

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES REGULAR MEETING, October 17, 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, October 17, 2017, in the library of Monforton School at 6001 Monforton School Road, Bozeman, Montana.

Board Members present: President Cory Klumb, Vice President Nancy Flikkema (arrived 6:38), Member Heather West, and member Phillip George.

Staff/Public: GM Kevin Kundert, Marty Gagnon & Brad Hammerquist representing MMI; Susan Swimley, Attorney; Maralee Parsons, Secretary; Nicholas Mahan, Brad Meuli, Wendy Bos, Amanda Knuteson, Thomas Kallenbach.

Approval of Minutes

September 19, 2017 Board Meeting:

Motion: Member Heather West moved to approve the minutes as written, Member Phil George seconded and the motion carried 3-0.

Public Participation on Non-Agenda Items:

A representative from the Baxter & Love development asked for a status of the annexation agreement. GM Kundert stated that the District's council, Susan Swimley, is reviewing the agreement. Ms. Swimley, who arrived later in the meeting, advised that she would have the agreement completed prior to October 31, 2017.

GENERAL BUSINESS

New Capacity – Policy Update

GM Kundert reviewed a statement regarding the District's policy (in its Rules & Regulations) for providing water/sewer capacity for projects, which will be added to the District's website: *"The District will provide services to its lots at their assigned capacity level (no increases until we have expanded our sewer capacity). Annexing properties will only be allotted "future capacity" when the new treatment facility is online. Our remaining sewer capacity will be assigned to in-District development"*. The Board agreed in principal with the statement.

Ordinance 2017-04 to Annex Lilley Minor Subdivision Lots 1&2 (21 EDU, 2nd Reading)

GM Kundert noted the project is commencing according to schedule, and the contract and will-serve agreement will be completed soon. He noted that in the September 19, 2017 Board meeting, this ordinance was listed and accepted by the Board as Ordinance 2017-03 due to a clerical error (duplication of numbering), and has been corrected to Ordinance 2017-04.

Motion: VP Flikkema moved to accept Ordinance 2017-04, (referred to on the first reading on September 19 as 2017-03), Accepting the Annexation Petition of Lots 1&2 of Lilley Minor Subdivision. Member Heather West seconded the motion. Member Phil George recused himself. ***The motion carried 3-0.***

Proposed Lehrkind Subdivision Project South of Blackwood – Discuss availability of water rights and water/sewer capacity

GM Kundert advised that the owner is not present, so discussion is deferred to a future meeting.

Proposed 174 Shepherd Trail Commercial Condo Building #2/no assigned capacity – Discussion for 5 EDU exception

GM Kundert advised that there is currently a 4-unit building on the lot in the Northstar subdivision (in District), and the owner wants to add another 5-unit building on the lot. The owner of the unit, Nick Mahan, and the owner of a near-by lot, Brad Meuli, briefly discussed the project and provided the Board with a copy of the plans. Brad Meuli stated the proposed project is light commercial, with a toilet and shower planned. The purchase of the property was made with the intent of constructing another building; however, the previous owner did not obtain water/sewer capacity for the additional building now being planned. The owner stated he is willing to compromise on installing showers, and perhaps reduce the number of units, in order to obtain capacity as soon as possible so he can move forward with construction. He plans to condo the existing building and the new building. There was general discussion on ensuring there are no overnight residents in commercial condos. It was also noted that this development would be taxed as a multiple-unit property (the existing building is currently taxed as a single property). There was general discussion on the District's current commitments vs. existing capacity. The Board stated they would like to defer the decision of providing additional capacity, until they have more information on the status and timeline of the District's planned treatment plant expansion. The Board and property owner agreed to table the discussion until the next Board meeting.

Elk Grove Discussion/Updates

Ms. Swimley provided a brief update on the issue previously raised in a letter from the attorney representing Elk Grove Development Company, regarding covenants attached to the property housing the EGWWTP. She said she did not have an update on the resulting legal implications to the District's planned treatment plant expansion at Elk Grove, but noted that there would be no legal restrictions should the Board decide to expand its wastewater treatment capacity by building on its C1 location.

