

Gallatin Gateway County Water & Sewer District

PUBLIC MEETING

Date: January 17, 2015

Time: 11:00 AM

Place: Gallatin Gateway Community Ctr, 300 Mill St., Gallatin Gateway,
MT

For: Special Meeting of the Board of Directors

AGENDA

- 1. Public Participation on Non-Agenda Items¹**
- 2. Unfinished Business and General Orders**
 - a. Discussion of technology options for continuing sewer project
 - b. Discussion and Decision on Discharge Permit Application
- 3. New Business**
 - a. Any New Business Which May Come Properly to the Board
- 4. 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 special meeting of the Board of Directors of the Gallatin Gateway County Water & Sewer District was held at the Gallatin Gateway Community Center, 300 Mill St., Gallatin Gateway, MT, on January 17, 2015. Present at the meeting were board members Merle Adams, Eric Amend, 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, District Council Susan Swimley, Teresa Doig, District Grant Administrator, and Larry Watson from Gallatin County. Members of the public included Dick Shockley, Peter Scott, Delsie Flategraff, Kerri Payne, Ann Prescott, Ruth Hargrove and Richard Hargrove.

President Border called the meeting to order at 11:02 a.m. Secretary Maralee Parsons Sullivan recorded the minutes of the meeting.

PUBLIC COMMENT

President Border asked for public comment on non-agenda items. District council Susan Swimley asked to make a comment. She stated that Terry Threlkeld had sent out an email the day before to several area residents, which inaccurately quotes the GGWSD attorney. Ms. Swimley asked that if anyone receives an email or hears a comment that quotes the District's attorney (Ms. Swimley), to please consider the source. She stated that she has not spoken to Mr. Threlkeld within the past year, nor is he authorized to speak for her, and every time he has, it has been inaccurate.

Seeing no further public comment, President Border proceeded to the next item on the agenda.

Unfinished Business and General Orders

Discussion of technology options for continuing sewer project.

President Border asked GM Donnelly to review the analysis he prepared for the Board to facilitate the discussion on options currently on the table for moving the project forward. Mr. Donnelly's analysis is broken into 4 categories, and he reviewed each of the options analyzed in each category, preceding his analysis with the comment that the District might consider any of the options in its long-term planning as it continuously seeks to expand and/or improve operations. For the short term, however, the District needs to stay within the constraints of its current funding package.

Treatment & disposal facilities owned by an entity other than the District.

1. Connect to Gateway Village facilities (currently do not exist): Mr. Donnelly attended a meeting with Mr. David Loseff of Gateway Village on 1/10/15, and Mr. Donnelly's take-away was there is no tangible timeline for this option which will provide a reasonable solution, given the timeline and constraints of the District's current funding package. When asked, Mr. Loseff was unable to present a definitive timeline, and only offered that he may know more in August 2015, whether he intends to create a gravel pit or a subdivision on that site, and Mr. Loseff has not provided any specifics as to what the

costs of operations and connection are estimated to be for the District.

2. Connect to Utility Solutions facility (Four Corners): They have an existing operation and existing capacity. In previous discussions they had indicated they wanted to own the collection system, but the District's funding package precluded this condition (Federal government won't pay to build the collection system if it is to be deeded to a private entity). Recent discussions, however, indicate this point now may be negotiable so this should be pursued to determine feasibility and costs.

Treatment facilities owned by the District with no discharge to groundwater (spray irrigation)

3. Treatment at Cottonwood Road site with spray irrigation and holding pond south of Cottonwood Road: This was considered when the PER was written. The inherent constraints such as cost; difficulty in finding a willing landowner with suitable farmland to receive the treated wastewater for spraying; the requirement that effluent be disinfected in most cases; and public opposition to holding ponds and/or lagoons (about 7 acres) were among the reasons why this option was not originally selected by the Board. This is not believed to be a viable option under the current funding package because of higher rates (leasing land cannot be paid for by grants and/or loans), but the Board may want to consider contacting landowners to gauge interest.

Treatment facilities owned by the District with disposal facilities leased to an entity other than the District

4. Treatment at Cottonwood Road site with groundwater discharge using the existing Gateway Village discharge permit on the Gateway Village site. Mr. Donnelly asked Mr. Loseff at the 1/10/15 meeting if there was a possibility of a District-owned treatment facility discharging to a Gateway Village-owned disposal site. Mr. Loseff is not inclined to entertain the discussion at this time.

5. Treatment at Cottonwood Road site with groundwater discharge south of Cottonwood: Timeline of permitting a new site will be very challenging under constraints of current funding packaging, but Mr. Donnelly stated that it is a good idea to pursue discussions with landowners.

Treatment & disposal facilities (entire process) owned by the District.

6. Treatment & disposal at Cottonwood Road site: Mr. Donnelly believes this has the most tangible timeline under the constraints of the funding package. In an email dated 1/15/15, Mr. Loseff stated that he will sue the District if treatment and disposal are pursued on the District's property.

The District's attorney has offered her assessment of the unfavorable legal opinion issued by the court and has advised the Board that re-submittal of the discharge permit application on the existing site is a viable legal option.

Mr. Donnelly concluded his analysis by stating it is his opinion that the last option has the most reasonable and fixed timeline under the constraints of the current funding package, but that does not mean he believes the Board should not consider all viable options.

There was no public comment on this discussion, so President Border opened the agenda item to Board comments.

