

**FOUR CORNERS WATER AND SEWER DISTRICT MINUTES
REGULAR MEETING, May 19, 2020 via Zoom**

Call to Order

President Cory Klumb called the regular meeting of the Four Corners Water and Sewer District (FCWSD) to order at 6:31 pm on Tuesday, May 19, 2020, at the office of the Four Corners Water & Sewer District at 495 Quail Run Road, Bozeman, Montana.

Board Members present (including those attending via Zoom): President Cory Klumb, member Peter Thatcher, member Nancy Flikkema, member Bob Thelen, member Brad Early.

Staff/Public present (including those attending via Zoom): Amy Ellingson, Erik Lucksley, and Phil George from FCWSD; Jon Evans, Mark Webber, and Deb Stevenson representing the White Horse Development; Thomas J. Kallenbach, and Joy Davis, Secretary

Approval of Minutes

April 21, 2020 Board Meeting:

Motion: Member Nancy Flikkema moved to approve the minutes as written; member Peter Thatcher seconded. The minutes were approved unanimously.

Public Comment on Non-Agenda Items:

None were raised.

GENERAL BUSINESS

Board Nomination – Brad Early

Motion: Nancy moved to the accept nomination of Brad Early as new board member, to replace Heather West. Member Peter Thatcher seconded. No public comment. Motion passed 5-0.

Ordinance 2020-01 RDO 2nd Reading

Ordinance 2020-01: An Ordinance Accepting the Annexation Petition of RDO, 257 Laura Louise Lane, Bozeman, MT 59718, for Annexation Sewer Only.

Motion: Member Peter Thatcher moved to pass the second reading of Ordinance 2020-01; member Nancy Flikkema seconded. No public comment. Resolution passed 5-0.

Ordinance 2020-02 Cook 2nd Reading

Ordinance 2020-02: An Ordinance Accepting the Annexation Petition of Karl Cook and Ski Tip LLC, Lots 25 & 26 Shedhorn Subdivision, Bozeman, MT 59718, for Annexation.

Motion: Member Peter Thatcher moved to pass the second reading of Ordinance 2020-01; member Nancy Flikkema seconded. No public comment. Resolution passed 5-0.

Ordinance 2020-03 Anderson 2nd Reading

Ordinance 2020-03: An Ordinance Accepting the Annexation Petition of SKA LLC, Tract 2, Bozeman, MT 59718, for Annexation. This is for one EDU only.

Motion: Member Nancy Flikkema moved to pass the second reading of Ordinance 2020-03; member Peter Thatcher seconded. No public comment. Resolution passed 5-0.

Ordinance 2020-04 Olsen – First Kennedy Subdivision

Ordinance 2020-04 will have its first reading at the next board meeting.

Ordinance 2020-05 Felker – First Rainbow 1st Reading

Ordinance 2020-05: An Ordinance Accepting the Annexation Petition of Fawn Felker, 81133 Gallatin Road, Bozeman, MT 59718 for Annexation. This is for one EDU. Services are nearby and there is an existing well on the property for irrigation. Phil George recommends approval.

Motion: Member Peter Thatcher moved to pass the first reading of Ordinance 2020-05; member Nancy Flikkema seconded. No public comment. Motion passed 4-0 (Bob Thelen recused himself.)

White Horse Discussion

Jon Evans spoke on behalf of the White Horse Ranch subdivision (WHR), located at the southwest corner of Baxter Lane and Love Lane in Gallatin County. WHR has a draft agreement for irrigation water rights that has not yet been approved. Jon Evans asked for questions, concerns, or clarification from the board as to the reason for the delay and advice on how to move the agreement forward. WHR currently has an annexation agreement with the District for domestic water.

President Cory Klumb responded that the board is not in a position to discuss the matter, but his understanding is that the issues are being discussed and will be addressed by the proper entities.

Jon Evans asked for an idea of the timeframe for a decision. The estimated project start date for WHR is 6/1/2020.

Cory Klumb agreed to inform Jon as soon as he has an answer or more information, but did not know when that would be.

Jon Evans will continue to communicate with the District through Phil George.

Irrigation Rate Increase Discussion

Phil George proposed an irrigation rate increase. The increase would apply to irrigation-only customers, not homeowners. The last rate increase (2%) was in August 2018. Current rates are \$3.10/1,000gal for usage over base volume of 4,000gal/month. The proposal would keep the base fee the same, and raise rates for water over the base volume anywhere from 2-4.8%. If the board agrees, the District will notify the irrigation-only customers and bring a resolution to the board following that notification.

Amy Ellingson clarified for the board that irrigation-only customers are only billed May 21st to Oct 20th, and are generally condo associations. On average, the total usage is 41-acre feet per year.

