

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES REGULAR MEETING, February 20, 2018

Call to Order

President Cory Klumb called the regular meeting of the Four Corners Water and Sewer District to order at 6:30 pm on Tuesday, February 20, 2018, in the library of Monforton School at 6001 Monforton School Road, Bozeman, Montana.

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

Staff/Public: GM Kevin Kundert, Marty Gagnon representing MMI; Susan Swimley, Attorney; Maralee Parsons, Secretary; Carson Monson, Bob Theken, Kevin Cook, Pete Thatcher, Denise Albrecht, Scott MacFarlane, Matt Nestler, Jesse Chase, Erica Droge, KC Burnhardt, Matthew Kunkel, Morgan Scarr, Matt Donnelly.

Approval of Minutes

January 16, 2018 Board Meeting:

Motion: Member Phil George moved to approve the minutes as written; VP Nancy Flikkema seconded, and the minutes were approved unanimously.

Public Participation on Non-Agenda Items:

KC Burnhardt asked what next steps would be for him to move forward with his plans for a geothermal well. District council Susan Swimley stated that he would need to complete and submit the written application that she has emailed to him, and the GM will then present it to the Board for approval.

District engineer Marty Gagnon replied to a question regarding a notice from Utility Solutions (US). He stated that US has a ground water right that has a particular place of use outside the District boundary, and they are requesting a change of place of use expanding the place of use, so they can pipe water further out. It is a “no impact” change, but US is required to notify all water right holders.

GENERAL BUSINESS

Elk Grove Discussion/Update

District council Susan Swimley provided the update. She stated that there are 2 ways to petition to annex into the District: 100% of landowners, or 10% of registered electorate of the area, can petition. She noted there was some confusion on the petitions to annex, and how they should be filled out. Elk Grove has 299 residential lots, 1 day-care lot and 12 commercial lots, for a total of 312 lots. The District received 262 petitions, or 84% of Elk Grove lots, but the petition signers were not all registered owners. During this time Elk Grove held its annual homeowners meeting resulting in 3 people withdrawing their petitions. There are 599 electors in Elk Grove, so 10%, or 60 electorates, would need to petition to annex. Because of the wording of the petitions, it was hard to tell what the petitioners' intent was (some wanted to annex their own lot and some wanted the whole subdivision to be annexed). In an attempt to clarify, Swimley Law retained Magpie Consulting to call the 224 confirmed registered electors who had signed petitions (224 = 37% of Elk Grove's electorates). The goal was to contact all registered electors to make sure the intent of their petition is understood. A secondary

question was also asked: would they withdraw their petition if the District only annexed residential lots, noting that so far no one contacted is opposed to that idea. 88 people have yet to be contacted, and there will be one more round of calls to try to reach them. 107 people were reached and their petitions were validated as affirmative to annex the Elk Grove subdivision (all of it or just residential lots), which represents 18% of the Elk Grove electorate. There were 38 people who were not affirmative, which includes the 3 people who withdrew their petition, and those people whose phone numbers have changed since they registered to vote. She has also reached out the attorney for Elk Grove Development Co. to ask them if they have a position on whether they want the commercial lots annexed or not. Their response is pending.

Lehrkind Development Discussion

The Developer of this development, Matt Kunkel is modifying his April 2017 request for annexation and 110 EDUs, to annexation and approximately 50 EDU sewer-only capacity, after the new treatment facility is online. He is also requesting access to the fire protection lines (hydrants) via the Elk Grove Public Water System. The development would provide its own potable and irrigation water independent of the Elk Grove Water System. The Board expressed a willingness to discuss his request once the annexation request has been formally changed and submitted to the District, which will be a topic on a future agenda.

Shedhorn Subd., Lot 22 – Annexation 2nd Reading

This will be placed on the March agenda, as the ordinance was not available for reading at the meeting.

Interim Policy on Sewer Capacity Requests (with specified limits) until new Facility is on-line

GM Kundert advised he is still working on a policy for handling new sewer capacity requests until the new facility is online, noting that new capacity requests are coming in every month. Suggestions provided by the Board included offering an interim price break for the applicant's user category, with a corresponding lowered interim capacity allotment. Once more capacity is available, the user would remit to full capacity and full price, according to the current user category rates. Ms. Swimley noted that including conditional interim capacity/pricing could be included in the new user's contract, and would not require a rate hearing. It was further noted that working with "excess users" (those who are using far more than what they are paying for) should also be tied to this to generate more capacity.

