

**FOUR CORNERS WATER AND SEWER DISTRICT MINUTES
REGULAR MEETING, January 19, 2021**

Call to Order

President Cory Klumb called the regular meeting of the Four Corners Water and Sewer District (FCWSD) to order at 6:30 pm on Tuesday, January 19, 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 Peter Thatcher, member Brad Early, member Nancy Flikkema (arrived 6:32)

Staff/Public present (including those attending via Zoom): Amy Ellingson and Phil George from FCWSD; Matt Menge; Justin Buchanan; Thomas J. Kallenbach; and Joy Davis, Secretary

Approval of Minutes

November 17, 2020 Board Meeting:

Motion: Member Peter Thatcher moved to approve the minutes as written. Member Brad Early seconded. No public comment. The minutes were approved 3-0.

Public Comment on Non-Agenda Items:

None.

GENERAL BUSINESS

Ordinance 2020-13 Kostelecky– 2nd Reading

Ordinance 2020-13: An Ordinance Accepting the Annexation Petition of Kostelecky Rentals, LLC, 86 Orxy Circle, Belgrade, MT 59714 for Annexation

Motion: Member Brad Early moved to pass the second reading of Ordinance 2020-13; member Peter Thatcher seconded. No public comment. Motion passed 4-0.

Ordinance 2020-14 Cayman Holdings– 2nd Reading

Ordinance 2020-14: An Ordinance Accepting the Annexation Petition of Cayman Holdings, Inc, 125 Central Ave, Unit 1A, Bozeman, MT 59718 for Annexation – Fire Protection Only

Motion: Member Nancy Flikkema moved to pass the second reading of Ordinance 2020-14; member Peter Thatcher seconded. No public comment. Motion passed 4-0.

Ordinance 2020-12 Dykstra Correction– 3rd Reading

Ordinance 2020-12: An Ordinance Annexing the Dykstra Farms, LLC, For 4498 Jackrabbit Lane, Bozeman, MT, Being Approximately 40.2 Acres of a Portion of Tract 5D-2 of Certificate of Survey 2829A to the Four Corners Water and Sewer District – Correcting Legal Description

The ordinance was passed at the second reading, but the legal description needs to be corrected. This reading is for that correction. There are no other changes.

Motion: Member Peter Thatcher moved to pass the third reading of Ordinance 2020-12; member Nancy Flikkema seconded. No public comment. Motion passed 4-0.

Ordinance 2021-01 M&M Hospitality – 1st Reading

Ordinance 2021-01: An Ordinance Annexing a Portion of a Tract of Land Located in Section 25, T1S R4E, Gallatin County, MT (M&M Hospitality, LLC) into the Four Corners Water and Sewer District

This is for a piece of property on Jackrabbit Lane, north of Kennedy subdivision. It is for one EDU, for both water and sewer. The District has connection capabilities in the northwest corner of the property. Phil recommends approval.

Motion: Member Brad Early moved to pass the first reading of Ordinance 2021-01; member Peter Thatcher seconded. No public comment. Motion passed 4-0.

Ordinance 2021-02 Dykstra Family, LLC – 1st Reading

Ordinance 2021-02: An Ordinance Accepting the Annexation Petition of Dykstra Farms, LLC, 4498 Jackrabbit Lane, Bozeman, MT 59718 into the Four Corners Water and Sewer District

This is for one EDU only. Any development of the land requiring more EDUs will require additional approval from the District. Phil recommends approval.

Motion: Member Nancy Flikkema moved to pass the first reading of Ordinance 2021-02; member Brad Early seconded. No public comment. Motion passed 4-0.

Ordinance 2021-03 MVGR, LLC – 1st Reading

Ordinance 2021-03: An Ordinance Accepting the Annexation Petition of MVGR Land, LLC, 1280 E Baxter Lane, Bozeman, MT 59718 into the Four Corners Water and Sewer District

This property is located on Baxter Lane about .25 mile west of the YMCA. They are requesting 128 EDUs. The District is currently in negotiations and expects to have payment in hand at the next meeting pending approval of second reading. There is still capacity available and the property has close access to water/sewer line connections. Phil recommends approval.

Motion: Member Brad Early moved to pass the first reading of Ordinance 2021-03; member Peter Thatcher seconded. No public comment. Motion passed 4-0.

