requesting approximately 304 water/sewer EDU's for a combination of residential and commercial properties, built in phases which are yet to be determined. He noted that water and sewer infrastructure sleeves currently exist under the south side of the intersection to be developed. There is no new lift station proposed at this point, and no upgrades would be required to the Gallatin Heights lift station.

Discussion of Thrift Store – Sewer Only

Brad Hammerquist reviewed a proposed re-development of Middle Creek Meadow, Lot 3A-1, located directly to the east of the Korner Klub. The property is currently occupied by a thrift store and is served by the Four Corner Business Park Public Water System and an on-site, limited wastewater system. Phased re-development of the property is being considered and as such the owners would request to annex into the District for sewer-only service. The initial request would be to secure 6 sewer EDU's, and current development plans could result in up to 23 EDUs after the District's new treatment facility is constructed. A water meter would be installed. The Board agreed in principle to the request, and a formal annexation request will be developed.

Rosa/Johnson Project Discussion

Brad Hammerquist reviewed a proposed development of Tract 2, COS 1745 (Your Space Bozeman) and Tract 1, COS 2810 (Baxter Lane BLR). Tract 2 is the second parcel north of Baxter Lane on the east side of Jackrabbit Lane and is mostly occupied by storage units. The SW corner of the lot is currently undeveloped, and the owner intends to develop this portion in phases. It is initially requested to secure one water and sewer EDU for a commercial unit, and it was noted they would also construct 2 or 3 hydrants for fire protection for the storage units. Tract 1 is the second parcel east of Jackrabbit Lane and is primarily undeveloped. The owner intends to develop the property as multi-family residential with 2-4 units in each building, to be built out in phases, requesting 4 (initially) to up to 71 water/sewer EDU's over time. The property owner briefly discussed his project. A formal annexation request will be developed.

Engineer's Report

Brad Hammerquist provided the report. He advised that the engineers have submitted to DEQ the plans and specs on the new WRF, which is now undergoing the 60-day

review period. DEQ had previously been provided with the design report. They are also preparing the bid documents, as well as working with District bond council and developing the financing package. Phil George stated that there may be a contractor project awareness meeting in the January 2019 timeframe.

Monthly Financial Report

The Board reviewed the monthly financial reports. Amy Ellingson noted that irrigation was shut off in November, so the water numbers dropped off. Phil George reviewed the Month-end Budget vs Actual for Shared Expenses, Water and Sewer:

- Shared Expenses: 520-Personel Expenses is underrun, primarily due to no General Manager in that account. Shared Expenses are running under-budget overall. 530-Office admin expenses are over budget, primarily due to unbudgeted rate hearing expenses. 550 Professional Services is over-budget, primarily due to legal, engineering & audit expenses.
- Water: Water revenue is about \$35K over-budget, while expenses are overrun due to the building of the garage at the booster. He noted that in conjunction with the chlorine upgrade, the District will be spending some of the asset reserves to upgrade Zoot.
- Sewer: 710-System Operating Expense is over-budget, primarily due to higher hauling costs resulting from the mileage increase (sludge is now being hauled to a new site in Three Forks).

Amy Ellingson provided the Admin report:

- The District received a legal letter from Brookshire stating that any activity (e.g. inspections, turn-ons, sale of water meters) needs to be run through Brookshire's legal team, followed by the District's legal team, who will delegate activity.
- Staff may take one holiday and make it a floating holiday – needs legal opinion.
- 3 Board members need to take the Oath of Office
- STIP Results over last 2 months are \$11,340, vs. \$4,911 bank interest over the previous 9 months.
- The Korner Klub is up and running.

Monthly Operation & Maintenance Report

Phil George noted that he changed Larry's title to Operations Manager.

Larry Powers provided the O&M report:

- The fat, oil and grease issue at WWTP is much better since they have been using an enzyme. They are developing a fat, oil and grease awareness program for commercial business to reduce the issue.
- Flows are still high at the WWTP, however the car wash has started their recycling program which could reduce flow by 10K gal/day.
- Elk Grove Lift Station County issue: sampling and testing has been completed. The results were reviewed by M&M and sent to the state. Marty Gagnon noted that the results came back quite clearly as not raw sewage, and sent a letter stating such to DEQ, copying Matt Kelly at Gallatin County Health. So far there has been no response.

- A new pump was installed on Northstar Well #2.
- Elk Grove Lift station new access point has been completed.
- Investigating purchasing some maintenance equipment (sewer vac and jetting machine) rather than outsourcing the work.

Board Member Topics

None were raised.

Adjourn

There being no further business before the Board, the Four Corners Water & Sewer District meeting of December 18, 2018 adjourned at 7:42 p.m.



Maralee Parsons
Secretary