

Gallatin Gateway County Water & Sewer District

MINUTES OF THE

BOARD OF DIRECTORS Community Meeting

A special meeting of the Board of Directors of the Gallatin Gateway County Water & Sewer District was held at the Gallatin Gateway Community Center, on June 4, 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. In attendance from Stahly Engineering were Greg Benjamin, Kurt Thomson and Ryan Rittal. Also in attendance was Gallatin County Grant Administrator Larry Watson, and Gallatin County Commissioners Steve White and Joe Skinner. Public attendees: Tim Szafaryn, Curtis & Karen Dassohville, Sandra Hart & Lee, Frank Silva, Brooke Savage, Dennis & Shirley Davidson, Judy Hengel, Pete Stein, Mary Ellen & George Stewart, Kerri Payne, Kristi Dassonville, Dick Shockley, Christie Francis, Shirley Hartman, Ann Prescott, Michael & Camille Faller, Stephanie Sandstan, Marsha Ferraro.

Maralee Parsons Sullivan recorded the minutes of the meeting.

Greg Benjamin called the meeting to order at 7:00 and presented the agenda for the meeting. He requested that questions be held until the end of the presentation. He then introduced Matt Donnelly as the first presenter to review the District financials, project status, and rates and fees.

District Financials, Project Status, Rates & Fees

Mr. Donnelly introduced the 5 board members seated at the front of the room, volunteer staff, and the members of the Stahly Engineering team. He provided a brief timeline of project events from Feb 2009 through the start of the construction phase in Spring 2014. He reviewed the 3 major expenses incurred by the District.

1) **Revenue bond:** 40-year loan, \$863,000. Paid by users in the District, estimated to be \$35/month for the initial 104 "equivalent" users in the District. If construction costs are under budget, it is possible the loan amount will be reduced. Rates are expected to go down as more users join the District.

2) **Assessment:** 40 year loan, \$787,000. Paid by all land owners in the district, fixed at \$5917 per parcel, which can be paid upfront or over 40 years at approx. \$150/year. Larry Watson advised that assistance is available for low to moderate income people through a CDBG grant; more information on how and when to apply will be forthcoming this fall and will be heavily advertised.

3) **Operating & Maintenance (O&M) costs:** estimated to be \$32,000/year. Paid by users, estimated to be approx. \$26/month for the 104 "equivalent" users. Rates are expected to remain stable until the number of connected users

doubles, at which point O&M costs per user are expected to go down as more users join the District.

Out-of-District users who apply to connect will pay a one-time charge to help upgrade the system. District boundaries can expand over time.

In addition there are general and administrative costs not directly related to the sewer, not covered by the loans above (e.g. insurance). Mr. Donnelly advised that the Board has expressed its intent to establish a fee of approximately \$6/month on each parcel in the district (billed quarterly) to cover these costs. There will be a public hearing on this proposed fee later this summer; notices will be posted and mailed. These fees are part of the estimated O&M.

Engineering Presentation

Kurt Thomson of Stahly Engineering presented 4 engineering diagrams of the layout of the collection site; lift station & force main, and the treatment and disposal site. The alley collection layout was chosen over street layout as it is a more direct route and helps avoid disruption of yards. Collection system is designed to flow down the trench across the highway; the lift station will be in the existing right-of-way of Lynde Street. It is designed to a depth of average 9-10 feet on west side of highway. Primary disposal site is just under 42K gal/day. Location of treatment area may be moved to the west.

FAQ's

Director Steve Janes reviewed the District's pre-prepared frequently asked questions and answers, which was provided as a handout, attached to the minutes.

In addition Director Janes introduced the District's newly formed Community Liaison Committee, which is intended as a communication liaison between property owners, the engineering team, and the Board of Directors. The committee is currently looking for volunteers; those interested are encouraged to contact Steve Janes at steve@gatewaywsd.com. Brook Savage has agreed to volunteer on the committee.

General Question and Answer

Greg Benjamin then opened the meeting to questions.

Q: Will there be manholes along the force main?

A: Yes, we will be following the gravity sewer, which has manholes

Q: The lift station location is near my property by the river, how loud will it be?

A: Pumps will be fully underground (about 20 ft.). You will not hear any noise from your house, but if you stand next to it you will hear a hum.