Resolution 2021-01: Irrigation Only Rate Structure

Resolution 2021-01: A Resolution of Intention of the Four Corner County Water and Sewer Authorizing to Eliminate a Category 6 Irrigation Only Rate Structure

In November, the District sent a letter to all irrigation-only clients informing them of the proposed change to their rate structure from Category 6 to Category 1 and inviting them to call with any questions or comments. No customers have called.

Resolution 2021-01 eliminates the category 6 rate structure and moves irrigation-only customers to a category 1 rate structure. It will be mailed to irrigation-only customers and finalized at the next board meeting. The change would take effect for the next irrigation season beginning May 2021.

Motion: Member Nancy Flikkema moved to approve Resolution 2021-01; member Peter Thatcher seconded. No public comment. Motion passed 4-0.

Engineer's Report

Phil George provided the report.

- At the Water Reclamation Facility (WRF), they are working through execution and liquidated

damage issues. Some of the problems include: digester pipes that are out of true; vendors who are not getting systems fully operational; a non-potable water system that needs additional work. Larry and Phil are getting the issues resolved and negotiating change orders with the contractor. Damage costs are being deducted from payments.

- Equipment is coming in for SBR #2 and it now has heat. Phil has or is currently getting bids for painting and electrical.
- DEQ has opened up public review and comment from January 11 through February 11 for the proposed discharge permit. When SBR #2 is complete, the District will be at capacity for the current discharge permit.

Monthly Operations & Maintenance Report

Phil George provided the report:

- Elk Grove Wastewater Treatment Plant (EGWWTP) headworks screen is back in operation after welding a broken joint. District is reviewing design documents from Lakeside Inc. for a replacement screen.
- EGWWTP Clarifier #1 underwent emergency repair to the mechanical scraper assembly. The crew was able to fabricate the necessary parts and minimized the downtime to three days. Clarifier is back in operation.
- Lift Station upgrades to control systems for Northstar, Durston, Commerce, and Black Bull #1 are underway. New VFD control panels have been ordered.
- WRF is processing wastewater now. The plant isn't 100% complete, but outstanding items are being addressed.

General Administration Report and Monthly Financial Report

Amy Ellingson provided the General Administration Report:

- Website continues to be updated with construction of WRF.
- New Meter Reader – District needed to order new meter reading equipment. They currently have one on loan; new one should arrive in a week or so.
- Insurance will increase about 5% for the coming year, which is typical.
- Second fleet vehicle should arrive in February. It will be the body for the crane truck.

Amy Ellingson provided the Monthly Financial Report:

- In shared expenses, the only change this month is in "Other Expenses", which is over budget due to a balloon payment for insurance that came through in December.
- Water has higher than expected revenue and is under budget overall for expenses. Operating Expenses have overrun due to some work in the Northstar wells.
- Sewer has higher than expected revenue and is under budget overall for expenses.
- Amy also gave the board an updated list of capacity sold and payments made since July 1, 2020. Five new accounts have been added since November.

Manager Topics

Phil reported to the board on the District's current sewer status. When you add together customers currently being served, obligations, and potential commitments, the District's sewer capacity could run out very quickly.

The District currently has a permitted capacity of 700,000 gallons/day and has requested of DEQ an increase up to 1.4M gallons/day. They expect to receive approval or rejection by May 2021.

If the permit is approved, Phil recommends building two more SBRs at the new, current facility. That would expand capacity to an additional 2500 EDUs and he estimates it would cost about 6.5M.

With the EDUs that are committed, but not paid, and the 1001 EDUs the District has left to sell, it would be possible to self-fund the expansion and avoid getting another loan.

The increased capacity from the additional SBRs would produce around 22M, which could be used to pay off revenue bonds and establish long term replacement capacity reserves for repairs and updates to the system.

Phil will do more research to assess the cost and potential risk of beginning engineering work before DEQ approval. He will come back to board with an engineering cost between March and May and expects that new SBRs could be operational in March 2023.

Tom Kallenbach verified that the District has reserved capacity for his property. Phil confirmed that his capacity is covered under District's current obligations. Tom will call Phil to talk over plans in the next week.

Board Member Topics

There were no further comments.

Public Comment:

No public comment.

Next Meeting Date: Tuesday, February 16, 2021

Adjourn

There being no further business before the Board, the Four Corners Water & Sewer District meeting of January 19, 2021 adjourned at 7:09 p.m.



Joy Davis, Secretary