

## **FOUR CORNERS WATER AND SEWER DISTRICT MINUTES REGULAR (rescheduled) MEETING, MARCH 24, 2016**

### **Call to Order**

President Cory Klumb called the regular (rescheduled) meeting of the Four Corners Water and Sewer District to order at 6:30 pm on Thursday, March 24, 2016, in the library of Monforton School at 6001 Monforton School Road, Bozeman, Montana.

Board Members present: President Cory Klumb, Vice President Nancy Flikkema, Treasurer Terry Malloy, and Member Valerie Gravage.

Staff/Public: GM Kevin Kundert, Amy Ellingson, Larry Powers, Marty Gagnon representing MMI, Susan Swimley, Attorney; Maralee Parsons, Secretary; Cass Malloy, Ron Edwards, Darren Strauch, Chris Wasia, Grant Morrison, Lorene & Bob Stredwick. From Utility Solutions: Caleb Campbell, Trevor Campbell.

### **Approval of Minutes**

**MOTION:** Member Valerie Gravage moved to accept the February 16, 2016 minutes as written; Treasurer Terry Malloy seconded. ***Motion carried 4-0.***

### **Public Participation on Non-Agenda Items:**

None were raised.

## **GENERAL BUSINESS**

### **Request for Mesa Labs for Irrigation Well**

Chris Wasia from Genesis Engineering was present, representing Mesa Labs. A written request had been submitted to the District to request permission to install one six inch cased irrigation well to provide water for landscaping at the proposed Mesa Laboratories office building in Galactic Park. The current layout of the Mesa project was designed to reduce the need for irrigation by planting over 74% of the landscaped areas with a native dry land seed mixture. Approximately 1.53 acres of land remain for trees, etc., requiring irrigation in one form or another. District policy states that wells cannot be drilled, for any purpose, without the Board's permission. Member Valerie Gravage noted that the Board has historically declined requests for irrigation wells. Discussion ensued around the amount of water needed for irrigation, and exceptions to District policy, which would need to be defensible to be fair to others who have, or would be denied exceptions in the future.

**MOTION:** VP Nancy Flikkema moved to deny Mesa Lab's request for irrigation well. Treasurer Terry Malloy seconded. ***Motion carried 3-1.***

### **Stredwick Property, 5601 Monforton School Road, Annexation Request**

The annexation request is for sewer only, for the residence located at 5553 Monforton School Road, and the residence/business located at 5601 Monforton School Road. The locations are within 300 feet and 500 feet of water and sewer, respectively. The property has 2 existing wells. The property owner stated that he wants to hook up to the public sewer as the existing sewer is old, and it is time to hook up. Marty Gagnon commented that this property is outside the District's place of use for water, and if the owner were to connect to District for water, they would need to obtain water rights from Utility Solutions. There have been no annexation requests to the District for sewer service only, although there are numerous properties within the District boundaries that have sewer service only. The District would charge a capacity fee of \$5000 per EDU (3 hook-ups) and the owner agreed to this. The property owner stated that the business does not have any floor drains. Just a bathroom. The District will inspect the property

prior to hook-up.

**MOTION:** Treasurer Terry Malloy moved to approve the annexation request for 5553 and 5601 Monforton School Road, conditional upon payment of capacity fee; Member Valerie Gravage seconded. **Motion carried 4-0.**

### **Double Tree Update**

Trevor Campbell provided the report. The transition is going well and the primary operator licenses are on schedule to be transferred to Larry on the sewer side, and Kevin for water. The majority of the records have been transferred over. There were some seasonal upsets to the plant due to fluctuation in weather, which is not unexpected. The headworks screen broke down during operations damaging and misaligning internal components. Replacement parts have been ordered and will be repaired under warranty. Some minor clean up and cosmetic work such as gravel work, pipe labeling, and signage are being planned for the spring; Kevin will work up a cost estimate for the Board's review.

### **Engineer's Report**

Marty Gagnon provided an update on the Monforton School expansion. Barb Campbell is negotiating the new contract (as part of the acquisition agreement) for the school's existing building and its new expansion. Discussions have focused on the number of gallons/day/student, to determine the capacity charge the District will charge the school to reserve capacity to accommodate its full expansion. He indicated that contract negotiators would probably settle on a figure of 7.5 gal/day/student, with a peaking factor ratio (1.5625), which equates to about \$200,000. There was discussion on whether the school should pay the full capacity charge now for volume needed at its peak expansion (560 students), or pay an incremental capacity charge while the expansion is phased in. Board discussion indicated that a fair and equitable method to determine the school's monthly usage charge should also be included in the contract. Darren Strauch, representing Monforton School, indicated that the school's preference would likely be to pay the capacity charge upfront with no payment plan (to be discussed with his management). Trevor Campbell indicated US policy has been to have users pay the capacity charge for the volume that is in their DEQ submittal, but it was acknowledged that the final decision on the capacity issue is the District's. It was noted that the current building has been under charged; they are paying for 5 EDU's and are actually using 12. The Board indicated the contract should be written to charge the capacity fee for the amount being built (560 students).

