

Gallatin Gateway County Water & Sewer District

PUBLIC MEETING

Date: December 11, 2017

Time: 6:30PM

Place: Gallatin Gateway School, 100 Mill St., Gallatin Gateway, MT

For: Regular Meeting of the Board of Directors

AGENDA

I. Public Participation on Non-Agenda Items¹

II. Conflict of Interest Disclosure²

III. Approval of Minutes

- A. Approval of Meeting Minutes for November 6, 2017

IV. Consent Agenda

- A. None

V. 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
 - vi. INTERCAP Reports, Administration and Draw Requests

VI. Regular Business

- A. Discussion on Services Contract for Wastewater System O&M
- B. Discussion on Rules/Regulations Proposals for 2018 – No Action

VII. 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.

² An opportunity for Board members to disclose any potential, perceived or real conflict of interest on any item on the agenda or for any District business.

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 School, 100 Mill St., Gallatin Gateway, MT, on Dec. 11, 2017. Present at the meeting were board members Eric Amend, Ted Border, David Sullivan, EJ Engler, and Elana Wexall. General Manager Matt Donnelly and Secretary Maralee Parsons Sullivan were present. Also in attendance were Kurt Thomson from Stahly Engineering, and grant administrator Teresa Doig. Members of the public included Meg Lattinzo, Kelley Bush, Tammy Sturgis and Travis Sturgis.

President Border called the meeting to order at 6:30 p.m. Secretary Maralee Parsons Sullivan recorded the minutes of the meeting.

PUBLIC PARTICIPATION OF NON-AGENDA ITEMS

President Border asked for public comment on non-agenda items. Travis Sturgis asked for clarification on the timeline for determining if sufficient capacity exists to allow the District to issue a new permit to in-District customers who have submitted an application for a permit (i.e., for a building which is not included in the original project). GM Donnelly stated that the District's wastewater capacity is limited by its contract with FCWSD, and the District will need flow volume data to determine if there is any excess capacity. As soon as the District has a reasonable idea of flow, and capacity exists, Mr. Donnelly stated that the District would start issuing permits. He stated that by December 21, approximately ¼ of the community could be hooked up, which would provide an idea of flow volume. He further noted that Four Corners is in the process of expanding its wastewater treatment capabilities, with completion expected by Dec. 2019. At that point, the District could purchase additional capacity from FCWSD and can issue more permits. It was noted that the non-project Plant Investment Charge (PIC) is \$6000.

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 November 6, 2017, meeting minutes, President Border asked whether there were any corrections. It was noted that the final paragraph on page 4 should be corrected to "Ms." (from "Mr." Sullivan. Director Amend made the motion to approve the minutes as amended, Director Engler 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 stated that HRDC has qualified an additional 4 LMI households, and are still waiting on paperwork from one property owner. The County will submit a draw request to the MT Dept. of Commerce for those 4 parcel assessments. The District will have the bond attorney re-do the bond to remove those 4 assessments. The County is also applying to the MT Dept. of Commerce to have the unused portion of the assessment money applied to the CDBG grant funds. It was noted that if one of the 4 additional LMI qualifiers had already paid their first property tax installment, resulting in an over-payment, they should check with the County Treasurer on how that overpayment will be handled. Mr. Donnelly noted he would also pose the question to the Bond attorney.

Mr. Donnelly further reported that he has been working on the telemetry for the lift station. He noted the engineer and contractor are responsible for operations monitoring, up through substantial completion of construction, at which point operational responsibilities are handed off to the District.

Treasurer Maralee Sullivan reviewed the current monthly financial package (P&L and Balance sheet) for FY starting July 1, 2017: Revenues for November included \$143,021 in RD grant and \$37,524 in RD loan draws, paid to JR Civil and Stahly. Expenses included \$148.75 in legal, \$111.48 in overhead, and \$9800 in audit expense. She noted that the District's first annual audit is underway, and should finish up in the next few weeks. They are conducting a "single audit", which is required if annual federal revenues exceed \$750K. The District has signed a contract with Anderson Zurmuehlen for 1) the audit currently being conducted for \$13K, and 2) an audit to be completed next year covering the current fiscal year, for a fee of \$13.5K. A total of \$26K is budgeted for audits in the project budget.