Durston Minor Subd 332, Lot A, In-District Request for +8 EDU Capacity

Jesse Chase represents the subdivision and advised the Board he would like to acquire 8 more EDU's for his commercial condo units, and would agree to the interim restricted use terms. It was noted the owner would also need to acquire water rights from Utility Solutions, as the property is outside of the District's place of use. Mr. Chase hopes to begin construction by the summer, and plans to rent out the units, with occupancy projected for the end of 2019. It was noted that it is beneficial to the District to have the units condominiumized into 8 taxable units, as it lowers the tax bill for all property owners in the District, and the Board generally does not want to grant capacity for more than 2 EDU per taxable unit. Mr. Chase agreed to condominiumize the units.

Motion: Member Phil George to grant the property 8 EDU with interim restrictions,

noting that the owner must purchase water from Utility Solutions and turn that over to the District, pay all fees, and condominiumize the 8 units. VP Nancy Flikkema seconded the motion. *The motion carried 3-0.*

Northstar Commercial Subd, Lot 14, In-District Request for +1 EDU Capacity (with limits)

Matt Nestler represents the property, and advised the Board that he would like to request 1 additional EDU (he currently has 2 EDU), and will commit to the proposed 50% interim restrictions. He noted the property consists of 3 taxable units. It was also noted that he does not need to purchase water rights from Utility Solutions.

Motion: Member Phil George moved to grant the additional 1 EDU with interim restrictions; VP Nancy Flikkema seconded. *The motion carried 3-0.*

There was general discussion on when the District should approach Utility Solutions to purchase more water rights, and how much should be purchased. Marty Gagnon noted that the capital improvements plan would drive that discussion, with an ensuing recommendation for the District's next steps.

Clarify EDU (Equivalent Dwelling Unit) Definition

Marty Gagnon stated that the District initially set the definition of 1 EDU = 250 gal/day/residence, based on DEQ definitions. Historical data now shows that usage is closer to 160 gal/day per residence, and recommends changing the definition of 1 EDU to that flow level.

Kennedy Subd, Lot 2, Block 1 Request for 18 EDU Capacity (with limits)

Bill Dryer is the engineer for the project consisting of 18 commercial condo units, which was previously before the Board in 2016. He stated that the owner was previously granted 12 EDU's and would now like a total of 18 EDU's (none have been purchased yet). The Board asked that the owner be advised that residential units are not allowed, and it was further noted that water rights would need to be purchased from Utility Solutions. An ordinance will be prepared for reading at the next meeting.

Wildfire Defense Systems Irrigation Well Variance Request

Carson Monson representing Wildfire Defense Systems stated that the property owners would like to put in an irrigation well, noting that the property consists of less than 2 acres. He is requesting an exemption to the District's policy allowing for irrigation wells on commercial properties of 2 acres or greater. He stated that the company does wildfire equipment testing on the property and the well capacity will provide irrigation as well as water used in small apparatus testing (minimal water usage). GM Kundert and Mr. Monson will determine what variances would be needed, and will put together a proposed variance for the Board's consideration at the next meeting. The Board asked that the proposal include projected area and predicted water usage.

FY2016-17 Audit Approval

Morgan Scarr representing Amatics CPA Group briefly reviewed the FCCWSD Audit Report for FY2016-17. She noted none of the identified deficiencies rose to the level of report, and further noted that there were no significant disagreements with the management opinion. She reviewed the 3 items listed as control recommendations: 1) A member of the Board should review bank statements on a monthly basis; 2)

Employee files should be reviewed, and any missing or lacking documentation should be added; 3) The employee handbook should be updated to reflect the District's current HR, benefits and payroll processes and policies.

Water Reclamation Facility (WRF) Committee Report (Resolution to Build a New Water Reclamation Facility and Resolution to Authorize Expenditure of \$8.2 Million to design and construct WRF)

Following the recommendation of the WRF Committee, the Board reviewed two Resolutions of Intent:

Resolution 2018-01: A Resolution of Intent of the FCCWSD Authorizing the issuance of bonds payable from revenue and possible special assessments for financing construction of a water reclamation facility.

Resolution 2018-02: A Resolution of Intent of the FCCWSD Authorizing the expenditure of up to Eight Million Two Hundred Thousand Dollars (\$8,200,000) for financing and constructing a water reclamation facility.