Q: How large is the drain field?

A: A little under 5 acres.

Q: Will there be redundant lift station pumps or just one?

A: Yes, there will be redundant pumps as required by DEQ. If backup power goes out in an extended power outage, the generator would take over, which will make some noise.

Q: You will be using abandoned alleyways?

A: Most are existing public right-of-ways but there are a few areas where we will need to obtain an easement of right-of-way. Engineers are knocking on doors to work with property owners for the few abandonments found.

Q: Are all avenues exhausted at this point for more grants to help alleviate costs?

A: Mr. Donnelly advised he is not aware of any more sources but can still be investigated.

Q: What is the timeframe for landowners to apply for the CDBG grant?

A: It will start up this fall and go through completion of the construction phase. If the property is being leased by a low-income renter, the property owner may apply for a subsidy, which will come to the landowner.

Q: Can you explain the treatment plant in a more technical manner?

A: It will be a level 2 treatment system, a higher level treatment than in a standard drain field you would see existing in town today. The force main comes into septic tanks for primary treatment, and then exits to a level 2 treatment system, which recirculates and cleanses, reduces nitrogen in waste water. It then goes into a dose tank, and from there is distributed to a dose drain field. This system is more manageable and cost effective to run than a mechanical system such as the one used in Bozeman. The District chose the level 2 system as they felt it fully meets DEQ requirements and specifications, protects the health of the community while solving its waste water problem, and provides the lowest start-up cost. The Preliminary Engineering Report (PER), which evaluated the different system solutions, is available for anyone who would like to read it.

Q: If Gallatin Gateway needs to expand its system, what do you have in place?

A: The GGWSD has conservatively planned for a two-fold growth in population in 20 years, and the current system as designed can handle that growth. The estimated initial flow is around 25K gal/day, which can be expanded to around 42K gal/day. The DEQ discharge permit requires monitoring stations to measure flow, which is reported to the DEQ. If the District needed to triple or quadruple capacity due to development, the District would look at upgrading the system to a mechanical system.

Q: Is the parcel of land acquired by the District sufficient in size to accommodate increase need?

A: Yes, we would look at upgrading the system from a level 2 system with a 42K gal/day max, to a mechanical system, which would allow us to discharge more gallons/day on the same site.

Q: The treatment area is being built for current capacity needs (42K gal/day), but you are essentially overbuilding the drain field, so you won't have to expand that, right?

A: yes.

Q: At 42K gal/day, what is the max number of units to use up that amount?

A: approx. 170 equivalent units.

Q: You mentioned 100% replacement area; what does that mean?

A: As a requirement of DEQ, you need to have on reserve an equivalent area of land as back-up, in case the current drain field were to fail.

Q: Will there be a fence around the drain field?

A: That is still under consideration, but normally you wouldn't fence the drain field, but would fence the treatment area.

Q: When is the first payment on the revenue bond due?

A: The Dept. of Agriculture is providing the largest part of our grant and loan. When we start having to pay construction costs, we will need to get a loan, because the Dept. of Ag will not pay us any grant or loan money until we have a functioning system. The interim loan to pay for construction will come from INTERCAP. Once construction is complete RD pays off INTERCAP loan and monthly payments by users will begin, somewhere around July or August 2014. Same on the special assessment; it will be on your 2015 tax bill.

Q: What's going on over at the site right now?

A: there is a drill rig there now, which is part of on-going field investigations that will go into the calculations submitted to the DEQ.

Q: Can the community watch construction?

A: As we go through the design and construction phase we will be taking pictures, and will post them to the post office or website. Due to contract liability and insurance requirements we can't allow anyone on the construction site, but we may be able to organize a field trip for interested parties as safety permits.

At this point, the formal presentation ended and moved into the opportunity for community members to meet individually with the engineers and board members to ask questions about their property.

Secretary

Gallatin Gateway Water and Sewer District

Public Meeting June 4, 2013

FREQUENTLY ASKED QUESTIONS

Q: How much will it cost Gallatin Gateway residents to have a sewer system?

A: Money to create the sewer system has been made possible by the acquisition of special grants and a 40-year term loan that needs to be paid back. There will also be Operating and Maintenance costs.

