

# **Gallatin Gateway County Water & Sewer District**

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## 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 February 4, 2019. Present at the meeting were board members Eric Amend and Ted Border. Director David Sullivan was present via telephone. General Manager Matt Donnelly was present. Treasurer Maralee Sullivan was present via telephone. Kurt Thomson was present, acting in the capacity of the District's engineer. Ron Page attended as a member of the public.

President Border called the meeting to order at 6:30 p.m. and determined the presence of a quorum. Matt Donnelly recorded the minutes of the meeting.

#### PUBLIC PARTICIPATION ON 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 January 7, 2019 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 17,000 gallons. It was discovered that the emergency backup generator showed an alarm, and Cummins will be contacted to provide service. Mr. Donnelly then moved to project-related activities. He reported that the government shutdown had brought grant/loan requests and responses to a halt. Provided that the government shutdown does not interfere, the revenue bonds are scheduled to close on February 13. Mr. Donnelly also reported that several out-of-district applications were pending, but there were no approvals or Board action required at this time.

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 January

was \$34,251 and expenses totaled \$2,396. Ms. Sullivan noted that the District had not yet received payment for all “private stubs” associated with the sewer project, but that statute provides for collecting payment through property tax mechanisms. She reported that \$1100 was outstanding, and that the money was needed to make final payment to the contractor in conjunction with contractor Pay Application 17. Director Amend then moved to authorize payment of \$1100 from the District’s general fund to augment USDA funds to pay PayApp17, and that the \$1100 be reimbursed to the general fund when paid by the customer. Director Sullivan seconded, and after discussion the motion passed unanimously. Ms. Sullivan then noted that USDA had notified her that \$4550 in grant funds could be authorized for the additional audit required by the extended duration of the project. Director Amend moved the District request that \$4550 be drawn from the USDA grant funds for the purpose of paying the District’s auditor. Director Sullivan seconded, and after discussion the motion passed unanimously. Ms. Sullivan then noted that USDA had notified her that payment of additional legal fees related to the sewer project settlement agreement would be an authorized use of USDA grant funds. She further noted that \$12,617.47 in outstanding legal bills were deemed eligible. Director Amend moved that \$12,617.47 be requested to be drawn from USDA grant funds, and that the funds be used to pay project-related legal fees. Director Sullivan seconded, and after discussion the motion passed unanimously.

#### Report of Ad Hoc Committee on Rules

Mr. Donnelly stated that the committee had not convened in January, but that he expected the committee to present a report at the March meeting. He noted that he is hoping for action on the rules in spring 2019.

#### Sewer Project Report

Kurt Thomson provided a brief overview of the status of the sewer project. He delivered a draft project O&M report, and noted that the RPR was finalizing the as-built drawings. He also noted that Stahly is preparing a time and materials contract to assist the District with technical matters through the warranty period of the project. The T&M contract is to be presented to the Board in March.

#### REGULAR BUSINESS

##### Discussion and Decision on Construction Pay Application #17 Which Constitutes Final Payment

Mr. Donnelly presented Pay Application #17 in the amount of \$521,781.61. The pay application incorporates Change Order #10 (CO#10) in the amount of \$500,000 and it also requests release of the remaining retainage currently \$21,781.61. Mr. Donnelly noted that by the terms of CO#10 the project completion date was advanced to March 2018, but substantial completion was not achieved until September 2018. Thus there were 166 days of liquidated damages accrued on the project at \$1200 per day, totaling \$199,200. Mr. Donnelly noted that Article 10 of the Special Provisions of the construction contract authorizes the District to set off liquidated damages from the pay application for the purpose of paying unscheduled engineering costs associated with project delays. Director Amend then moved that the Board approve Pay Application #17, and that the District set

off \$199,200 from Pay Application #17 with this money then being drawn from USDA and used to pay the outstanding engineering invoice for unscheduled engineering, so that of the \$521,781.61 requested \$317,363.79 be paid to JR Civil, \$199,200 be paid to Stahly Engineering, and \$5,217.82 be paid to the State of Montana for the 1% Gross Receipts Tax. Director Sullivan seconded the motion which, after discussion, passed unanimously.

Discussion and Decision on Amending Budget to Authorize Backup Generator Maintenance Contract

Mr. Donnelly then noted he had received two quotes from Cummins for i) maintenance on the District's backup generator for and ii) for an extended warranty on the District's backup generator. He requested that the Board approve a budget amendment that would allow him to purchase a 2 year extended warranty on the generator for \$2319.83 and to purchase an annual maintenance agreement for \$2496 per year. He noted that the maintenance agreement provided for two maintenance visits per year, with one visit including a load test on the generator. He provided documentation from Cummins describing the services to be rendered. Ms. Sullivan provided a budget review showing that the District has sufficient funds within the existing operating budget to finance the recommendations of the GM. She noted that the extended warranty would be a one-time expense, and that she would include the cost of the annual maintenance in next year's budget. Director Amend moved to approve \$2319.83 to extend the warranty on the backup generator for two years, and to approve \$2496 for annual maintenance on the generator, and to authorize budget modifications to accommodate the two expenditures. Director Sullivan seconded the motion which, after discussion, passed unanimously.

President Border then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 7:15 p.m.



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Secretary