

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 Street, Gallatin Gateway, MT, on 2/14/2022. Present at the meeting were board members Eric Amend, Ted Border, Cary Fox, and Maralee Parsons Sullivan, and District Council Swimley. Staff present included APE representatives Andrew Huggins and General Manager Sam Procnier. Members of the public included Mike Halverson, John Kauffman, Jeff Pfeil, Pete Stein, and Ronald Page.

President Border called the meeting to order at 6:30 p.m. Secretary Alison Curry recorded the minutes of the meeting.

PUBLIC PARTICIPATION OF NON-AGENDA ITEMS

President Border asked for public comment on non-agenda items. No comments were made.

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

A. With Regards to Meeting Minutes for January 10, 2022

President Border made the comment that the minutes were not submitted for the January meeting. There was a consensus that these minutes would be made available at the March meeting.

OLD BUSINESS

Lot 4A of Minor Subdivision 56B – Genesis Engineering Pre-Design Application

GM Sam Procnier advised that the will-serve letter was sent to the engineers for the project, which included the contingencies the Board had stipulated at the January 2022 meeting. The applicant is still in the process of getting his plans approved by the various authorities and is ok with either using the DEQ calculation of VRU, or perhaps using a meter

COS #4599 Tract 1 – Lutsen Pre-Design Application (Montana Reclaimed Lumber)

There was general discussion of the email previously distributed to the Board regarding the plans for Montana Reclaimed Lumber submitted for treating their wash water. This treatment plan is a preliminary schematic of their water filtration/recycling system which will ultimately need to be designed and engineered along with the tank and leach field for discharge. There would need to be approval from the County and/or the DEQ. Concern was noted that if the

District allowed this property to annex, it might be difficult to stop others in the District from wanting to install a leach field. Council Susan Swimley noted that the District could craft a permit for “grey water” processing unique for this development. Director Amend noted that the plans as submitted represent an environmental improvement from the current conditions, and moved to approve the Pre-Design application for Lutsen LLC and authorize the GM to send a will-service letter, contingent upon: (1) The GGWSD General Manager must approve the final lot design and receive the approval letter from the state or country for the wash water treatment and leach field and 2) Connection to the District’s facilities will be located on the gravity main on Penny Lane. Director Parsons Sullivan seconded the motion. The motion carried unanimously.

NEW BUSINESS

899800 Turnbay – N of Gallatin Gateway

There is going to be a new Turnbay (turn lane) put in on HWY 191 between Gooch Hill Rd and Zachariah Ln. During a recent meeting with MDT, it was discussed that the district's force main might have one conflict near Zachariah Lane. There is going to be a new box culvert installed and one of the new wing walls is going to be extremely close to the force main. To determine how close, the force main will need to be exposed, surveyed, and put into the MDT plans and cross sections. If the line is in conflict, it will need to be moved horizontally or vertically. If the line is in proximity, the decision will be left up to the district to keep the line in place or move the line. There was some discussion as to the type of permit the District had obtained with MDT (encroachment or occupancy). An encroachment permit would mean the costs of moving the line would fall to the District. District Council Swimley will check her records for a signed permit. MDT needs to have everything located and moved by November 17, 2022. Cost to the District of moving its force main could surpass \$10,000. It was noted that the engineers need to see and approve final design for moving of the force main.

“The Jump” owners’ interest in purchasing the District’s Property

The Jump owner Tom Henesh has expressed interest in purchasing the GGWSD property adjacent to The Jump. The Board noted that the property has been viewed as critical for future expansion of the District’s facilities. Director Parsons Sullivan noted that the Board should consider its long-term planning (1-5 years) in the next 6-12 months.

There was consensus from the Board that the GGWSD is not interested in selling the property at this time.

Consideration of 475 Gallatin Road South Petition for Annexation

District Council Swimley provided a brief history of discussions with the property owner. Pfeil Acquisition LLC recently sold this property to 475 Gateway Road South (“475”). Council Swimley’s office provided draft annexation agreement, draft annexation ordinance and draft service contract to “475” and to the Board to

consider at the January Board meeting. Consideration was postponed at the request of the attorney for "475". Council Swimley advised that on 1/19/22, via email, "475" rejected the District's draft documents and offered redlined edits to the District's draft annexation agreement, draft service contract and annexation ordinance. The notable differences are:

1. Treatment agreement: District provided a service agreement with "475" and applicant seeks 1st amendment to include Pfeil Acquisitions, LLC service contract (former owner) and
2. Annexation Agreement: "475" inserted Pfeil Acquisitions as "former landowner" and struck the District's inclusion of \$1,000,000 insurance provision; and
3. Ordinance: removed term "insured"

As currently proposed and acceptable to the Board, the sewer line under the Gallatin River would remain privately owned by "475". However, since "475" has declined to purchase insurance for the line and add the District as an additional insured without exception, the District's liability is unclear according to District council Swimley. Should the private line under the river break and a party, public or private, sues for the damage and pollution to the river, the District's risks and obligations for damage is unclear as the District would be agreeing to the annexation under terms which include no insurance, and the District's insurance will not cover any claims arising under this scenario.

