

Gallatin Gateway County Water & Sewer District

PUBLIC MEETING

Date: May 1, 2017

Time: 6:30PM

Place: Gallatin Gateway School, 100 Mill St., Gallatin Gateway, MT

For: Regular Meeting of the Board of Directors

AGENDA

I. Public Participation on Non-Agenda Items¹

II. Conflict of Interest Disclosure²

III. Approval of Minutes

A. Approval of Meeting Minutes for April 3, 2017

IV. Consent Agenda

A. None

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

A. General Manager Report, Treasurer Report, Approval of Expenditures

B. Report of Engineer

i. Technical Status

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

vi. INTERCAP Reports, Administration and Draw Requests

VI. Regular Business

A. Review Draft 2017/2018 Operating Budget (This item will appear on June 5 agenda for approval.)

B. Nomination and Election of Candidate(s) To Fill Vacant Seat On Board of Directors

C. Discussion and Decision to Schedule Public Hearing to Modify Minimum VRU per Connection

VII. 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.

² An opportunity for Board members to disclose any potential, perceived or real conflict of interest on any item on the agenda or for any District business.

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 School, 100 Mill St., Gallatin Gateway, MT, on May 1 2017. Present at the meeting were board members Eric Amend, Ted Border, and David Sullivan. General Manager Matt Donnelly and Secretary Maralee Parsons Sullivan were also present. Paul Herbst from Stahly Engineering and District grant administrator Teresa Doig were present. Public attendees included Rob Nygard, Pete Stein, Elena Wexall, Gwendolyn Senvold, Kerri & John Payne.

President Border called the meeting to order at 6:30 p.m. Secretary Maralee Parsons Sullivan recorded the minutes of the meeting.

PUBLIC PARTICIPATION OF NON-AGENDA ITEMS

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

CONFLICT OF INTEREST DISCLOSURE

President Border asked if there were any items of conflict of interest, or potential conflict of interest, to be raised. None were raised.

APPROVAL OF MINUTES

After confirming that all directors had a draft copy of the April 3, 2017 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 Amend seconded the motion and the minutes were approved unanimously.

REPORT OF OFFICERS, STANDING COMMITTEES, AND SPECIAL COMMITTEES

General Manager Report, Treasurer Report, Approval of Expenditures

GM Matt Donnelly provided the report. He continues to get requests for stubs to be installed from residents whose property is not included in the initial project, i.e., they do not have an existing septic tank which is being removed. In an effort to accommodate such requests, he, Teresa Doig and Maralee Sullivan have developed a process to allow customers to pay for the work being done in installing stubs. He has also received some informal requests for future connections later in the year from people inside and outside the District. In-District customers will need to go through the application process, pay the Plant Investment Charges, etc., and the GM will evaluate their applications based on capacity available (Board approval is also required for customers requesting >5 VRUs.) Out-of-District customers, who would be requesting to tap into our

pipeline between Gallatin Gateway and Four Corners, would need approval from both Districts. Mr. Donnelly advised that FCWSD is not accepting new annexations, until the planned expansion of their WWTP is completed, expected to be in the fall of 2019. As such, Mr. Donnelly is advising out-of-district customers that the District is not accepting applications at this time. In addition, he reported that a representative from NW Energy has contacted the District, asking if the District's Cottonwood Road property could be used for laydown of poles for an upcoming GG project, and asked for Board feedback. Board comment included a concern about the existing drainfield, and also asked that GGWSD be named in their liability insurance policy, and also stipulate that NW Energy would be responsible for cleaning up any debris, etc.

Treasurer Maralee Sullivan reviewed the current monthly financial package (P&L and Balance sheet) for FY starting July 1, 2016: Income for April included \$85,405 from the last of the 595 grant, \$235,683 in TSEP grants, and the first RD loan payout of \$49,887. Money received from these draw requests paid the outstanding Stahly invoices, bringing them current, and JR Civil's pay request #1. In addition, an invoice for \$2200 was created for the first stub request. Expenses incurred for the month included \$55,267 in engineering (2 invoices), and \$174 in legal.

REPORT OF ENGINEER, GRANT AGENCY DRAWS & REPORTS

Paul Herbst provided the engineer's report. He advised that JR Civil has 2 more crews working this week. They are working on the manholes along Tracy Street, and will be at Webb Street by the end of this week. There is a crew at FCWSD, starting to put in the forcemain. The contractor has completed the jack & bore operation at Penny Lane at Hwy 191, and they are now starting the jack & bore operation on Mill at Hwy 191. He reported that there were 2 days of weather delay the previous week, but believes with 3 crews on board they should be able to make up some time. He noted that smaller equipment than what is currently being seen around town will be used for private property work. He also reported that there have been some struggles with directional drilling as they repeatedly hit rocks, and will be trying smaller equipment. A question was raised whether a 4th crew might be added, and if so, how would the inspection be handled? Mr. Herbst advised that a 4th crew may be added, and JR Civil would be responsible for additional inspection.