Motion: VP Flikkema moved to approve Resolution 2018-1; member Phil George seconded. *The motion carried 3-0.*

Motion: Member Phil George moved to approve Resolution 2018-2; VP Nancy Flikkema seconded. *The motion carried 3-0.*

Ms. Swimley noted that the Board should set a date for a public hearing to consider the two resolutions and collect public feedback. The hearing needs to be noticed in the newspaper. The Board set a date of March 27, 2018, at 6:30, in the library of Monforton School (location to be confirmed). Public comment included a question as to whether there is a design and location for the facility. Member Phil George stated that the intent is to build an enclosed facility housing an SBR system, with a 20-year phased approach, where the capacity will be upgradable as capacity is required.

Engineer's Report

Marty Gagnon provided the report. He stated he would be starting to work on the capital improvements plan for both water and sewer infrastructure. He noted two small project will need to be designed 1) water and sewer extensions on Baxter; and 2) an upcoming MDT project for a new roundabout at Love & Baxter will require that the water line be lowered. The District will need to pay for this since it is in the County right-of-way, and it will be budgeted for next fiscal year (projected cost of \$30-50K.)

Gallatin Gateway Bulk Sewer Service/Contract Update

GM Kundert noted that he is close to finalizing the contract with GGWSD GM Matt Donnelly and provided a draft to the Board for their review. He noted that the GGWSD Scada system does not integrate directly with the FCWSD Scada system but it is easy to monitor. Susan Swimley will also review the contract. Board comment noted they recognize the synergy of the operations of the two Districts, but don't want to subsidize the GGGWSD system. GGWSD GM Matt Donnelly agreed that he also wants fair equity.

Republic Services Pond – Decision on Contracted Wastewater Treatment Services

GM Kundert stated that the District has been asked to consider processing the Republic Services' storm water pond for \$0.10 per gallon. The District's engineer has advised

that the cost to mitigate, should a contaminant get into the groundwater, could be very costly and thus has advised not to take on the work. The Board echoed the engineer's concern and agreed the District should not assume this work.

Monthly Water Usage & Financial Report

The Board reviewed the financial reports, including P&L budget to actual. Board discussion included questions on budget overages on legal fees (due to legal review of upcoming bond work), and also questioned the \$-32K for *125: Allowance for Doubtful Accounts* (GM Kundert to research and advise).

Monthly Operation & Maintenance Report

GM Kundert provided the report:

- Incoming flows from GGWSD are increasing as the contractor completes more service connections. Daily average flow is currently about 2K gallons.
- EGWWTP Digester Aeration improvements are complete with the exception of automated controls, which will be integrated the week of Jan. 22-27, 2018.
- The replacement pump for Galactic lift station is scheduled to arrive Jan. 15 and will be installed that week. A variable frequency drive package has been ordered for the new pumps and will arrive in 8-10 weeks.
- Leak detection equipment was purchased from Fluid Conservation Services along with an ultrasonic portable flow meter.
- The H₂S monitoring at the EGWWTP fence line has not shown any measurable H₂S concentrations at this location. It will be moved into the Headworks building close to the ventilation exhaust outlet to monitor that location, and will secure a monitoring location on Annie Glade in Elk Grove.
- Standby generator maintenance checks found a very small natural gas leak at the Galactic Park lift station, and were repaired.
- Digester #2 aeration mixer had a seal leak and was repaired.
- Digester #1 aeration mixer is inoperable and is scheduled for repair.
- The SCADA alarm system was checked and deficiencies were corrected.

2.1% Payroll COLA/Start \$1 per hour Operator On-Call Pay

GM Kundert has proposed a 2.1% cost of living advance (COLA) in the District's payroll, noting that the proposed increase is in the budget. He also proposes a \$1/hour operator-on-call pay. Board discussion included agreement that imposing restrictions on employee's off-times by being on call merits compensation, and also noting the need to see salary comps of similar positions in the area. After some discussion the Board agreed to an on-call shift pay to be equal to 1 hour of the operator's pay, and agreed to a 2.1% COLA for the remainder of this fiscal year and next fiscal year. The Board noted that they would like to see salary comps in time for the 2019 budget cycle.

Board Member topics

VP Nancy Flikkema expressed her desire to fill the open Board seat quickly. Pete Thatcher has expressed his interest to join the Board, and this will be a topic at the March board meeting.

Adjourn

There being no further business before the Board, the Four Corners Water & Sewer District meeting of February 20, 2018 at 9:40 p.m.



Maralee Parsons
Secretary