

Gallatin Gateway County Water & Sewer District

PUBLIC MEETING

Date: July 6, 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 June 1, 2015
- 3. 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
- 4. Unfinished Business and General Orders**
 - a. Discussion and Decision on Applying for a USDA Search Grant
 - b. Discussion and Decision on Resolution to Hold Election for Positions on the Board of Directors
 - c. Presentation and approval of 2015/2016 Budget
- 5. New Business**
 - a. Any New Business Which May Come Properly to the Board
- 6. 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 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 July 6, 2015. Present at the meeting were board members Merle Adams, Eric Amend, Ted Border, Ashley Kroon and David Sullivan. General Manager Matt Donnelly and Secretary Maralee Parsons Sullivan were also present. In attendance was Kurt Thomson from Stahly Engineering. Public attendees: Michael Faller, Camille Salanave, and Tim Szafaryn.

President Border called the meeting to order at 6:30 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 June 1, 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 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 reported on the County Commissioners' June 16 meeting, attended by Directors Border and Kroon, at which the Commissioners reaffirmed their finding of no significant impact and sent their finding and the environmental assessment to the Montana Dept. of Commerce, attaching a request for release of funds. Mr. Donnelly will advise the timeline for Dept. of commerce when known.
- Four Corners Sewer District (FCSD) is still trying to understand the timing and costs associated with the purchase and transition to public ownership. By later in July FCSD may better understand their cost estimates, so Mr. Donnelly may have some estimates on what it would cost for GGWSD to hook up to Four Corners by the August Board meeting.
- Mr. Donnelly attended a meeting with Rural Development (RD), along with Directors Border and Sullivan, to determine what impact the Four Corners hook-up option might have on the District's financial package. The meeting was mostly a positive and supportive discussion of ideas. RD advised that an amended PER will be needed should the District choose the Four Corners option, which explains what conditions have changed resulting in Four Corners becoming the preferred option.
- RD also notified Mr. Donnelly via email on June 25 that they had issued an amendment to the RD Letter of Conditions, which lowers the interest rate on the RD

funding from 3.375% to 2.125%, due to a change in the District's median household income, per the 2010 census data.

Treasurer Maralee Sullivan reviewed the current monthly financial package (P&L and Balance sheet) for FY starting July 1, 2014:

- Income for June included a \$10K planning grant from DNRC, which was paid to Stahly in June. Quarterly invoices were completed on June 30 for \$2,394 plus late fees. Expenses include \$881 in legal and \$2,806 in engineering. Accounts payable includes \$121K to Stahly and \$8K legal.
- The A/R aging was reviewed, highlighting those accounts, which will be notified in writing on July 15 that their accounts are 90 days or greater past due. Ms. Sullivan provided a sample letter to be mailed to accounts in this status, which advises that their account will be sent to the County to be levied on the county tax rolls, and will also include a statement advising the customer that a \$60.00 Delinquent Account Fee will also be assessed on their account, in addition to late fees already applied, pursuant to GGWSD R&R, Sec 624 & 711. The Board indicated their agreement with the \$60 fee being applied.
- Ms. Sullivan noted that the District received a letter from its auditing firm, JCCS, on June 27, advising that the firm is closing its Bozeman office as of June 30, 2015, and will no longer be able to service its account. Ms. Sullivan will be looking into replacement firms and will provide the Board with some options at the August meeting. The District is not required to have an audit this fiscal year, but having a CPA firm review its books and provide compiled financial statements, as was performed last year, would be beneficial.

REPORT OF ENGINEER, GRANT AGENCY DRAWS & REPORTS

Kurt Thomson provided the engineer's report. He called DEQ on Thursday but was not able to determine status of the draft permit. He will advise the Board of an expected date when he knows it.

He reviewed the questions and answers from Director Kroon during their conversation including grit removal requirement (listed in DEQ circular 2 section 63.1), disposal of chlorinated sludge, and filtration requirements.

Mr. Thomson discussed in general Mr. Donnelly's staff recommendation memo regarding Engineering amendment #6, and in general agrees that keeping costs down is beneficial. He still believes, however, that designing for the items on the recommended list, whether needed right away or not, is the best way to go to ensure that they CAN be added when needed, and/or avoid additional costs when added. He also stated that he feels fairly comfortable saying that he believes DEQ would allow them to proceed without all of the recommended items, especially the more expensive ones. Mr. Donnelly commented on an email sent by Robert at Stahly, which suggested the cost of tank covers plus a building over UV might be just as expensive as a greenhouse, which led Mr. Donnelly to question whether the estimates provided were inaccurate or incomplete. Mr. Thomson stated that he didn't know why you would need to extend the tank walls at added cost, as Robert wrote, and commented that Robert is only working on the GGWSD project on an "asked" basis but is not working on the project. Mr. Thomson stated that Robert forgot the sludge chlorination system is required by DEQ. Mr. Thomson said that in his opinion the DEQ requirements listed are not "hard and fast" and that there is a "gray area" when it comes to requirements, since he has worked with

DEQ in the past and knows DEQ is supportive of this project, and that is why he is “more comfortable than Robert is” in expressing this opinion. Director Kroon asked directed questions about where the recommended items are specifically listed in the on-line DEQ circular 2, e.g. sludge chlorination, which she could not find listed. Mr. Thomson will clarify which sections list this requirement. Mr. Thomson offered to get quotes on the items on the list to get tighter cost estimates, but reiterated he still feels these items are ultimately needed. Mr. Donnelly stated that it is more important for Stahly to provide an assessment of which items are required by DEQ and which items are optional for a no-mixing zone. If the Board decides the additional items required would be too costly, the Board can proceed with other options such as Four Corners. Director Sullivan asked if it might be possible to stage the design and DEQ approval for a 5 mg/l effluent N from an initial 25,000 gal flow, to a future 50,000 gal flow. Mr. Thomson stated he has not approached DEQ with any questions of that sort but his preference is to submit a design report with what the Board and engineers feels should be included. Director Kroon stated that the Board is not feeling confident that what its engineers are telling them is a DEQ “requirement” for a no-mixing zone, are in fact required and not just a DEQ “recommendation”, particularly with the initial needed capacity of the system, and noted the cost differences could be significant. She stated she would like the engineers to have a clarifying conversation with DEQ before designing the system.

