

Gallatin Gateway County Water & Sewer District

PUBLIC MEETING

Date: August 4, 2014

Time: 6:30PM

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

For: Regular Meeting of the Board of Directors

AGENDA

- 1. Public Participation on Non-Agenda Items¹**
- 2. Approval of Minutes**
 - a. Approval of Meeting Minutes for July 7, 2014
- 3. Reports of Officers, Standing Committees, and Special Committees**
 - a. Report of General Manager & Report of Financial Condition
 - b. Report of Community Liaison Committee
 - c. Report of Engineer
 - i. Technical Status and ongoing design review comments
 - 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
- 4. Unfinished Business and General Orders**
 - A. Discussion and decision on engineer contract amendment for treatment plant design
 - B. Review and discuss VRU allocation schedule
- 5. 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.

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 August 4, 2014. Present at the meeting were board members Merle Adams, Eric Amend, Ted Border, Steve Janes, and David Sullivan. General Manager Matt Donnelly and Secretary Maralee Parsons Sullivan were also present. In attendance were Kurt Thomson from Stahly Engineering, and Larry Watson from Gallatin County. One member of the public was present, Tim Szafaryn.

President Border called the meeting to order at 6:32 p.m. Secretary Maralee Parsons Sullivan recorded the minutes of the meeting.

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 July 7, 2014 meeting minutes, President Border asked whether there were any corrections. President Border noted that the Treasurer's section should be corrected to state that the land purchase & realtor fees totaled \$208K. Ms. Sullivan took a note to also have the District's year-end financials corrected by the auditor, if necessary. Director Sullivan made the motion to approve the minutes as corrected, Director Amend seconded the motion and the minutes were approved unanimously.

REPORT OF GENERAL MANAGER AND FINANCIAL CONDITION

GM Matt Donnelly provided the report. He is pleased with the new design drawings, Stahly's DEQ submittal is complete, and he is also working with Teresa Doig on budgets for the granting agencies; re-writes would be necessary if CDBG grant money does not come through, or if Stahly discontinues their current agreement to carry a balance interest-free until grant money is released. The District did submit comments on the gravel pit, which were previously emailed to the Board. The hearing for the lawsuit is August 18 at the Bozeman Law & Justice Center, and all are welcome to attend. GM Donnelly will email more information.

Treasurer Maralee Sullivan reviewed the current monthly financial package (P&L and Balance sheet) for FY starting July 1, 2014: P&L indicates \$216 in revenue, for customers who requested to pay future quarters in advance. Customers

wishing to do so may prepay their benefited lot charge up to the end of the fiscal year (June 30, 2015). The \$1,405 insurance premium will be paid this month (approved by Board at last meeting). A/R has a balance of \$1,727, which includes \$921 in receivables from the 9 accounts which are in arrears, and who received letters from the District on July 15, 2014, advising them of the county requirements for collections on their property taxes. Those accounts not paid up by August 15, 2014, will be submitted to the County Treasurer's office for collection. The District's line of credit (LOC) concluded its one-year agreement period, and the District has submitted the paperwork to Big Sky Western Bank renew it. Marsha Ferraro has indicated there should be no problem to renew the LOC. Ms. Sullivan recommended to the Board that the District start paying down some of the LOC principle (\$11,095) at the rate of \$1000-2000 per quarter. She recommended a payment this quarter of \$1000, which would leave the District with about \$1400 in the bank until the next round of invoices. Director Sullivan made the motion to pay \$1000 against the LOC debt this month; Director Adams seconded the motion, and it passed unanimously. The Board will review future payments against the principle on a quarterly basis.

The District's audit is underway; Ms. Sullivan met with the auditor 2 weeks ago and provided an overview of the District's financial status, and also provided him with a copy of the District's policies & procedures. The audit firm will prepare financial statements footnoted with their audit findings; the report should be ready by October 2014. The cost of the audit is \$6800.

The minutes will reflect that there was a quorum of the GGWSD Board of Directors at the July 15 2014 public meeting on the gravel pit, but no District business was discussed.

The regular September Board meeting will be moved to Tues. 9/2, due to the Labor Day holiday. Ms. Sullivan will check on availability of the fire station boardroom.

REPORT OF COMMUNITY LIAISON COMMITTEE

Director Janes advised he had nothing new to report other than one resident who had a billing issue, and it has been resolved. Mr. Donnelly commented that he hopes once the lawsuit is resolved, the District will be able to be more proactive in its communications with the community and will be in a position to correct misinformation which has been reported in the press and elsewhere.