**Motion:** Member Valerie Gravage motioned that, per engineering review, Monforton School shall be assigned an increased capacity charge of 21 EDU's (for a total of 26 EDU's for the property), billed upfront in one lump sum, and the District will review and set an annual rate each year reflecting actual and projected usage. Treasurer Terry Malloy seconded. **Motion carried 4-0.**

Marty also reported that a lot on Monforton School Road, which is in the District, has been reported to be seen drilling a well on the lot.

**Motion:** Treasurer Terry Malloy moved to send a District employee to investigate and, upon confirmation of property address and existence of a well, instruct the District's attorney to send a cease and desist letter to the property owner. VP Nancy Flikkema seconded the motion. **Motion carried 4-0.**

## **Operations Report**

GM Kevin Kundert provided the report. There was brief discussion on potential logos, and the logo in the middle row was the preferred favorite. Kevin indicated employees will have monogrammed logos on shirts and caps to be identifiable as District employees, and he would like to have a boot budget of about \$250 for dedicated plant boots. The full team is on board and Kevin is considering a part-time contract operator to cover minimums on weekends and some filler spots.

A group plan for benefits (health, dental, life insurance) is set to start April 1, 2016. Life insurance was included in the package. He indicated they are looking at Aflac as a potential benefit, which could be chosen by employees who have opted out of BCBS due to existing health care coverage. There was discussion on whether it was the intent of the Board to provide up to \$1000 per employee specifically toward health insurance, or to provide \$1000 toward a mix of insurance benefits. Kevin will get more information and put together a package for Board review. Kevin will work with Susan Swimley and Deborah McAtee on the status of PERS (retirement benefit), as the Board has already passed a resolution to adopt PERS, which was sent to PERS two months earlier. The Board indicated that researching alternatives to social security should be a low priority for Kevin.

Kevin has been recertified in Class 1AB (top-level water treatment and water distribution) and he and Zach will take Class 1C wastewater exam April 6. Larry is classified 2A3B1C and certified to run all parts of the system.

Kevin has had the security system re-keyed to a single key, (which occurred sooner than expected), at a cost of about \$4,000.

Kevin is considering fiber optics (using Montana Opticom) vs. replacing radios for telemetry systems. He will prepare a proposal for the Board. Staff is using their phones for work orders and improved reporting. The wastewater treatment plant needs some components replaced, some additional tools are needed, and he is looking at some small investments to improve operational efficiency and/or save money. He will put together a budget for the Board to review. Software/hardware has been purchased and is on budget. Staff is using MS OneDrive software with the cloud, to set up groups and share files. He plans on eventually updating the website to work on all devices. He and Amy are researching solutions for on-line billing and payments; he will put together a proposal for the Board to review. Kevin will also put together a proposed modified layout for the driveway to make it safer for customers to use the drop box, for the Board to review. He has ordered a mailbox and will eventually phase out the District's PO box.

## **Financial Statement Review**

Amy Ellingson advised that the Balance Sheet would be used as the financial report going forward. Bills are paid on the 15<sup>th</sup> of the month so bill approvals will be removed from the agenda.

Susan advised that the coal tax severance payment (\$89,000) is due May 1, earlier than previously thought. She had planned to use the tax collection cushion to pay it, but the tax collection is after the payment due date for the coal tax. The program is not flexible on payment dates, but there is extra money borrowed for generators (\$65K), which can

be used to pay and keep the cash flow high. She will provide the Board with a printout of payment details.

**Policy Issues – Capacity charges for water upon annexation**

Marty Gagnon advised that when customers annex to the District and are outside of the District's existing place of use for water rights, they will negotiate with Utility Solutions for water rights, and raised the question as to whether the District should charge a water capacity fee, since the District needs to have capacity in its booster station and storage, and water supply wells, which at some point will need to be replaced, and will need a fund to replace it. Discussion indicated that these customers would be bringing water to the District's infrastructure, and should be charged an incremental fee of the normal \$2500 capacity fee. Kevin will work on some numbers for a future meeting.

**Correspondence** - none

**Business Update** - none

**Board Member Issues** - none

**Adjourn**

There being no further business before the Board, the Four Corners Water & Sewer District meeting of March 24, 2016 at 8:54 p.m.



Maralee Parsons  
Secretary