

Gallatin Gateway County Water & Sewer District

PUBLIC MEETING

Date: July 1, 2013

Time: 6:30PM

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

For: Regular Meeting of the Board of Directors

AGENDA

I. Call To Order

- A. Call To Order
- B. Public Participation on Non-Agenda Items¹

II. Approval of Minutes

- A. Approval of Meeting Minutes for June 3, 2013
- B. Approval of Meeting Minutes for June 4, 2013

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

- A. Report of General Manager & Report of Financial Condition (Donnelly)
- B. Report of Site Selection Committee (Border)
- C. Report of Community Liaison Committee (Janes)
- D. Report of Engineer (Thomson)
 - i. Technical Status
 - ii. Feedback and Discussion of Initial Design Drawings
 - iii. RUS Reports, Administration and Draw Requests
 - iv. TSEP Reports, Administration and Draw Requests
 - v. CDBG Reports, Administration and Draw Requests
 - vi. DNRC Reports, Administration and Draw Requests

IV. Unfinished Business and General Orders

- A. Discussion and Decision on Board Member Election (Donnelly)
- B. Discussion and Decision on Bank Line of Credit (Sullivan)
- C. Discussion and Decision on Engineering Services Amendment #2 to Incorporate CDBG Conditions Into the Engineer Contract
- D. Discussion of Easements for Sewer Collection System (Donnelly)
- E. Long-term Planning Discussion (Donnelly)
- F. Review of Draft Rules/Regulations Including Rates and Charges, and Decision on Establishing a Date and Time for a Public Hearing to Adopt an Ordinance Establishing Rates and Charges (Border)

V. 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.

VI. Adjourn

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 1, 2013. Present at the meeting were board members Merle Adams, Ted Border, Steve Janes, David Sullivan, and Earl Wortman. General Manager Matt Donnelly and Secretary Maralee Parsons Sullivan were also present. Greg Benjamin and Kurt Thomson from Stahly Engineering, and Larry Watson, County, were also in attendance. Public attendance included Pete Stein, Doug Moweny and Michael Faller.

President Border called the meeting to order at 6:32 p.m. Maralee Parsons Sullivan recorded the minutes of the meeting. Action items are in italics.

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 3, 2013 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 June 4, 2013 special meeting minutes, President Border asked whether there were any corrections. None were noted. Director Wortman made the motion to approve the minutes as written, Director Sullivan seconded the motion and the minutes were approved unanimously.

REPORT OF GENERAL MANAGER & REPORT OF FINANCIAL CONDITION

GM Matt Donnelly presented the District's monthly financial package. There are no changes to financials from last month. A consolidated balance sheet of all funds indicates \$397 in the bank, with payables of \$32,719, primarily Stahly's May invoice and legal fees. YTD P&L statements are included for each of 3 funds, as we are closing out FY13 on June 30. Major activity is in the Sewer Project Fund: \$216K in income mostly through grant funding with \$201K in expenses. "Net income" of \$4,946 indicates income received this year for invoices incurred last year (pass through). Matt reminded the Directors that the

District will be audited on FY14 books (FY14 starting July 1, 2013), after the close of the fiscal year.

REPORT OF SITE SELECTION COMMITTEE

President Border then moved to the report of the site selection committee. He noted that there is no new activity to report pending further discussion from the Board as to how to proceed.

REPORT OF COMMUNITY COMMUNICATIONS COMMITTEE (CCC)

Director Janes presented the CCC report. There has not been an official meeting, nor have there been any more volunteers for the committee, although some residents have expressed a willingness to help out. Some discussions have been initiated with property owners: Pete Stein has been covering his area of the neighborhood, and Steve and Brook have been covering the core. Conversations have gone well and people are appreciative of having input into the process. At least one family is interested in applying for CDBG funding. Steve is updating the property owners' list for the District's mailings.

REPORT OF ENGINEER

Technical Status

Engineer Kurt Thomson provided the engineer's report. A letter was sent to DEQ with the results of additional testing of 8 test pits on Vaughn property. We will get the original desired 50K GPD. *Kurt will provide the Board with a copy of the DEQ letter requesting an amendment to the application from 42K GPD to 50K GPD; it is not expected to delay the process of approval.* They are currently drilling a well and running new pump test, previous pump tests were on the property to the north and some were too deep. DEQ is looking at K value; application was submitted with K value of 327; K value of current test is 326, so this is confirmed and DEQ is appreciative. Based on some conversations with residents, Stahly has changed the placement of some services on the plan.