Mr. Donnelly made a further comment regarding a recent newspaper article in the Chronicle, which reported that JR Civil had received a violation from DEQ during their initial de-watering activities. They encountered more water than expected, and the water which was being released onto private property flowed over into the river. Mr. Donnelly noted that the permit which was violated belonged to the contractor, not the District, and the contractor has since corrected the issue.

Grant Administrator Teresa Doig presented 2 draw requests for the Board's consideration. 1) TSEP draw # 21, \$23,708.79 (payment to JR Civil pay request

#2) and 2) RD Loan draw \$302,971.23 (payment to JR Civil pay request #2 and Stahly inv# 56 (less task 8.08) \$33,965.01. It was noted that the engineer's amendment for \$40K for task 8.08 was received too late to be added to the agenda, and will be on the June agenda for review and approval. The Board reviewed JR Civil pay request #2 and Stahly inv#56. There was no further Board discussion and no public comment. Director Amend made the motion to approve Stahly invoice #56, approve JR Civil pay request #2, approve draw request to TSEP for \$23,708.79, and approve RD loan draw request for \$302,971.23. Director Sullivan seconded the motion, and it passed 3-0.

REGULAR BUSINESS

Nomination and Election of Candidate(s) to fill Vacant Seat on Board of Directors

President Border opened up the nominations for Director of GGWSD, noting there are 2 seats currently open. Director Amend nominated EJ Engler. President Border nominated Kerri Payne. Seeing no further nominations, President Border closed the nominations for Director of GGWSD and asked for public comment. In response to a query of a Director's duties, President Border advised that in addition to regular Board meetings, other ad hoc meetings are often held, but it is usually not mandatory for all Directors to attend. Elena Wexall commented that she would be interested in serving as a Director, but will not have the time available until after July 1. Ms. Payne stated that her free time is quite limited and expressed concern about her ability to serve. After some discussion, she withdrew her nomination. Director Amend provided his opinion regarding the qualifications and suitability of EJ Engler to serve on the Board, stating he has known him for 21 years, he is experienced in construction, including large projects, and would bring some good insight to the Board. Director Border commented that he agreed with Director Amend's statements. There was no further discussion and no further public comment. President Border called the question of appointing EJ Engler to the Board, and Mr. Engler was appointed with a Board vote of 3-0.

Review Draft 2017/2018 Operating Budget

GM Donnelly presented a first draft of the Sewer Operations budget. He noted that this is one of 3 budgets utilized by the District to track financial activity; this budget tracks all financial activity related to the regular, on-going operating and maintenance expenses for the sewer system. The other 2 budgets are the Project Budget and the General Fund Budget, not being presented at this meeting. Board comment included a request to put the budget into Excel, rather than QuickBooks, with more detail of the expenses, and it was noted that there should be a category for depreciation expenses. The Board also commented that they would like to see the sewer operating expenses estimated with a more conservative flow than 170 gal/VRU. Public comment included a question on whether customers would be provided with a discount, if they were to prepay a full year of sewer charges. Mr. Donnelly took a note to include this as a discussion/decision item at the District's next rate hearing; staff indicated they would generally support this to improve the District's cash flow.

Discussion to Schedule a Public Hearing to Modify Minimum VRU per Connection

GM Donnelly stated that the District's Rules need to be continuously reviewed and modified, as deemed appropriate by the Board. He noted that Appendix B of the Rules and Regulations states that the minimum VRU to be charged for a connected structure is 1 VRU, which is the equivalent of a 2-bedroom house. He noted that a minimum VRU needs to be stated, but asked for Board feedback on whether it should remain at 1 VRU, or be changed to a portion thereof. He believes there could be as many as 4 properties in the District which could be considered less than 1 VRU, based on property description. There was some discussion on the history of choosing 1 VRU as the minimum, and it was noted that the Board felt there were a number of residential properties in the District, which could potentially argue bedroom "usage" as something other than a bedroom, and the District did not want to open debate among property owners at the initial assessment of VRU's, but rather develop a process whereby individual owners could petition a review of the number of VRU's assigned. Board comment included the need to wait until the District has actual flow rate data available, before making any changes to the VRU determination. There was no public comment. The Board decided they will wait until such time as flow rate data is available, before determining if the minimum VRU should be changed.

President Border then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 8:25 p.m.



Secretary