

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES REGULAR MEETING, April 16, 2019

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, April 16, 2019, in the library of Monforton School at 6001 Monforton School Road, Bozeman, Montana.

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

Staff/Public: Marty Gagnon and Brad Hammerquist representing MMI; Maralee Parsons, Secretary; Kyle Griffith, Justin Buchanan, Clint Little, Matt Elwell, Terry Threlkeld, Amanda Knuteson, Tom Kallenbach.

Approval of Minutes

March 19, 2019 Board Meeting:

Motion: V.P. Nancy Flikkema moved to approve the minutes as written; member Peter Thatcher seconded. There was no public comment. The minutes were approved unanimously.

Public Comment on Non-Agenda Items:

Matt Elwell presented a letter from the Elk Grove Home Owners Association Board of Directors entitled "Letter of Objection To Connecting Elk Grove Water to APK Site". The letter opposes the closing of Elk Grove Lane and beginning the process of connecting Elk Grove water to the APK development, and states that by allowing this to move forward, FCWSD will violate the existing covenants associated with water in the Elk Grove subdivision. The letter quotes the covenants to state "No pipeline shall be constructed, installed, replaced, or repaired within any easement of the Burdened Property without two-week's notice thereof to residences and businesses adjacent to the affected portion of the Easement" and "Any installation or construction of a pipeline across any street or road shall be conducted by boring under such street or road". President Cory Klumb noted that the Board will send a copy of the letter to its legal counsel, Susan Swimley. In response to a question Phil George stated that he was advised one day earlier that surveying and other activities on the main road may begin on Monday. A member of the public (unidentified) asked if the District would be able to allow APK to connect to the Elk Grove water system if Elk Grove had not annexed into the District. Phil George stated that a legal opinion on the question is needed but noted that the District inherited a pre-existing contract as part of the purchase of assets from Utility Solutions. Tom Kallenbach asked the Board when the hydraulic analysis was conducted for the APK-Elk Grove water connection, stating that MDEQ requires a hydraulic analysis, for public safety and welfare, if the water system does not have adequate pressure. President Cory Klumb stated that the Board will not be discussing non-agenda items. Mr. Kallenbach stated his belief that no hydraulic analysis was performed, which means APK's impact on the Elk Grove water system has not been analyzed, raising a public health safety issue. He stated that the District has misled the

department by implying that a hydraulic analysis for the APK and Elk Grove system has been completed, but DEQ has no such analysis. He said that they have documents from DEQ specifically and expressly excluding Buckman Siding. President Cory Klumb again stated that the Board will not be commenting on or discussing non-agenda items, and asked Mr. Kallenbach to end the discussion at this point and submit a request for his topic be placed on a future agenda.

GENERAL BUSINESS

2nd Reading of Ordinance North of Kennedy 2019-05

Ordinance 2019-05, "Ordinance Accepting the Annexation Petition of Niles Huska Living Trust, 2543 Jackrabbit Lane Bozeman, MT. Annexation Into the Four Corners Water & Sewer District". The project was described to the Board at the February 19, 2019 Board meeting.

Motion: VP Nancy Flikkema moved to accept the 2nd reading of Ordinance 2019-05; member Peter Thatcher seconded. There was no Board discussion and no public comment. *The motion carried 4-0.*

1st reading 3B and Quantum Holdings (Rosa/Johnson) 2019-06

Ordinance 2019-06, "Ordinance Accepting the Annexation Petition of 3B LLC & Quantum Holdings LLC, Tract 1 COS 2910 Bozeman, MT 59718 Annexation into the FCWSD". It was noted that the property owners are initially requesting 4 EDU with a possibility of 71 in the future.

Motion: Member Phil George moved to accept the 1st reading of Ordinance 2019-06; VP Nancy Flikkema seconded. There was no Board discussion and no public comment. *The motion carried 4-0.*

1st reading Creekside 2019-07

Ordinance 2019-07, "Ordinance Accepting the Annexation Petition of Hunziker Property, Tracts 4A and 5A of Certificate of Survey 640B Near Baxter Lane East Bozeman, MT 59718". It was noted that this property will be purchasing 2 EDU initially.

