

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 December 3, 2018. Present at the meeting were board members Eric Amend, Ted Border, and David Sullivan. General Manager Matt Donnelly and Secretary Maralee Parsons Sullivan were present. There were no members of the public in attendance.

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. None were 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 November 6, 2018 meeting minutes, President Border asked whether there were any corrections. None were noted. Director Amend made the motion to approve the minutes as written, Director Sullivan 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 O&M report, noting that daily flows are averaging about 13,000 gallons. Paving around manholes was completed in November so we will be able to track and manage infiltration going forward. FCWSD has recommended some modifications to the District's lift station to reduce septicity, and the recommendations are currently being reviewed. Mr. Donnelly advised that he met with FCWSD GM, Phil George, the prior week to discuss capacity and operational topics. He noted that Mr. George was agreeable to GGWSD selling its excess capacity, and a memorandum of understanding will be drawn up to outline the process and parameters. The two districts will also pursue developing a formal O&M agreement whereby FCWSD will manage the maintenance of the District's lift station. He noted he is also working with Teresa & Maralee to close out the project's grants and loans. A negotiated settlement

between the District, its engineer and its contractor is close to being finalized and will be distributed to the Board when available.

Treasurer Maralee Sullivan reviewed the current monthly financial package (P&L and Balance sheet) for FY starting July 1, 2018: Revenue for the month of November was \$10,866 and expenses totaled \$8,517. She noted that the District paid off the last \$2200 of the outstanding balance of the line of credit. Ms. Sullivan presented one invoice for approval, a \$2500 partial billing for the audit in progress, and recommended that the District pay this from its General Fund, and request reimbursement from RD grant money (\$13K budgeted) in a single draw request upon completion of the audit. Director Amend moved to approve payment of the Anderson ZurMuehlen invoice for \$2500, to be paid from the General Fund. Director Sullivan seconded the motion. There was no further Board discussion. The motion carried 3-0.

Report of Ad Hoc Committee on Rules

Mr. Donnelly stated that the committee had nothing new to report, and he will be writing up the recommendations for the committee's approval.

Sewer Project Draw Requests

Ms. Sullivan presented a draw request prepared by grant administrator Teresa Doig, for the final draw from DNRC grant for \$10,000.00. The contract with DNRC is expiring 12/31/18. The \$10,000 will be used to pay a portion of the District's bond council legal fees (Jackson, Murdo & Grant, P.C., #6895 for \$30,000). Director Amend moved to approve the draw request to DNRC for \$10,000 in grant funds, to pay a portion of the bond council legal fees. Director Sullivan seconded the motion. There was no further Board discussion. The motion carried 3-0.

REPORT OF ENGINEER, GRANT AGENCY DRAWS & REPORTS

Kurt Thomson was not present, and Mr. Donnelly advised that the engineers are working on the punch list, which still has some open items. He noted that Stahly is responsible for inspecting all punch list items.

REGULAR BUSINESS

Discussion and Decision on Petition for Review of VRU computation for S. Meyers

Agenda item was deferred as Mr. Meyers had requested to speak to the Board but was not present at the meeting.

Discussion and Decision on Petition for Waiver of Rule 1145 for Johnson et.al.

Mr. Donnelly advised that an agent for the property owner has petitioned the Board for an exception to Section 1145 of the District's Rules & Regulations. The property is at 76370 Gallatin Road. The petitioner wishes to connect two small structures, 736 sq. ft and 850 sq. ft, to one service lateral. The District rule in question states that each structure must have a separate service lateral. Under MDEQ rules, a sewer line that connects multiple structures is defined as a sewer

main. MDEQ allows for exceptions, and the petitioner has filed for an MDEQ exception. Staff findings: the two structures are small in size with neither exceeding 1000 sq. ft.; it is cost prohibitive to install two service laterals to serve the intended use; the engineer concludes that the proposed lateral is sized appropriately for the two structures; the two structures are located on the same parcel; and two services already exist on the parcel so this would be the third. Mr. Donnelly stated that he believes the petition has merit, and that petitioner has supported the petition with evidence that the criteria for exceptions set forth in Section 1145 have been met, and recommends that the petition be granted. Board discussion included clarifying questions and noted that the petition appears to be reasonable. Director Sullivan moved to approve the Johnson petition for waiver of Rule 1145; Director Amend seconded the motion, which carried 3-0.

Review and Approval of Financial Policies: “Collection of Federal Funds and Minimizing Time Held”; “Determining the Allowability of Costs in Federal Award Contracts”; “Cybersecurity Policy”

Ms. Sullivan presented the 3 draft financial policies, noting the previous year’s audit included a recommendation to develop and adopt these written policies. She noted each of the 3 policies were derived from content in each of the applicable sub-sections of the Code of Federal Regulations (CFR), specifically CFR 200.302 (b) 6; CFR 200.302 (b) 7; CFR 200.303 e. Director Amend moved to approve the three draft policies as written; Director Sullivan seconded the motion. There was no Board discussion. The motion carried 3-0.

Review and Approval of Operating Policies: “Initiation of Billing for New Connections” and “Capacity Allocation”

Mr. Donnelly presented the draft of both operating policies.

Initiation for Charges for New Connections: The date of the District’s inspection of the connection (new construction) shall be deemed to be the date of the permittee’s connection to the District facilities, and all applicable rates and charges shall commence on the 31st day after the date of connection, for new construction. The policy shall allow the permittee to request a delay of initiation of charges, in writing, for up to 45 days, with subsequent written requests permissible if needed. There was some discussion on how to handle existing buildings annexing into the District. It was decided to add an additional section for “Initiation of Charges for Existing Structures: charges will commence on the day of connection” (day of inspection of connection to the District’s pipeline).

Capacity Allocation: The policy states that 3,500 gpd of capacity shall be continuously reserved for in-district development, and capacity shall be allocated on a first-come, first-serve basis wherein the date of receipt of the Pre-Design Application serves as the basis for the allocation queue. The policy establishes guidelines for out-of-district requests from properties contiguous, and non-contiguous, to existing district boundaries.

Director Amend moved to approve the policy "Initial for Charges for New Connections" as amended and approve the policy "Capacity Allocation" as written. Director Sullivan seconded the motion. There was no further Board discussion. The motion carried 3-0.

President Border then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 7:36 p.m.

Secretary