Mr. Donnelly asked Mr. Thomson to push DEQ to review the collection system design report separately from the wastewater treatment report, so that the report and plans can be approved and ready if the Four Corners option becomes more viable.

Mr. Thomson indicated that Stahly would need a decision on amendment #6 when the draft permit is issued in order to move forward.

Government reports, administration and draw requests:

- RUS: Nothing to report
- TSEP: Contract was extended 2 years to June 2017.
- CDBG: Nothing to report
- DNRC: Nothing to report

UNFINISHED BUSINESS AND GENERAL ORDERS

Discussion and Decision on Applying for a USDA Search Grant

RD has grant money available to assist the District to amend its PER (written in 2010) in light of 2015 conditions, which is called a SEARCH grant (similar to a planning grant). After some discussion the Board indicated that the landscape has changed considerably over the past 5 years and it would be prudent to review and re-evaluate options and the decision matrix. The review will be limited in scope and time to complete. Director Kroon made a motion to direct Mr. Donnelly and Ms. Sullivan to complete and submit the SEARCH grant application for the maximum amount of \$30K; Director Sullivan seconded the motion. There was no further discussion and the motion passed unanimously.

Discussion and Decision on Resolution to Hold Election for Positions on the Board of Directors

Mr. Donnelly requested a motion from the Board to approve for a second time Resolution 15-01, as written in its entirety in the June 1, 2015 minutes and printed again below. Director Sullivan motioned to approve Resolution as written in the June 1

minutes; Director Adams seconded the motion. There was no discussion and the motion was passed unanimously.

Gallatin Gateway County Water & Sewer District
Resolution 15-01

A Resolution Calling for A Board of Directors Election

WHEREAS, Section 7-13-2262, M.C.A., requires that the Board of Directors of the Gallatin Gateway County Water & Sewer District are to be elected and can only be appointed by the Board of Directors if no nominations are made for the trustee offices; and

WHEREAS, candidates for the office of Board of Directors of the Gallatin Gateway County Water & Sewer District to be filled by the election may be nominated by petition at least 75 days before the election day; and

WHEREAS, the Montana election laws require the election to be held on the Municipal General Election day, which is November 3, 2015 and

WHEREAS, the Board of Directors of the Gallatin Gateway County Water & Sewer District have determined that 3 board of director positions will expire in November, 2015; and

WHEREAS, the Board of Directors find that it is necessary to elect 3 board of directors at the election in 2015.

NOW THEREFORE, IT IS RESOLVED:

1. A board of director election for the above-named water/sewer district to elect 3 board of directors shall be held on November 3, 2015.
2. Nominating petitions for candidates for Board of Director may be filed with the Gallatin County Election Department no later than August 20, 2015. If the number of candidates is equal to or less than the number of positions to be elected, the Board of Directors shall declare elected by acclamation each candidate who filed a nominating petition for a position. If no candidates filed a nominating petition for the position, the Board of Directors shall make an appointment to fill the position and the term is the same as if the Director were elected.

Dated this _____ day of _____, 2015

Presentation and approval of 2015/2016 Budget

Treasurer Sullivan presented the District's draft 2015/2016 (FY16) budget. The District has 3 funds for which a budget is prepared and tracked:

1. **Sewer Enterprise** (operating budget for the sewer system), which is budgeted at 0 across all activities, since the District does not anticipate an operating system this fiscal year.
2. **Project Fund #1** (all financial activity related to design and construction of a sewer collection & treatment system).
3. **General Fund** (all financial activity related to the regular, ongoing operating and maintenance expenses that cannot be directly attributed to sewer services).

For the 2 active funds, FY15 actuals were presented along with FY16 budget. Discussion included clarifying debt listed on actuals (which is listed on accounts payable) and engineering interest accrued in FY15, which will need to be paid quickly in FY16. Director Amend noted the General Fund looks conservative and indicates the

\$6/mo. lot charge is adequate to support the fund's expenses. Actual 595 grant amount is not known at this time, and the budget will be amended to include this figure when known. Director Amend motion to approve the 2015/2016 budget (with the 595 figures added); Director Sullivan seconded the motion. There was no further discussion and the motion passed unanimously.

NEW BUSINESS

President Border asked for any unfinished or new business.

Tim Szafaryn asked a clarifying question on the District Newsletter, specifically about the Supreme Court case and the District's timeline for sewer construction. Mr. Donnelly clarified the intent of the appeal and timelines of its funding packages.

Camille Salanove asked if all users in the District will be required to hook up to the system once it is operational. Mr. Donnelly answered, yes, they will. Ms. Salanove has heard rumors that people will be allowed to "grandfather" in their existing septic system. Mr. Donnelly stated that the District would look at ways to ensure the community is aware of the District's Rules & Regulations which went into effect November 2013, which state that every structure within the boundaries of the District must connect to the public system.

President Border asked for additional unfinished or new business, and seeing none, President Border noted that the next meeting date is August 3, 2015.

President Border then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 8:08 p.m.

Secretary