

Gallatin Gateway County Water & Sewer District

PUBLIC MEETING

Date: December 2, 2013

Time: 6:30PM

Place: Gallatin Gateway Fire Station, 320 Webb St., Gallatin Gateway, MT

For: Regular Meeting of the Board of Directors

AGENDA

1. Call To Order

- a. Call To Order
- b. Public Participation on Non-Agenda Items¹

2. Approval of Minutes

- a. Approval of Meeting Minutes for October 7, 2013
- b. Approval of Meeting Minutes for October 11, 2013

3. Reports of Officers, Standing Committees, and Special Committees

- a. Report of General Manager & Report of Financial Condition (Donnelly)
- b. Report of Community Liaison Committee (Janes)
- c. Report of Engineer (Thomson)
 - i. Technical Status
 - ii. Feedback and Discussion of Initial Design Drawings
 - iii. RUS Reports, Administration and Draw Requests
 - iv. TSEP Reports, Administration and Draw Requests
 - v. CDBG Reports, Administration and Draw Requests
 - vi. DNRC Reports, Administration and Draw Requests

4. Unfinished Business and General Orders

- a. Election of Board Officers
- b. Appointment of Key Staff

5. New Business

- a. Any New Business Which May Come Properly to the Board

6. Adjourn

¹ The opportunity for members of the public to comment on District matters which are not on the agenda. Time limits may be imposed at the discretion of the President.

Gallatin Gateway County Water & Sewer District

MINUTES OF THE

BOARD OF DIRECTORS

A regular meeting of the Board of Directors of the Gallatin Gateway County Water & Sewer District was held at the Gallatin Gateway Fire Station, 320 Webb St., Gallatin Gateway, MT, on December 2, 2013. Present at the meeting were board members Merle Adams, Ted Border, Steve Janes, and David Sullivan. General Manager Matt Donnelly and Secretary Maralee Parsons Sullivan were also present. In attendance were Kurt Thomson from Stahly Engineering, and Larry Watson from Gallatin County.

Members of the public attending included George and Mary Ellen Stewart and Christie Francis.

President Border called the meeting to order at 6:44 p.m. Maralee Parsons Sullivan recorded the minutes of the meeting.

PUBLIC COMMENT

President Border asked for public comment on non-agenda items. There were no non-agenda items raised.

President Border proceeded to the next item on the agenda.

APPROVAL OF MINUTES

After confirming that all directors had a draft copy of the November 4, 2013 meeting minutes, President Border asked whether there were any corrections. None were noted. Director Sullivan made the motion to approve the minutes as written, Director Janes seconded the motion and the minutes were approved unanimously.

REPORT OF GENERAL MANAGER & REPORT OF FINANCIAL CONDITION

Matt Donnelly provided an update on the financial accounts. Matt advised that he, Maralee, & Director Sullivan had met with the District's auditor (Troy Wattling of JCCS), who had made some suggestions on simplifying the financial statements, and these changes will be made in next month's update. Currently the General Fund has about \$50, with no expenses expected other than newspaper ads. This account will soon be reflecting revenue for the District, as we will begin sending quarterly invoices to lot owners to defray costs (per Ordinance 2013-1). The project account reflects engineering and legal costs; the Stahly invoices are current except for the current invoice, and we continue to defer the legal costs, currently about \$7-8K in arrears. These will increase due to expenses incurred in defending the lawsuit. This account has about a \$1000 cushion due to some money remaining from the land purchase. \$2500 has been drawn on the line of credit from Big Sky Western Bank.

Matt updated status on the Gateway Village (GV) lawsuit. The District purchased land on Cottonwood, and the discharge permit was approved by DEQ. The adjacent property owner, (GV) has filed a suit against DEQ and the District is named in the lawsuit. DEQ and District attorneys have filed a motion to dismiss, since there is no apparent evidence that negligence occurred. The judge has 30 days to respond; the DEQ response to the lawsuit is prepared, and submission is pending the outcome of the motion to dismiss. There was a question from the public about how much it will cost to defend; Matt advised the District has been told that it will cost the District between \$50K and \$100K. Matt stressed that DEQ council is leading the defense, to try to defray some of the legal fees incurred by the District. The District's insurance company has denied its claim to cover legal costs, but the decision is being appealed and will be heard at a hearing scheduled for February. There was a question from the public on impacts on grant agency money. The district has received a \$450K grant from CDBG for low-income support, \$750K from TSEP, \$100K from DNRC, and grants of \$1.65M from USDA. Matt advised that so far grant agencies have been very supportive, but any delays to the project would be a threat. The CDBG grant will reduce the rates significantly for low-income community members, and GV has protested this.

Matt reviewed 2 spreadsheets with estimated 20-year financial projections of growth and required system upgrades, to illustrate to the Board options for dealing with capital expenses. One option sets a fluctuating user rate (based on expenses) and another option sets a fixed user rate of \$67/mo. Future capital projects would be needed to upgrade the system and/or deal with issues such as phosphorous treatments. These projections do not include the possibility of GV adding 200 users in the next few years, however, should that happen, the projected upgrade projects could be moved up, and there would be enough users to support it, which would likely reduce user rates.

GV subdivision is coming up for County Planning Board review on Dec. 3. Matt will speak on behalf of the District to request that GV make an application to the District for service. The application process will enable us to determine if the District can provide service, based on the timing of the development's planned phases. Both existing users and in-coming users will be best served by a single public sewer service and Matt will convey this on behalf of the District. Christie Francis raised the point about the Gallatin Gateway Community plan, which specifies that there will be one sewer system, and that the community has been strongly encouraged to attend the Planning Board and County Commissioner hearings to speak about the impacts of GV on the community, specifically impacts to density, school and fire departments, community plan, and sewer system, and many are expected to attend the Dec. 3 Planning meeting.

