

Gallatin Gateway County Water & Sewer District

PUBLIC MEETING

Date: **APRIL 4, 2016**

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. Approval of Minutes

- A. Approval of Meeting Minutes for March 7, 2016

III. 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. SEARCH Reports, Administration and Draw Requests
 - vii. USACE 595 Reports, Administration and Draw Requests

IV. Regular Business

- A. Review and Approve Payment to Attorney for Interlocal Agreement Costs
- B. Review and Approve Sewer Project Budget

V. 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 School, 100 Mill St., Gallatin Gateway, MT, on April 4, 2016. Present at the meeting were board members Merle Adams, Eric Amend, Ashley Kroon and David Sullivan. General Manager Matt Donnelly and Secretary Maralee Parsons Sullivan were also present. In attendance were Kurt Thomson from Stahly Engineering, and Carol Lee-Roarke from Sanderson Stewart.

Due to the absence of President Border VP Eric amend 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

VP Amend asked for public comment on non-agenda items. Director Sullivan stated he would at some point like for the Board to discuss annexing the District's Cottonwood Road land into the District. There was general discussion as to the future of the District's property, and Mr. Donnelly stated that once TSEP has provided a directive on whether or not the District will need to reimburse them for the land purchase the Board would be better able to make a decision on how to handle the land, including annexation. This will be a topic in a future agenda.

APPROVAL OF MINUTES

After confirming that all directors had a draft copy of the March 7, 2016 meeting minutes, VP Amend asked whether there were any corrections. None were noted. Director Sullivan made a motion to approve the minutes as written, Director Adams 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 has been working with the engineers and agencies to update the budget. USDA has approved engineering amendment #7 (pipeline to Four Corners). He has gone through the process of requesting a change of scope for the project, related to connecting to Four Corners, and TSEP has now formally approved the change of scope. CDBG is also still supportive of the project, and the revised environmental assessment is nearing completion. He has met with USDA, and there was discussion as to whether or not to keep the land in the project budget, which was paid for with grant money. The new budget of \$5.3M (including land already purchased) comes up about \$295K short. The USDA has said they will loan the District the

additional \$295K. Mr. Donnelly reviewed the District's new USDA loan package and action items needed for each:

Series A: Revenue bond, previously voted on and approved through a bond election. Loan is repaid out of monthly rates and fees, secured by a deficiency tax levy if the District fails to repay out of its rates and fees. **No action needed.**

Series B: Special Assessment bond, paid for by property owners of the District through their property taxes. **Action: Revise the District Property Owner spreadsheet to current owners; Board will vote to re-assess the new levy (reduced interest rate will reduce the levy) for each property owner.**

Series C: Revenue bond, repaid out of monthly rates and fees, backed by a Board-voted revenue bond, not by a tax deficiency. **Action: Board will need to hold public hearings (May-June timeframe) and then the Board will vote via Resolution to back the debt.**

Mr. Donnelly reviewed the project schedule. The agencies would like to see a construction completion date by June 30, 2017. The engineers had extended the schedule to August 2017 as a buffer to allow some flexibility for contractors, so Mr. Donnelly is working with all parties to develop a realistic schedule.

Mr. Donnelly said he had been approached by a non-District customer to potentially annex their property into the District, prior to construction. He has investigated with the bond council, who advised that a newly annexed property owner would not have voted in the earlier bond election, and would therefore not be included in the secured debt that the bond affords to the grant agencies. Mr. Donnelly said he expects there could be more such requests to annex, and he would like to develop a list of requests and develop a plan to accommodate the requests, possibly outside the project. Annexation will be an agenda topic for an upcoming meeting.

Mr. Donnelly pointed out that service lines to a house are not normally included in a project budget, since the service lines are private property, and normally the financial responsibility of the homeowner. The District had to get special permission to include the service lines in its project and have this portion funded, so there are no out-of-pocket expenses for the homeowner. USDA has reaffirmed in an email that due to the low-income nature of the community, they have agreed to include service lines in the project budget, and CDBG will pay off a portion for all low-income residents.

Treasurer Maralee Sullivan reviewed the current monthly financial package (P&L and Balance sheet) for FY starting July 1, 2015: Quarterly invoicing was completed (\$2,476) on March 31, 2016. Expenses for March include \$535 in legal and \$14,782 in engineering fees. The District has \$12,425 in its operating account, with receivables of \$3,498.

REPORT OF ENGINEER, GRANT AGENCY DRAWS & REPORTS

Kurt Thomson provided the engineer's report. One week ago he submitted a response to MDT's comment letter for the highway encroachment permit, and included the plans (which are 95% complete). On April 1 he submitted the plans to DEQ Billings office, which hopefully will result in a faster (hopefully 2 weeks) and more thorough review than what the Helena office would provide. Stahly is proposing a larger back-up generator be included in the project to accommodate growth, (upsizing pumps in the lift station would need a larger generator). The ballpark difference in price for the smaller and larger generator is \$20K. Mr. Donnelly asked if this would change the bottom line of the existing budget. Mr. Thomson said he needed to review the budget and owes the Board an update since more details are now known. After some discussion, it was decided that he would list the larger generator as an alternate bid item. He also submitted the connection plans to Morrison Maerle. In response to a question on timeline for going out to bid, Mr. Thomson said in addition to DEQ review time, agency review of plans and bid documents can take 2-3 weeks, and he still sees June 2016 as a possibility for going out to bid, and some construction work this year is possible.

Carol Lee-Roarke reported on the progress of the environmental assessment (EA) update. The report is still being reviewed internally and a draft will be submitted to Matt in the next few days. She reported that analysis was straight forward, and she welcomes thoughtful comments and suggestions from the Board.

Matt Donnelly reported on the various government reports, administration and draw requests:

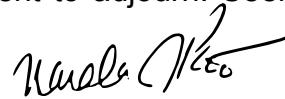
- RUS: nothing to report
- TSEP: Draw request for \$23,943.55 for engineering invoices associated with engineering amendment #7 (Four Corners pipeline) was presented for Board approval. Director Adams made a motion to approve the draw request; Director Sullivan seconded the motion, and it passed unanimously.
- CDBG: nothing to report
- DNRC: nothing to report
- COE: Teresa Doig is working with the agency and once the District receives the fully executed agreement, she can submit unpaid engineering invoices for payment. They will reimburse 75%. No Board action needed at this time.
- SEARCH (USDA): The District has submitted engineering invoices associated with PER amendment (\$15,416) and legal fees for the Interlocal agreement (\$3,275), and requests Board approval to pay when money is received. Director Adams made a motion to approve payment of engineering and legal invoices submitted; Director Kroon seconded the motion, and it passed unanimously.

Review and Approve Payment to Attorney for Interlocal Agreement Costs
Approved in SEARCH draw request, above.

Review and Approve Sewer Project Budget

It was decided to hold this until engineer has re-aligned the budget.

VP Amend then asked for unanimous consent to adjourn. Seeing no objection,
the meeting was adjourned at 7:45 p.m.



Secretary