Feedback and Discussion of Initial Design Drawings

Matt Donnelly kicked off the discussion with the goal of ensuring comments on the design drawings are documented.

- Engineers missed a property due to annexation at the end of planning phase (LeMieux); this has been covered and design modified.
- Stahly is proposing to demolish all septic tanks. At Stacy's there are 3 x 1,000 gal tanks and the plan has a grease trap listed as a septic tank, which should remain. Will the Board require commercial kitchens to have a grease trap? (Kurt: recommendation for Level 2 system is grease traps should be required and the Board may want to include in the rules & regulations.)
- Had received advice that it is helpful to have a 2-way clean out at the change of ownership line. One direction of clean out allows the owner to root line back to premises, and the other direction of the clean out goes into the system's main line, makes it easier for inspection using cameras. Should we have the engineers look at this? Kurt indicated it would be costly.

- We need to ensure all comments are documented, including those received at the June 4 public meeting.

Kurt Thomson:

- Received minimal and mostly positive comments at the June 4 public meeting. *Stahly will send an email to Matt summarizing the comments received at June 4 public meeting and any action being taken as a result.*

Director Janes:

- Is there a way to lay-out the elevations of the lines? Kurt advised that the planned profile sheet for each house (page 3 is the sheet index). This shows center line of road where the sewer is which shows depth to the main, also a detail that shows how it goes from main up (assuming most people don't have basements).

Director Border:

- Is assumption we don't have 3-phase power at the pump station correct? Per Kurt they contacted Northwest Energy and believe the 3-phase extends at least half a block from Mill Street but looks like it dies off before the lift station so this will be part of the project. Treatment site does not need 3-phase but would likely be more reliable.
- 3 lots on plan that don't have any buildings with water service, so sewer connection should not be needed. There was ensuing discussion as to whether buildings with no wells and empty lots within the district should automatically be excluded from the initial sewer service. It was decided the best approach is to ask the property owner; any connections made now will be charged. Stahly will investigate the 3 lots to determine how the decision to include service was made. *Director Border to email the specifics on the 3 lots with no water service to Kurt.*
- Question on the lateral (surface line). Specs indicate any time there is a 90° elbow there is a clean out required. Is it possible to instruct the contractor if there is room to only go to 2 x 45° angles? Per Kurt this is possible.
- There was some discussion on re-doing some services on the north side of town. *Per Kurt this was already done, and will email this to Director Border.*

Greg Benjamin:

- 2 property owners from outside the district asked at what point they would have information on the process of annexing in? In one case the district boundary cuts the owner's lot in 2 pieces, 1 in and 1 out the district, due to changes made in lot size. Per Matt, this is part of the long-term planning process which is kicking off tonight but which will take several months of discussion; the goal will be to develop a process for annexation, which lays out options and associated costs for property owners, so the owners can make appropriate decisions. There was some discussion as to how charges would be applied, based on usage type. *Matt will circulate to the Board the DEQ-2 circular, which provides volume definition by "use" (stick house, mobile homes, hospital, restaurant, etc.). Kurt will email to the Board the list of all uses in GG with estimate avg. day flow and max day flow (1.2X avg.) based on DEQ-2.*

- Need access to the trailer on NW side of town to find pipes, property owned by Emily Gadd. *Director Sullivan to contact Emily Gadd and get permission to check out her property with the trailer.*

After some discussion it was proposed that *Matt Donnelly and Director Janes put together a portfolio for each property to document property owner comments, engineer feedback, actions taken, etc. Stahly to provide a list of all connections and addresses, if possible, to facilitate creation of property portfolios.*

Government Reports, Administration and Draw Requests:

- RUS: Matt Donnelly reported he and Director Border met with Rural Development and they offered some suggestions that will be helpful in the District's long-term planning. There are no draw requests to approve.
- TSEP: Director Border distributed a draw request to the Board. Grant agencies have approved the use of TSEP money to pay for the land purchase. The land purchase price is \$200,000, with \$10,000 already in escrow. The TSEP draw presented is for the \$190,000 balance on the land purchase, plus the May 2013 Stahly invoice of \$28,509, for a total of \$218,509. The District won't close on the land until after the August meeting, at which point we should have more information on the DEQ discharge permit. Engineers have had conversations with the lawyer to ensure all easements are in place to cross the Buffalo Station property to our land, and potentially annexing the Buffalo Station into the District; discussions are planned. Director Sullivan made a motion to approve the TSEP draw request for \$218,509. Director Janes seconded the motion and it was approved unanimously.
- CDBG (Larry Watson):
 - CDBG is primarily a housing and rural development program, so the requirements for CDBG contract are different than requirements for Rural Utilities and TSEP contracts. Larry & Teresa Doig had a conference call with CDBG staff where it was apparent that many of the activities thus far were not realistic, e.g. CDBG stated that CDBG money will not be used for land purchase. Had this been known, time would not have been spent on budget modifications. Tribal review will be completed at the end of the 30 day period on Wed. and the ad for paper on public hearing is ready. He re-did the historic preservation review and this is complete. He has completed CDBG budget modifications; CDBG is adamant that the majority of their budget shall stay in categories directly benefiting low to moderate income individuals. There is \$236,115 in direct benefit portion of the grant and that is there to pay for assessment and hook-up fee for low-to-moderate income individuals. There is also a balance of \$112,908 in contingency. Will need to have 3 separate public hearing periods announcing availability of funding, then pick a closing date which CDBG needs to agree to, after which any money remaining in the contingency fund can be used to pay down the loan. The start of the process will be timed according to construction timelines; we don't

want to start the process too soon as applications submitted are only good for 6 months. Larry is investigating the process for land owners renting to low-to-moderate income tenants. All information submitted to the County is confidential. Larry will be managing the process for applying and will provide more information to the public. *Matt to email the ballpark threshold income level to qualify as low-to-moderate income in Gallatin County.*

- There are no expenses for the District on the County budget for FY13 for bond costs, engineering or legal costs for time period ending June 30, 2013. If there are any invoices for activities that took place, Larry will need these right away to make budget modifications and ensure they are paid within the year they are encumbered. Matt will check with Teresa but believes there are none. Going forward, the District will need to show a specific CDBG community tie-in to each invoice, and suggested asking CDBG what specifically they would like to see on Stahly and other invoices.
- DNRC: Nothing to report

UNFINISHED BUSINESS AND GENERAL ORDERS

Discussion and Decision on Board Member Election

Matt reviewed the standard template that was provided by County Elections Officer and asked the Board to approve the resolution. The District's General Fund pays election costs. Director Wortman made a motion to adopt Resolution 13-02; Director Janes seconded the motion and it passed unanimously.

Discussion and Decision on Bank Line of Credit

Director Sullivan reported that he had solicited proposals for a line of credit up to \$25K from 3 banks, 2 responded with a proposal. This is intended to pay for the insurance invoice, and any emergencies requiring funds. Big Sky Western Bank removed the non-disclosure clause in the original proposal. Big Sky Western Bank proposed a rate of 3.25% with no fee. First Security Bank proposed a rate of 4.25% with a fee of \$250. Director Sullivan recommended accepting the proposal for the lower rate with no fee. Director Wortman made a motion to accept the Big Sky Western proposal, Director Janes seconded the motion and it was unanimously approved. *Director Sullivan will contact Big Sky Western Bank to proceed with initiating the line of credit.*

Discussion and Decision on Engineering Services Amendment #2 to Incorporate CDBG Conditions into the Engineering Contract

Amendment #2 is intended to incorporate the CDBG conditions, similar to what was incorporated for TSEP and RD conditions. This is not a substantive amendment and does not add any new clauses. Director Janes made a motion to accept and sign the Engineering amendment #2, Director Sullivan seconded the motion and it was approved unanimously.

Discussion of Easements for Sewer Collection System

An easement exists where a sewer main line crosses private property. In most cases the main line is in alleys and roads but in a few cases it crosses private property. We will need to contact these property owners and ask if they are willing to give up a 20 ft. easement across their property to support the sewer main line. The process includes signing a letter of intent, which is given to the engineers to draw up legal paperwork, which is filed with County Recorder. Legal advice indicated that property owners have latitude in what they may want in return, e.g. landscaping, money, etc. The names of property owners, and the assigned person to contact that owner are:

- + Ruth Hargrove (Director Wortman)
- + Toni Donnelly (Matt Donnelly)
- + Rick Blevins (Pete Stein)
- + Gallatin Gateway School (Matt Donnelly)
- + Ted Border (self)
- + Lee Hart (Matt Donnelly)
- + Meredith Tate (Director Border)
- + Rocky Mountain Bank for GG Inn (Kurt Thomson or will pass to Susan Swimley)
- + Nancy Moweny (Doug Moweny)
- + Ron Page (Matt Donnelly)
- + Darwin Lehfeld* (Director Adams)

Director Janes would like to be included on all discussions if possible and Kurt Thomson can be available as well with notice. If a land owner refuses there could be an engineering re-design at an extra expense to the District. Re-routing the main line would be very expensive. District has about \$40K budgeted for easements. Director Border distributed a sample letter of intent. There was some discussion on edits to the letter and *Director Border will distribute a revised edition of the letter of intent.*

*There was discussion on the need for an easement from Lehfeld: If we do not have to use our replacement drain field, the Buffalo Station well can stay where it is. If we do have to use the replacement drain field 20 years in the future, the well must be moved. It would save money if we had an easement so we don't have to move the well now. Kurt indicated he believes DEQ will not require the well be moved if an easement is obtained. *Kurt will provide Director Adams with a drawing of the impact of an easement to Lehfeld's property.*

Long-Term Planning Discussion

Matt provided an overview of a draft spreadsheet tool to begin gathering ideas on long-term planning. The District will need to generate enough revenue to cover expenses as expansion progresses. The tool tracks capacity required in order to accommodate future expansion, and the resulting upgrades needed to meet that additional capacity. *Matt will email the planning tool to the Board and there will be further discussions in future meetings.*

Review of Draft Rules/Regulations Including Rates and Charges, and Decision on Establishing a Date and Time for a Public Hearing to Adopt an Ordinance Establishing Rates and Charges

Director Border advised the draft R&R previously distributed to the Board is basically a “cut and paste” from other district’s R&R’s as a starting point. We will need at least chapters 1, 6, & 7 completed in order to begin charging rates. Director Sullivan questioned why water was removed; Director Border replied that council Susan Swimley felt that since the District will not be offering water service initially, it should not be regulating it, but more discussion is warranted. Director Sullivan commented that the draft is close to meeting the initial goals of the District and should be kept simple. Director Border commented that he will be working on additional chapters in the coming months. A public hearing will be needed to review the completed chapters (minimally 1,6 & 7), in order to start charging rates (initially \$6/lot/mo.). Director Wortman made a motion to hold a public hearing to adopt an ordinance establishing Rules & Regulations on Tuesday Sept. 3; Director Janes seconded the motion and it passed unanimously.

NEW BUSINESS

President Border asked for any unfinished or new business, and seeing none, noted that the next meeting date is August 5, 2013.

President Border then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 8:57 p.m.

Secretary

Summary of Action Items from July 1, 2013

- ✚ Kurt will provide the Board with a copy of the DEQ letter requesting an amendment to the application from 42K GPD to 50K GPD
- ✚ Stahly will send an email to Matt summarizing the comments received at June 4 public meeting and any action being taken as a result.
- ✚ Director Border to email the specifics on the 3 lots with no water service to Kurt.
- ✚ Kurt to send email to Director Border detailing changes made to some services on north side of town.
- ✚ Matt will circulate to the Board the DEQ-2 circular, which provides volume definition by “use” (stick house, mobile homes, hospital, restaurant, etc.).
- ✚ Kurt will email to the Board the list of all uses in GG with estimate avg. day flow and max day flow (1.2X avg.) based on DEQ-2.
- ✚ Director Sullivan to contact Emily Gadd and get permission to check out her property with the trailer.
- ✚ Matt Donnelly and Director Janes will put together a portfolio for each property to document property owner comments, engineer feedback, actions taken, etc.
- ✚ Stahly to provide a list of all connections in the District, and addresses if possible, to facilitate creation of property portfolios
- ✚ Matt to email a ballpark threshold income level to qualify as low-to-moderate income in Gallatin County.
- ✚ Director Sullivan will contact Big Sky Western Bank to proceed with initiating the line of credit.
- ✚ Director Border will distribute a revised edition of the letter of intent for easements.
- ✚ Kurt will provide Director Adams with a drawing of the impact of an easement to Lehfeld’s property.
- ✚ Matt Donnelly, Directors Border, Wortman, Adams and Kurt Thomson are assigned easement discussions with property owners; see easement section above.
- ✚ Matt will email the planning tool to the Board