

Gallatin Gateway County Water & Sewer District

PUBLIC MEETING

Date: February 2, 2015

Time: 6:30PM

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

For: Regular Meeting of the Board of Directors

AGENDA

1. Public Participation on Non-Agenda Items¹
2. Approval of Minutes
 - A. Approval of Meeting Minutes for January 5, 2015
 - B. Approval of Meeting Minutes for January 17, 2015
3. Reports of Officers, Standing Committees, and Special Committees
 - A. Report of General Manager & Report of Financial Condition
 - B. Report of Community Liaison Committee
 - C. Report of Engineer
 - i. Technical Status and ongoing design review comments
 - ii. RUS Reports, Administration and Draw Requests
 - iii. TSEP Reports, Administration and Draw Requests
 - iv. CDBG Reports, Administration and Draw Requests
 - v. DNRC Reports, Administration and Draw Requests
4. Unfinished Business and General Orders
 - A. Discussion on Seeking Loan to Pay Outstanding Accounts Payable Liabilities
 - B. Discussion and Decision on Engineering Services Contract Amendment for Discharge Permit Application
 - C. Discussion and Decision on Applying for DNRC Planning Grant
 - D. Discussion of Gateway Village v. DEQ/Gallatin Gateway County Water and Sewer District NOTE: This item may be closed to discuss litigation strategy.
5. New Business
 - A. Any New Business Which May Come Properly to the Board

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 February 2, 2015. Present at the meeting were board members Ted Border, Steve Janes, and David Sullivan. Directors Merle Adams and Eric Amend were absent. 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. Public attendees included Pete Stein.

President Border called the meeting to order at 6:31 p.m. Secretary 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 January 5, 2015 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.

After confirming that all directors had a draft copy of the January 17, 2015 special meeting minutes, President Border asked if 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, TREASURER & APPROVAL OF EXPENDITURES

GM Matt Donnelly provided the report. Director Adams has had some discussions with Mr. Black regarding his property; they are interested and have some questions, which are outlined in Mr. Adam's email to the Board. Mr. Donnelly will be setting up a meeting with Barb Campbell at Utility Solutions.

Treasurer Maralee Sullivan reviewed the current monthly financial package (P&L and Balance sheet) for FY starting July 1, 2014: January 2015 activity included \$346 legal and \$44,400 engineering expenses. A review of the quarterly summary of actual to budget revenue/expenses for the General Fund show

expenses are aligned with the budget. The project fund indicates the accruing legal and engineering expenses.

REPORT OF COMMUNITY LIAISON COMMITTEE

Director Janes advised he had nothing to report.

REPORT OF ENGINEER, GRANT AGENCY DRAWS & REPORTS

Kurt Thomson provided the engineer's report. Stahly has proceeded with the 24-hour pump test on the existing well and existing site, with good results. Mr. Thomson provided the Board with 4 options that Stahly sees as the most viable options for moving forward:

1. Spray Application
2. Connecting to Four Corners
3. Resubmitting the discharge permit with a mixing zone
4. Resubmitting the discharge permit without a mixing zone (similar to that of Rae Sewer and Chesapeake Bay)

The Board will be pursuing options 1 & 2 independent of the discharge permit application, as discussed at the 1/17/15 special Board meeting. There was discussion around options 3 & 4: Resubmitting with a mixing zone requires a new pump test, and drilling 2 new deep wells (about \$15K in the application costs). For the no mixing zone option, the 2 new wells are not required so preparing the application will be at a lower cost and can be completed more quickly, which is beneficial given the time constraints of the current funding package. A non-mixing zone discharge permit would add 2 capital components to the construction design: a greenhouse over the treatment facility (needed for winter months), and a UV disinfection facility. A provision is also needed for future nitrogen filtration (not needed at start-up). RD has said the District can apply for additional capital money (a mix between grants and loans) once additional capital costs are known. There is no impact on capacity for either option. Mr. Donnelly indicated that the mixing zone option application costs run about \$30K, with new grant money being applied for from DNRC planning grant (\$15K) and the remainder sourced from RD. A non-mixing zone application will cost about \$15K, sourced from the new DNRC grant. Mr. Thomson will be getting additional information on capital costs for greenhouse, disinfection and filtration. Other than the enhanced timeline of submitting the application, other benefits to a non-mixing zone noted by the Board include added disinfection that may result in better water quality, and the additional aesthetics and security of a covered treatment site.