Grants do **not** need to be paid back. They cover a substantial part of the project's costs:

- Treasure State Endowment Program (TSEP): \$750,000
 - Department of Natural Resources (DNRC): \$100,000
 - Community Development Block Grant (CDBG): \$450,000
 - USDA Rural Development Grant (RD): \$1,815,000
- Total: \$3,115,000

Two methods were selected by the Board to pay back the 40-year loan:

1. Through a *Revenue Bond* assessed via monthly payments collected from residents who use the sewer system; and
2. Through a *Special Assessment* which is a semi-annual assessment made to landowners on a per lot basis. This is assessed along with property taxes—or can be paid all at once up-front.

In addition to the loan repayments, there are monthly Operating and Maintenance expenses. The following table sums up the estimated cost to property owners:

Estimated Cost	
<i>Revenue Bond</i> repayment method billed on a monthly basis per user (40-year term)	\$36
Operating and Maintenance cost billed on a monthly basis per user (continuous)	\$27
Total Estimated Monthly Cost	\$63

<i>Special Assessment</i> repayment method assessed with property taxes (40-year term)	\$300 per year per parcel owned* Or \$5,917 per parcel up front
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Total Cost (first 40 years)	Varies depending on number of parcels owned within the District
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*A special grant called a Community Block Development Grant (CBDG) has been obtained to assist low and moderate income residents **100%** with the repayment of the *Special Assessment*. Eligible residents must submit a special application to receive this benefit. If interested, please call Larry Watson at 582-3096 for more information.

Note: The monthly charges associated with Operation and Maintenance and the *Revenue Bond* repayment method decrease as the number of users increase.

Q: How much will it cost Gallatin Gateway residents who have more than one building on a parcel requiring sewer service?

A: This is yet to be determined. The GGWSD Board will be considering rules and regulations covering such circumstances in the next few months. There will be a special public hearing to elicit public input on rules pertaining to this and other issues prior to the Board enacting any such rules. The hearing will be well publicized—keep an eye out for such notice.

Q: Will there be any fees charged by the District prior to the sewer system being operational?

A: The Board will be considering a \$6 per parcel per month administrative fee billed on a quarterly basis assessed on all parcels located within the District. The fees would cover administrative costs the District is incurring currently for which there is no other funding, but from which all properties will ultimately benefit. There will be a public hearing, as noted above, before the Board makes a decision regarding such fees.

Q: Will the current state of affairs with the Gallatin Gateway Inn affect the cost of the sewer system for District residents?

A: *Special Assessment* payments are not affected. Whoever owns the Inn at the time the system becomes operational, whether it be a bank or a new owner, will be charged user fees. Therefore, it is expected that there will be no impact on other Gateway residents.

Q: Will it be mandatory for all existing wastewater lines within the District to be hooked up to the sewer system?

A: All residents and businesses within the District should plan as if there will be a requirement to connect to the system once it is operational. On July 2, 2012 the Board of Directors stated their intent to pass an ordinance requiring residents to connect to the system once it is operational. The justification was that one failed septic system could pollute the water supply and therefore negate the purpose of the entire project. Rules and regulations established by the Board could require that every lot Within the District connect to the District's system. There will be a public hearing, as noted above, before the Board makes a decision regarding such rules.

Q: How much will it cost for new users to hook in once the sewer system is operational?

A: Users connecting to the system in the initial phase of the project will not be charged for connection. For properties wishing to join the District and connect after the system is operational, the cost is yet to be determined. The cost will be based on a calculation derived from real costs associated with the upcoming construction phase. The GGWSD Board will be adding rules and regulations covering such circumstances at future meetings following future public hearings.

Q: What becomes of the old septic tanks?

A: According to regulations, all old systems must be “rendered useless.” This could mean crushing or removing old septic tanks. There will be no related cost to the property owners connecting in the initial construction phase.

Q: How do any future developments in or near the Gallatin Gateway core affect the GGWSD sewer project and residents?

A: The Gallatin Gateway Neighborhood Plan states: “New development in the Town Core requiring centralized water and wastewater shall coordinate with the water and sewer district for eventual inclusion in the District.” It is anticipated that each project would be evaluated individually on the basis of system capacity, upgrades required and a number of other factors.

Q: Will the treatment facility be visible?