There was then general discussion on options for moving forward on the planned wastewater treatment plant expansion, currently planned for the existing Elk Grove facility. Mr. Gagnon noted that the District might want to consider planning a smaller expansion at the C1 site, with the capability of continued expansion over time. He noted that an additional 200-250K gal/day capacity could be built initially, which when added to the current capacity of 300K gal/day at the EGWWTP, would provide 500+K gal/day capacity. He noted that a smaller expansion would reduce the initial amount of debt to be incurred, and might be funded through revenue bonds, rather than assessment bonds, keeping taxes at the same rate (or lower, as more properties add on). He offered his opinion that it would still be possible for the expansion to come online by late 2019, noting that the next expansion would need to start immediately after that. Member Phil George recommended that the Board create a subcommittee to study the options for its wastewater treatment expansion. Members Phil George and Heather West will serve on the subcommittee. Mr. Gagnon said he would need about 20-30 hours with the subcommittee to come up with a proposal for building capacity in the next 2 years and beyond. It was noted that the District should perform its public outreach on the bond election concurrently with the expansion design plans. Key points to communicate are that rates won't go up and taxes will continue to go down, as this planned expansion will be funded with current rates and capacity fees from future

developments.

Ms. Swimley further discussed the annexation petitions from Elk Grove, stating she has seen about 145 petitions with 132 being from actual electorates (a registered voter with an Elk Grove address). She noted that the Elk Grove Board of Directors has an outstanding question regarding the cost of operating the water system, which she thought had been answered, and has not been able to determine what still needs to be clarified in order to move forward. She read aloud the email posing the question, and noted she will be working to resolve the outstanding questions/issues. She is communicating with Minnick Management, not directly with the Elk Grove Board. Ms. Swimley noted she is following up at least once a week in order to move the process forward.

Fire Suppression Lines/Hydrant Access - Policy Update

GM Kundert noted he is working on the conveyance agreement for the Shedhorn development, to determine ownership and value of the planned fire suppression infrastructure. He is in discussions with the engineers and will provide an update at a later meeting.

Engineer's Report

Marty Gagnon provided the report. He said he will be working on the extension of the water & sewer lines on Baxter Lane, crossing Jackrabbit. He further noted that work is progressing on the Korner Klub sewer connection, noting that MDT has approved the concept, which includes building a force main that can accommodate other users in the future, as needed. Each potential user would have its own mini-lift station, which would feed into a pressurized system. It was noted that the Korner Klub's grease trap and existing septic system will be left in place, and the ability to inspect and fine will be included in the annexation agreement.

Monthly Water Usage & Financial Report

The Board reviewed the monthly usage and financial reports. There was some clarifying discussion on the P&L Budget Performance Report.

Monthly Operations & Maintenance Report

GM Kundert presented the report:

- Digester #2 aeration mixer is currently inoperable due to seal failure and parts are on order.
- The flow meter in the effluent disposal area is beginning to fail, providing inconsistent readings or no readings. A new one has been ordered.
- Parts and materials are arriving for the digester aeration improvements. The upgrade will be performed by FCWSD operations staff, resulting in substantial savings to the District.
- Northstar well #1 PLC will be replaced once the programming has been completed by MET.
- C1 lift station pump #2 has been repaired and engineering assessment of the repair or replacement of the lift station and pumps is underway. The new emergency bypass pump has arrived, and the bypass pumping connection point in the C1 lift station valve vault has been designed and parts are on order. The bypass pump will

be tested after installation by the FCWSD staff. Should C1 pumps fail the District will be able to maintain the wastewater flow to the treatment plant.

- Durston lift station had a failure of the level sensor that controls the pump run cycles. The level sensor and control has been replaced with a more reliable ultrasonic unit; all lift stations are being upgraded to ultrasonic units as the old ones fail.
- The waste activated sludge pump #1 at the EGWWTP has been removed and repaired, and spares are now on hand.
- Construction at the Valley Center lift station to winterize the magnesium hydroxide injection system is completed. The room has been enclosed, insulated, and heated, and lighting and ventilation installed. A water service to the mixing room has also been installed, eliminating the need to haul water for the slurry.
- A recent power outage affecting C1 and the RI basin shut down C1's control power. The backup generator operated as designed, the problem occurred when the utility power was restored due to a surge which occasionally occurs when the transfer switch operates and it trips the control power breakers. Normal operations were restored in time to prevent an overflow.
- Operators attended the Fall Water School at MSU to receive the required continuing education credits mandated by MTDEQ in order to keep their operator certificates valid.

Board Member Recruitment Update

There were no updates to report, and it was noted that condos are not currently represented on the Board.

Board Member Topics

- The Board reiterated that getting the District's new website up and running should be a priority. It was noted that customers are paying their bills in cash since the on-line credit/debit card payment ability has not launched yet. GM Kundert noted that linking documents to the new system has been very time consuming.
- It was noted that the Board encourages continuing education for the District's operations staff. GM Kundert will add a per diem policy to the District's travel policy, utilizing the County's guidelines.

Adjourn

There being no further business before the Board, the Four Corners Water & Sewer District meeting of October 17, 2017 at 8:40 p.m.



Maralee Parsons
Secretary