The proposed increase is meant to encourage irrigation-only customers to opt for a well instead of using treated water for irrigation, which would help with the District's mitigation burden. The District can't drill wells without permission because they don't own the ground. Phil suggested that a compromise might be possible between the District and irrigation-only customers wherein the drilling and installation costs are shared. The well would then be transferred over to the customer and disconnected from potable water.

Phil will do more research and come back to the board with cost estimates for wells. Cost-per-well will drop significantly if drilled in bulk.

Cory proposed a combined approach for irrigation-only customers, a rate increase and an option to choose to drill a well.

Phil will notify customers, educate them on the need for irrigation wells, and bring more research and a resolution to the board at the next meeting. The board will consider holding a special rate hearing at the middle school following Phil's presentation at the next meeting.

Engineer's Report

Phil George provided the report. They are in the process of applying for the disposal permit and looking at building two more settling basins. The permit will probably take 8-9 months for approval after submission to the DEQ.

Monthly Operations & Maintenance Report

Phil George provided the report:

- Baxter Lane Sewer and Water Extension project started April 20th. The Sewer Main Bore under Jackrabbit has been installed and is usable. 80% of the Water and Sewer pipe has been installed on the west side of Jackrabbit.
- WRF project is focused on installation of underground piping, concrete placement for building foundations and process structures. Foundation footings and stem walls are nearing completion. WRF Phase 1 is projected to be complete by September.
- A pilot test of new technology for the treatment of the septicity in the force mains is still on hold due to COVID-19.
- VFDs have been installed at all Northstar and Elkgrove Wells, which should reduce District's costs.
- Construction has begun for the Sludge Dewatering Building at the EGWWTP.

General Administration Report and Monthly Financial Report

Amy Ellingson provided the General Administration Report:

- New Employees: All the new hires have started by now and seem to be working out well.
- Precautions: All COVID-19 precautions regarding cleaning, masks, and schedules are still in place. Once Phase 2 of the re-opening begins, the District will reevaluate.
- On-call Policy: More staff is available for on-call duties, so the District is working on crafting a more defined policy for the employee handbook.

Amy Ellingson provided the Monthly Financial Report:

- Total usage for April was down due to businesses being closed. Money from reserves has not been moved yet, but may be once Baxter Crossing is complete.
- In shared expenses, we are over budget in vehicle expenses due to the two vehicles purchased in August. We are over in personnel expenses and office expenses as well.
- Water has higher than expected revenue. Budget for repairs and maintenance overran some, but that was expected, in part due to painting pipes.
- Sewer has higher than expected revenue. Budget for repairs and maintenance overran some, but that was expected, in part due to some side projects.
- Board member expenses are for D&O insurance and the board secretary.
- Capital Projects:

- The office remodel and C1 fence have both been completed and paid for. Both projects came in under budget and the additional funding for those projects has paid for the awning project.
- The Elk Grove Well VFD Installation has begun.
- The C1 Clear RI Basins has begun and there are two more ponds to go. The project is expected to underrun.
- Elk Grove Lift Station is done and overran the budget by about \$2,000.
- Elk Grove Covers & Odor designs are still being completed, so no costs have accrued so far. Drawings should be done within the next two weeks.
- Elk Grove De-Watering Facility has just begun so bills will start coming in. So far, only \$80,000 of the \$240,000 budgeted has accrued.

Manager Topics

WRF Phase 2: We are progressing with the second building. Getting ready to place order for SBR #2 equipment. The price was fixed with the purchase of SBR1. Buildings will be erected simultaneously. Should be operational in seven months. There is a claim forthcoming from the general contractor.

Water Rights: Susan and Dana are continuing work on this with Utility Solutions.

Non-Compliance: Upon Susan's approval, Notices of Non-Compliance will begin to be issued to properties that are not in compliance with District standards. The notice states that such properties may not be sold until they are in compliance. Notices will be filed with the county.

Draft 2020-2021 Budget: Phil will go through the proposed budget again in June and further define capital plan and discuss use of reserves. Key assumptions are 1) that District revenue will not increase as much as it has this year 2) that the cost benefit of the EGWWTP will be somewhat offset by the operational costs of a second sewer plant and 3) that District will contribute to the water revenue bond at the level previously agreed upon.

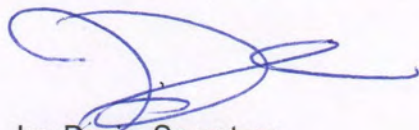
Board Member Topics

There were no further comments.

Next Meeting Date: Tuesday, June 16, 2020

Adjourn

There being no further business before the Board, the Four Corners Water & Sewer District meeting of May 19, 2020 adjourned at 7:37 p.m.



Joy Davis, Secretary