Motion: VP Nancy Flikkema moved to accept the 1st reading of Ordinance 2019-07; member Phil George seconded. There was no Board discussion and no public comment. *The motion carried 4-0.*

Performance Bonds discussion and Vote

Phil George noted that this is a carry-over discussion from the prior month. He noted this is a proposal to update the District's Rules & Regulations, adding clauses on "Performance Surety, Insurance and Warranty" for the infrastructure built in subdivisions which is anticipated to connect to the District's wastewater and water systems. He noted that the District recently discovered that a subcontractor had installed infrastructure which does not meet minimum requirements of the State of Montana, and the only recourse is for legal action. The proposed change in policy states that all developers will be required to provide the District with a performance guarantee in the form of a performance bond, or in the form of a CD, certified check or irrevocable Letter of Credit, at the District's discretion as to acceptable form. It was noted that the City of Bozeman has had such a policy for some time, and it is being proposed for Gallatin

County's regulations. Board comment noted that this seems to be a prudent policy to adopt into its Rules & Regulations.

Motion: VP Nancy Flikkema moved to adopt the proposed "Performance Surety & Insurance and Warranty" into the District's Rules & Regulations. Member Peter Thatcher seconded. There was no further Board discussion and no public comment. *The motion carried 4-0.*

Engineer's Report

Brad Hammerquist provided the report. He advised that the group's main focus has been on the new Water Reclamation Facility. They are finishing up documents and will be going out for bid on Friday. The bid period will be 3-4 weeks, with bid-opening expected in mid-May.

Monthly Operation & Maintenance Report

Phil George provided the report:

- The motor control center is installed at Zoot; pumps are running on VFD's. The new control system will be up and running next month.
- Disinfection upgrade to Zoot & Northstar have been approved by DEQ and materials have been ordered. Construction will begin at the end of April.
- The new vacuum trailer unit will be delivered by April 14 and the jetter trailer is expected the first week of May. Training will be conducted on site.
- The hydrant in Gallatin Heights has been repaired and the company responsible for hitting it has been billed for the repair costs.

Monthly Financial Report

Phil George provided the report:

G&A:

- A field maintenance supervisor has been hired
- E-bills will commence June 2019
- The post card presented to the Board will be mailed the week of May 6
- Results of the winter averaging has been applied to the Category 1 & 2 bills.

Financials:

Water: Revenue is above budget and expenses are slightly under budget. Two capital improvement projects are underway

Sewer: Revenue is above budget and expenses are under budget. It was noted that hauling continues to be the number one expense.

Shared Expenses: Expenses are slightly under budget. 550: Professional Services continues to be high due to GM and high legal expenses.

It was noted that the Board will review a high-level draft of the 2019-2020 budget in May with final approval in June. The Board indicated they are pleased with the current format.

New Facility

There were no new items to report.

Board Member Topics

Phil George presented a flow chart of the process for annexing into FCWSD.

Phil George presented as an FYI a high-level overview of his long-term vision for the District's sewer capacity. He noted that Phase A & B of the expansion will add 200K gal/day each to the existing 300K gal capacity at Elk Grove, for a total of 700K gal/day. The District is currently approved at 650K gal/day disposal. He presented an analysis of derating the facility by 15% and by 10%, and how many EDU's will the District have to sell. 1169 EDU are currently committed, and using a 10% derating, about 1081 EDU's are available to sell. He noted he has had inquiries (with no commitment) from several groups, for about 1612 EDU's. He noted that the previous owner of the system sold some developers more EDU's than have actually been built out, and the District is not receiving tax payments and/or revenue from those lots. He provided some ideas to avoid a "life-time commitment to a developer" such as:

- Limit the capacity sale to specific time; e.g. 5 years
- Developer may renew with
 - Purchase of additional time based on increase of capacity fee's
 - Commitment of tax payments/EDU
 - Commitment of revenue payments/EDU

He asked the Board to be thinking of ideas of how to preserve the integrity of the District, so it does not over-commit.

Adjourn

There being no further business before the Board, the Four Corners Water & Sewer District meeting of April 16, 2019 adjourned at 7:28 p.m.



Maralee Parsons
Secretary