Ms. Sullivan presented 2 invoices for Board approval:

1) NW Energy: \$7.35. This is the first monthly invoice for the power to the lift station.

Motion: Director Wexall moved to approve the NW Energy invoice for \$7.35, and to approve the addition of the monthly NW Energy invoice to the District's Pre-Approved Expense Policy. Director Sullivan seconded the motion. The motion carried 5-0.

2) OmniSite (telemetry): \$17.39. This is a prorated bill for annual service through 12/31/17.

Motion: Director Amend moved to pay the OmniSite \$17.39 invoice; Director Sullivan seconded. The motion carried 5-0.

REPORT OF ENGINEER, GRANT AGENCY DRAWS & REPORTS

Grant Administrator Teresa Doig presented a draw request from RD grant funds:

\$20,130.85 – Stahly Engineering
\$9,800.00 - Anderson Zurmuelen audit, partial billing
\$29,930.85

She noted that JR Civil did not submit a pay application in November. Director Wexall moved to approve the draw request as presented; Director Sullivan seconded. There was no Board discussion and no public comment. The motion carried 5-0.

Ms. Doig also noted that the DNRC grant was extended for 1 more year, and she is continuing to work with the County on the CDBG grant.

Kurt Thomson provided the engineer's report. He explained that JR Civil spent most of the month of November testing and fixing those items found to be deficient, so no pay items were completed, and no pay application was submitted. JR Civil has begun service connections, and may use ground heaters to keep moving forward with the connections over the winter. He & JR Civil are negotiating a change order for utility conflicts, which will be presented to the Board once the engineer has approved it. It was noted that if the engineer were to deny the contractor's change proposal, the contractor could then follow an appeal process and bring it directly to the Board. Director Engler asked to see a copy of the punch list; Mr. Thomson advised he would provide it. JR Civil will be installing stubs as they proceed along the hook-up route. Mr. Donnelly noted that the District has been paid for all stubs except two. Mr. Thomson stated that the contractor has not discussed a winter shut-down up to this point, and further noted that the roads will likely not be properly restored until Spring, after all service connections are complete and there is no frost. It was noted that the contractor has exceeded the contract term by 20 days, and the contract states liquidated damages of \$1200 per day can be charged. Mr. Donnelly commented that it is in the community's best interest for the District to not stop the contractor due to weather. Mr. Donnelly reiterated that the engineer and construction inspection team would ensure that the contractors abide by the contract and restore yards and roads to contract specs by the end of the project.

REGULAR BUSINESS

Discussion on Services Contract for Wastewater System O&M

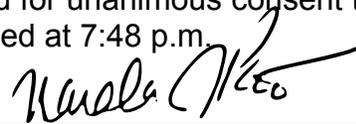
Mr. Donnelly stated that the District's maintenance needs include cleaning a portion of the pipelines and ensuring pumps are working satisfactorily. The required maintenance does not warrant a full-time operator, so he feels contracting out this work is prudent. He has been working with Four Corners Water & Sewer District and will also be speaking with Big Sky Water & Sewer District. Mr. Donnelly provided the Board with a draft of a proposed O&M contract with FCWSD, for time and materials required for periodic maintenance. In addition to services provided by FCWSD, the District would likely need annual cleaning services and excavation services, which would be contracted out. The Board stated their general agreement with the proposed approach to O&M. Mr.

Donnelly stated that the District's attorney would review the contract, and asked the Board to email him any comments on the draft contract.

Discussion on Rules/Regulations Proposals for 2018 – No Action

Mr. Donnelly noted that a review of the District's Rules & Regulations would be on the agenda for March 2018. He noted his concern that the R&R's do not stipulate a process for addressing a property that is deemed to have excessive flows, based on the District's assessment of the expected flows, and based on facility and uses. He noted that a provision should be included in the R&R's which stipulates the District's right to measure flow and, should flows from a property be deemed to be excessive compared to the property's VRU allotment, the District would have the right to charge appropriately for actual flows. He also suggested it might be prudent to revise the R&R's to provide additional requirements for new service inspections, such as requiring a TV camera for inspections on all new service connections. He requested that the Board review the R&R's over the next few months in preparation for the spring review.

It was noted that the next meeting date is moved to January 8, 2018, due to the New Year's Day holiday. President Border then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 7:48 p.m.



Secretary