Software: The District needs to upgrade in order to support invoicing; QuickBooks on-line version is an economical option, and we are experimenting with the free trial now. Features include aging, past-due notices, etc. Director

Sullivan stated that he wants the District to start invoicing with new software rather than a manual process. Director Sullivan made a motion to buy the QuickBooks on a month-to-month basis; Director Janes seconded the motion, and it was approved unanimously.

REPORT OF COMMUNITY LIAISON COMMITTEE

Director Janes provided the update. There was some discussion around the District publishing a newsletter to provide updates to the community about the sewer project milestones, impacts of GV lawsuit, etc., and it could be mailed with the invoices. Maralee volunteered to draft the newsletter, and each member of the Board and Matt will send her 4-5 items to be included.

REPORT OF ENGINEER

Kurt Thomson provided the engineer's report. Phosphorous issue is being looked at but there is no way to actually measure what the phosphorous level in town is, and whether or not we will actually need to treat it. DEQ has a level they want us to use, however Stahly is gathering data from surrounding communities to estimate what ours will be. They are taking a conservative approach, which is to plan for it, and have a specified area in the treatment and disposal area, which states 'phosphorous treatment, if required'. The discharge permit was very conservative, for example, DEQ feels the soil in the Buffalo Station drain field, has been compromised, and that the soil is not able to absorb as much phosphorous as if it were native soil. If we find after its all built that phosphorous levels are as high as DEQ thinks it will be, we either treat it, or get the permit adjusted. The phosphorous limit on the discharge permit is 486 lb/year; we requested just less than 1,000 lb/yr.

Majority of easements have been obtained. Kurt met with Pete Stein who drew up a diagram for where he and Francis Vargo would like the sewer main. They don't want easements going to the main on the property to the south, so there will be long services to Adams street right-of-way. Director Janes made a motion to accept a non-standard easement on Stein and Vargo properties, and also to thank them for their contributions to the District; Director Sullivan seconded the motion, and it passed unanimously.

Easements need to be signed by the residents, and then signed by the President and Secretary before a notary.

Pushing to get the collection system lift station and forced main plans and specs submitted. One major change to the schedule: they have broken out the collection and lift station forced main from the treatment and disposal, in order to attempt to accelerate the schedule. Kurt would like to bid those parts which are ready, prior to getting approval for treatment. This will enable us to compare quotes to estimates, and potentially could move up the construction sooner. We could potentially have one contractor doing collection and another doing

treatment, which would be fine. RFQ for treatment and disposal has been advertised and Stahly will be following up with possible suppliers as well; proposals are due Jan 10. Maintenance costs are included as part of the scoring. Stahly plans on making a recommendation for a treatment system in the Feb. 2014 Board meeting.

Matt Donnelly reported on the various government reports, administration and draw requests:

- RUS: nothing to report
- TSEP: There is one Stahly invoice which will need a draw request, but it was not available to review at the meeting, so this was deferred to the January 2014 meeting.
- CDBG: Larry Watson provided the report. The problem with the CDBG start up conditions had to do with the Environmental Assessment (EA) report, which was initially done in 2010. There were numerous delays in the actual filing, and when it was filed a quick revision had just been made to remove the Gateway Village property from the list of possible treatment sites, since negotiations had just broken off. The property which was purchased, the Vaughn property, was inadvertently left off the map in the report. The remedy is the EA needs to be revised and republish for review. This process has been started and Larry will be participating in an inter-agency call to review, and this process should be complete about end of March 2014. Matt indicated this does not hurt the District's construction timeline since most of the grant is for low-income assistance, which comes in toward the end of the build process. Larry wants to ensure we have notice of release of funds before we are too far into the construction process to ensure he has sufficient time to provide notice to the community.
- DNRC: nothing to report

UNFINISHED BUSINESS AND GENERAL ORDERS

Election of Board Officers

President Border opened the floor to nominations for the office of President. Director Sullivan nominated President Border, for re-election to another term as President. There were no further nominations. Director Sullivan made the motion to re-elect President Border to another one-year term as President. Director Janes seconded the motion, and it passed unanimously.

President Border opened the floor to nominations for Vice President. Director Adams nominated Director Janes. There were no further nominations. Director Adams made the motion to elect Director Janes as Vice President; Director Sullivan seconded the motion, and it passed unanimously.

Only one candidate, Steve Janes, filed for one of the two seats on the Board of Directors in the November 2013 election, so no election by ballot was held. In that case, the Board appoints the single candidate as Director by Acclamation.

Director Sullivan motioned to appoint Steve Janes by acclamation; Director Adams seconded the motion, and it passed unanimously.

Appointment of Key Staff

President Border made the motion to retain Matt Donnelly as General Manager. Director Sullivan seconded the motion, and it passed unanimously.

Matt informed the Board that Director Sullivan currently holds the position of Treasurer, but in reviewing the District's by-laws, they state that a Board member should not hold this position. President Border made the motion to appoint Maralee Parsons Sullivan as Treasurer. Director Sullivan seconded the motion, and it passed unanimously.

Matt recommended the Board form an audit committee, to begin preparations for the financial audit which will follow after the close of this fiscal year. Director Janes made a motion to form an Audit Committee. Director Sullivan seconded the motion and it passed unanimously. President Border appointed Director Sullivan as the chair; committee members will be appointed in a future meeting.

NEW BUSINESS

President Border asked for any unfinished or new business.

Director Janes asked if there were any candidates for the Board vacancy. There are no candidates at this time but will be discussed at the next meeting.

President Border asked for additional unfinished or new business, and seeing none, President Border noted that the next meeting date is January 6, 2014.

President Border then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 8:30 p.m.

Secretary