Director Sullivan made the motion to authorize Stahly to proceed with preparing a discharge permit application without a mixing zone, once the DNRC grant money is secured. Director Janes seconded the motion and it passed unanimously.

Maralee Sullivan reported on the various government reports, administration and draw requests:

- RUS: nothing to report
- TSEP: Ms. Sullivan presented a draw request for \$1,316.17 to pay various Stahly invoices. Director Janes made the motion to approve the draw request; Director Sullivan seconded the motion and it passed unanimously.
- DNRC: Ms. Sullivan presented a draw request for \$46,003.98 to pay various Stahly invoices. Director Sullivan made the motion to approve the draw request; Director Janes seconded the motion and it passed unanimously. Mr. Donnelly noted that DNRC is a \$100K grant, and DNRC has allowed the District to spend all but \$10K of the grant money prior to the construction phase.
- CDBG: Larry Watson provided the report. The commissioner and county attorney have received the letter from Mr. Donnelly, and have scheduled a meeting for 1:30 on 2/11/15 to discuss whether to pursue the extended public hearing on the EA which CDBG requested, or wait until the new discharge permit application is filed, and perhaps issue an addendum to the EA to address any new research, or technology introduced since the first EA.

UNFINISHED BUSINESS AND GENERAL ORDERS

Discussion on Seeking Loan to Pay Outstanding Accounts Payable Liabilities

Ms. Sullivan read the email message from grant administrator Teresa Doig, which addressed the question of whether TSEP would object to a commercial lender (Big Sky Western Bank) placing a lien on the District's land (purchased through TSEP grant) as collateral for a loan. TSEP considers the land as the District's property, and therefore does not have any issue with it being used as collateral. She also stated that the DNRC State Revolving Fund (SRF) program, if available to the district, would provide a low interest alternative to a bank loan in order to eliminate outstanding payables. She has not yet received a response from the SRF financial advisor, but she did speak with the District's bond attorney, Bob Murdo, regarding the logistics of securing a SRF or bank loan. He feels a loan from either source is possible but there are procedures which will need to be followed. Director Sullivan will follow up with Big Sky Western Bank, and Teresa is authorized to pursue the SRF program.

Discussion and Decision on Engineering Services Contract Amendment for Discharge Permit Application

The amendment is not ready; this will be on next month's agenda.

Discussion and Decision on Applying for DNRC Planning Grant

There is a \$15K grant available to cover the additional scope for applying for a discharge permit, using the SBR technology. Director Sullivan made the motion authorizing Ms. Sullivan and Mr. Donnelly to complete and submit the DNRC Planning grant application; Director Janes seconded the motion and it passed unanimously.

Discussion of Gateway Village v. DEQ/Gallatin Gateway County Water and Sewer District NOTE: This item may be closed to discuss litigation strategy

Mr. Donnelly stated that at the 1/17/15 meeting the Board opened discussion on whether to direct council to appeal the trespass portion of the judge's decision, with a decision to be made at the regular February board meeting. The Board found discussing this decision in an open meeting was not detrimental to the District's position, so they chose to not close the meeting. Mr. Donnelly advised that both District council Swimley and litigation council Payne recommend to the Board that it authorize them to appeal the trespass claim. Mr. Payne has advised that the District's insurance company will pay for the appeal, since the District would be open to liability if there were to be an outstanding trespass claim against the District. GM Donnelly recommended the Board authorize the appeal, in order to put this issue before the courts now, and have it move in parallel to the District's discharge permit application process, rather than at the end of the process. Director Sullivan made the motion to authorize District council to appeal the trespass claim, Director Janes seconded the motion and it passed unanimously.

NEW BUSINESS

President Border asked for any unfinished or new business.

President Border then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 7:53 p.m.

Secretary