John Kaufmann introduced himself as the Council for Jeff Pfeil, who owns 475 Gateway Road South. He stated he is interested in resolving outstanding issues and provided documentation of the annexation agreement signed in 2020 (District council Swimley noted the validity of the agreement is in dispute), GGWSD contract, a check and receipt from 2020. He acknowledged that Mr. Pfeil initially did not want to retain ownership of the sewer line under the river, as the District had insisted, but has since agreed to these terms. Mr. Kauffman urged the Board to consider the signed drafts of the agreements from 475 Gateway Road South. Regarding the outstanding issue of insurance of the line under the river, Council Kaufmann noted that the "project" will be insured, but does not agree that his client should be required to specifically insure the line under the river. He noted costs of obtaining such a policy, as well as uncertainty as to whether or not such insurance will even be available in the future. District Council Swimley noted that the District had not previously discussed general liability insurance on the property. Mr. Kaufmann clarified that they would present the District with a general liability insurance proposal for the project and name GGWSD as additionally insured. District Council Swimley noted she had contacted DEQ with regards to potential damages to the line resulting from movement of the river, and who DEQ might enforce against. She was told most likely the landowner, but risks to the District remain. Comments from the Board strongly indicated the need to protect the District from any liability should litigation result from any line breakage.

District council Swimley noted that the District has returned the PIC charges to Pfeil Acquisitions at her request. Provided the outstanding issues can be

resolved, PIC charges for the new owner, 475 Gateway Road South, can be billed. She polled the Board informally on whether the PIC charges should be at the previous rate or the current rate. 3 of the 4 Board members indicated their agreement on the PIC rate remaining at the previous amount, with Director Fox expressing his opinion that the PIC charge should be raised to the current rate. District Council Swimley noted all comments and concerns from the Board as she prepares next steps.

Discussion and Decision on transition of GGWSD Treasurer's financial duties

Director Parsons Sullivan discussed the transfer of duties of the treasurer, considering her upcoming leave from the Board. She reviewed with the Board her recommendations for new responsible parties for the financial and reporting duties, most of which would be transferred to the GM and/or financial support staff of the APE group. She noted that most tasks require on-line banking access, so that person(s) would need to have signing authority on the District's banking accounts. It was agreed that the Board would rotate the monthly bank reconciliation duties among themselves. APE representative Huggins said they will take the list of items of Treasurer responsibilities to their office and return with the details of added cost to the District.

REPORT OF OFFICERS, STANDING COMMITTEES, AND SPECIAL COMMITTEES

General Manager Report:

General Manager Procnier provided the report:

- Capacity: He noted Genesis Engineering has been added as a current will serve, while Pfeil project was removed. Gallatin Gateway Inn adds 50 additional VRUS to what they currently have.
- There was general discussion of rules and regulations regarding the calculation of enforceable VRUs, and the managers will continue to use the 160 gallons/VRU amount in their calculations.
- GM Procnier estimates that 400-500 gallons a day from the downstream meters of the River Run development, which was included in their calculation.
- APE Representative Huggins said that numbers will become much clearer in the next few months. The client wants to stick with one meter per lot, they want to be able to enforce each homeowner based on what the meter reading is. Engineers conveyed to the client that they must have a meter reading per month to ascertain this information. Engineers presented the idea to client of a run time counter, to count gallons per minute until the meter is installed. Engineers will send letter to client clarifying the date of August 1st to have the meter installed, with potential for extension.
- The property located at 5 Rabel Lane came under corrective action with the county, and the District was copied on the corrective action letter. The owners will need to reapply and purchase more VRUs as it appears there are at least 2 structures on the property being used as residences and they are currently being charge for just one residence. Campers are not allowed on this property, there is to be no dumping of any kind, and there will be no RV hookups.

- There was general discussion of Flushing/scoping gravity lines. Engineers wanting to know if they should proceed and were directed to focus on.
- areas that are being camera 'ed' that year.
- It was confirmed that the District wants to maintain its existing discharge permit on its land, for future use.

Gateway Village Report

Engineers confirm there is no one living in the village yet. No knowledge of what meters are being used, or what charges will be.

President Border then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 8:26 P.M.

Alison W. Curry

Secretary