Director Janes asked for clarity on the timeline of the District's funding package. Teresa

Doig was introduced as the District's grant administrator. There are 5 grant agencies involved, the largest of which is USDA (Rural Development). Their current letter of conditions expires in August 2016, however, if the District's project is moving forward, and was in construction at that point, it would likely be extended. Ms. Swimley stated that if the District is meeting the conditions of the letter, RD will look at the time spent and will remove time the District was held up in litigation. If more capital funds will be needed from RD we will need to have our request in by early August 2015 to meet this year's funding cycle (potential litigation would not effect this). Our current budget is still intact, so it is possible additional funds will not be needed.

There was some discussion around the lawsuit, options to avoid the trespass claim (such as avoiding a mixing zone which would increase costs), legal options available, and whether or not legal options would help with the timeline for the permit application. Council Swimley stated that the Board has until Feb. 11 to appeal the trespass claim, which could go to the Montana Supreme Court. This will be an item on the agenda at the February Board meeting.

There was discussion on the timeline and cost of submitting a new discharge permit application on the existing site. Kurt Thomson advised they will need to do a 24-hour pump test and dig 2 new wells, so they expect a 30-45 day period to resubmit. The engineers estimate \$28K as the cost; Mr. Donnelly advised that he heard on the conference call with the grant agencies earlier in the week that additional funds may be available. Ms. Doig is still investigating. A discharge permit application for a site other than the current site would take minimally 9 months before it could be submitted (survey, new EA, testing, etc.).

Mr. Donnelly provided a brief summary of the report submitted by the hydrologist hired by Gateway Village. In response to the County Commissioner's request for comments on the Gateway Village (GV) sub-division application, the District replied that anyone who builds in the area should submit an application to the District to hook-up to the public sewer system, which is in keeping with the Gallatin Gateway Community Plan, which states that there should be just be one sewer system to support the community. The developer then hired a hydrologist to evaluate the District's site to determine if it could support the needs of both the Gallatin Gateway community (a discharge of 30K gal/day), and the needs of the new sub-division (60K gal/day). The hydrologist said that a level II system was not capable of supporting both, and tendered an opinion that the District would not get a permit exceeding 30K gal/day. The District did, in fact, get a permit for 30K gal/day, which meets the need of the community. Ms. Swimley pointed out that the discharge permit issued to GV is for 60K gal/day, which they have stated is the capacity necessary for the sub-division, so GV would not have treatment capacity for Gallatin Gateway. In order to support Gallatin Gateway as well, GV would need to increase its capacity, with additional capital costs likely resulting in a significant increase in operating costs (and rates).

There was brief discussion of spray irrigation on suitable farmland. Mr. Thomson stated that the District would need additional land for storage, and the crop needs to be for non-human consumption. He would not recommend underground storage due to costs.

The timeline of pursuing a discharge permit on land south of Cottonwood was discussed. A) Locate/sign a suitable property (1-2 months). B) 9 months of groundwater sampling and hydro-geological testing. C) Prepare discharge permit application (1 month) D) send to DEQ for review (4-6 months if public hearings are required). To be applicable

for the current funding package would need to be included in the PER, or a new EA would be required (an additional 2-3 months). Ms. Swimley pointed out that this option does not preclude the threat of additional litigation.

Director Adams commented that he has had some discussions with 2 of the 5 property owners identified as potential sites as alternate disposal sites. More detailed discussions with the owners will be needed, and the District's ability to pay for additional land, keeping in mind the community's need for affordable rates, needs to be further analyzed and discussed.

There was further discussion on option 4 (discharge using the Gateway Village discharge permit on their site). Ms. Swimley said at the 1/10/15 meeting with Mr. Loseff, he said that **if** he builds an SBR system, he would talk to the District about some type of connection, and that he would need to be in control of the treatment and discharge. Since this facility does not exist, and may not exist, and cost to connect and rates are unknown, the Board feels it is highly unlikely this option could provide the same service at the same costs as the public system at this time.

The Board decided to continue to explore all options. Director Adams will continue discussions with property owners. Mr. Donnelly, Mr. Thomson and at least 1 Board member will pursue discussions with Barb Campbell at Utility Solutions.

Discussion and Decision on discharge permit application.

President Border opened the agenda item to public comment. Mr. Rick Hargrove pointed out that the email from Mr. David Loseff (attached to the GM's analysis) essentially states that he will close the door on future discussions of a tie-in arrangement with a Gateway Village SBR and the District's customers, if the District chooses to continue pursuing the use of its land for its wastewater treatment and discharge. Director Janes stated that if Mr. Loseff chooses to close the door on discussions, that would be his choice, but the District is not closing the door on discussions.

President Border opened the agenda item to Board discussion by asking for a motion. Director Sullivan made the motion to resubmit a modified discharge permit to DEQ, using the SBR technology, on the existing site, and addressing issues raised the judge in his ruling. Director Amend seconded the motion.

Discussion & Findings cited by the Board in reaching its decision:

- We have a scientifically sound technology (SBR) and need to move it through to completion, and this is the most cost effective solution;
- The new permit will include SBR technology, not Level 2 as in the previous permit;
- Applying for a new discharge permit does not preclude the District from exploring other options;
- This option has the highest probability of success given the District's current funding package;
- Keeping treatment and disposal at close proximity has the lowest O&M expense, relative to other options.

President Border called the motion, and it passed unanimously.

NEW BUSINESS

President Border asked for any unfinished or new business, and seeing none asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 1:12 p.m.

Secretary