A: Currently, design plans call for a small building on the discharge site. The majority of the system will exist underground and therefore out of view. There will be no open lagoons or ponds.

Q: Will the pumping station on Lynde Street make noise?

A: The pumping (lift) station will be located underground. It is anticipated that the lift station will create minimal above-ground noise.

Q: Will landscaping and/or fencing damaged or removed during the construction phases be replaced?

A: This is yet to be determined. Replacement landscaping and/or fencing are subject to the availability of funds. The Board is working to keep costs as low as possible to lessen the financial burden on all users. Your early input is vital to ensure that the District and its engineers can plan for minimal impact to all properties in the District.

Gallatin Gateway Sewer Project

Preliminary Design Presentation

June 4, 2013

7PM

Gallatin Gateway Community Center

Tonight's Objectives

- Status update
- Presentation of estimated costs
- Presentation of preliminary design
- General questions
- Individual questions related to your property

How the District Works

- Elected Board of Directors
 - 5 people serve on the Board
 - Elections in November of odd years
 - Currently: Ted Border (chair); Merle Adams; Steve Janes; David Sullivan; Earl Wortman
- Volunteer staff
 - General Manager: Matt Donnelly
 - Secretary: Maralee Sullivan
- Project Engineer
 - Stahly Engineering

Project Status

	Activities of the District
Feb 2009	District formed by vote of residents
2009 thru 2011	District sought and obtained grants and loans sufficient to finance the sewer project
2012	District searched for and purchased land suitable for underground infiltration of treated water
2013	Engineering design
Spring 2014	Construction begins

Rates and Fees – Overview

- Once the project is complete the District will need to cover three expenses:
 1. Repayment of the 40 year loan secured by a revenue bond [Loan amount: \$863,000; Annual payment due: \$43,296]
 2. Repayment of the 40 year loan secured by a special assessment [Loan amount: \$787,000; Annual payment due: \$39,616]
 3. Payment of operating expenses [Estimated to be \$32,000 per year]

Rates and Fees – Estimated

- Revenue Bond

- Paid by users. There are initially expected to be 100 “equivalent” users, therefore loan repayment is \$416 per year per user, or approximately \$35/month.

- Assessment

- Paid by all landowners in the District. There are 133 parcels in the District, therefore loan repayment is \$5917 per parcel. Landowners can choose to pay this up-front or in semi-annual payments of approximately \$150 for 40 years.

- Operating and Maintenance Costs

- Paid by users. There are initially expected to be 104 “equivalent” users, therefore O&M payments are expected to be \$308 per year per user, or approximately \$26/month.

Rates and Fees – Assistance

- Revenue Bond
 - There is a possibility that the amount of this loan will be reduced if we are under budget on our construction costs. We will not know how much reduction is possible until we receive construction bids.
- Assessment
 - We received a CDBG grant to pay 100% of the assessment for low and moderate income residents. This grant is worth almost \$6000 to qualifying residents. We will deliver application information this fall.

Rates and Fees – Projections

- Revenue Bond
 - As new users join the system they will share the revenue bond payment, and therefore this cost will go down with more users.
- Assessment
 - The assessment is fixed and cannot be changed. If a parcel splits the assessment will need to be split or paid off.
- Operating and Maintenance Costs
 - O&M costs are expected to be relatively stable until the number of connected users approximately doubles. Therefore O&M costs are expected to decrease as more users connect.

Rates and Fees – Out-of-District Users

- Out-of-District users connecting to the District's facilities will pay a one-time charge to help upgrade the treatment facilities. The District boundaries can expand to cover more territory, but the impact of expansion should be “neutral” to people within the existing boundaries. In other words, the new users must pay their own way.

Rates and Fees – General Admin

Some of the expenses of operating the District are general in nature. They do not directly apply to sewer users. One example is general liability insurance.

The Board has expressed its intent to establish a fee of approximately \$6/month on each parcel in the District. A hearing on this proposed fee will be held in July.

Initially the fee will be billed quarterly. After the sewer project is complete, users will see this general admin fee as part of their monthly bill. Non-users, i.e. vacant lots, will still be billed quarterly. This general admin fee is part of the estimated O&M previously discussed—not in addition to the estimated O&M.

Engineering Presentation