The District may hold another public meeting with the final drawings of individual service lines, to allow residents to review and comment. Mr. Thomson indicated he would like to time that meeting so that Stahly would be revising plans one final time with comments from the residents, the Board, and DEQ.

REPORT OF ENGINEER & GRANT AGENCY DRAWS & REPORTS

Kurt Thomson provided the report. Stahly has submitted to DEQ the plans, specs and design reports (with a preliminary design report for the treatment

plant). DEQ has seen the ICEAS system, so they are familiar with the technology. Mr. Thomson has been in contact with the engineer at DEQ who will be reviewing the submittal, and he indicated the initial review will probably be complete approximately 3 weeks from today. Stahly will then address the DEQ comments and re-submit the documents to them. He doesn't expect a lot of comments on the collection system/forced main, given there is no central water system in town. The Morrison-Maierle engineer has asked for and been provided with further information required for the EA. There is just one easement pending; President Border will check with Ron Page on status.

- RUS: Nothing to report
- TSEP: Ms. Sullivan presented a draw request for \$2,254 to pay a portion of 3 Stahly invoices for phase 2, for which some money remains in the budget. Director Janes made a motion to approve the TSEP draw request; Director Sullivan seconded the motion, and it passed unanimously.
- CDBG: Larry Watson provided the report. The draft of the 3rd EA (environmental assessment) prepared by Morrison-Maierle is complete; the draft was delivered on time this morning. The county attorney will review it over the next week. The target date to have the FONSI (Finding of No Significant Impact) published in the Chronicle is Sunday August 10. If that date is met, The County's public hearing period on the project will be from Aug 11 thru Aug 25. There will then be a 1-week comment/review response time period (Aug 26 – Sept 3), and he would then submit a request for release of funds to the Dept. of Commerce on Sept 4. The state's public hearing period would run from Sept 10 – 25. Barring any questions that come out of that public hearing process, the request for release of fund would be acted on by Dept. of Commerce Sept 26. At that point, we can submit a draw down request. This timeline can change depending on public comment received. The new EA does address all questions raised in the earlier EA review process, and does include the SBR system. The Morrison-Maierle engineer's time is paid for through both public hearings. Mr. Watson will send out a link to the EA draft report which is posted on the Dept. of Commerce website.
- DNRC: Nothing to report

UNFINISHED BUSINESS AND GENERAL ORDERS

Discussion and decision on engineer contract amendment for treatment plant design.

There was general discussion on the \$80,500 contract amendment submitted by Stahly, as a result of the change in the technology (SBR) chosen. GM Donnelly stated that a level II system has very little engineering design involved, vs. an SBR which requires design of 4 buildings, more concrete work in the head works and ICEAS basins, the D-watering facility and sludge processing facilities, expansion, etc., so this engineering amendment seems reasonable to him. If the Board approves the amendment, he will push Stahly to move forward with the treatment system design ASAP so the District will be in a position to put the bid

documents out as soon as circumstances allow. Director Sullivan stated he sees no strong negative issues on the added engineering costs and made the motion to approve the amendment. There was further discussion on the funding to pay this additional engineering expense: additional money is available in the overall budget since there is a savings in lower capital costs of an SBR over a level II. In the PER, the Engineer's Opinion of Probable cost (EOPC) was \$4.3M; at the end of phase I Stahly revised it to \$4.7M, as Mr. Thomson had concerns about cost escalations (which were never confirmed externally). When the decision was made on the SBR in April, Stahly revised the EOPC to \$4.5-4.6M, and that is where it stands now. Right now all of the agency budgets still stand at \$4.3M with \$250K in contingencies, so we will need to re-work budgets once CDBG status is known. Teresa Doig still feels the overall budgets are looking good to finance the whole project, and the money can be moved from construction costs to engineering costs.

Director Adams expressed concern about additional costs beyond the budget, which won't be confirmed until the project goes out to bid, which is 2 years behind the original schedule and the cost differences could be significant. Also, a negative outcome on the lawsuit could delay the project further, inserting greater financial risk to the community. The Board discussed the time constraint of delaying a decision until after a ruling on the lawsuit, as it is unlikely the judicial opinion will be in before mid-September. Stahly needs to complete the treatment plant design and submit it to DEQ for formal review and comments (which can take up to 6 months). Once the DEQ approves the treatment plant design, the bid documents will be put together and agency review/comment will be required, which can take up to a month. The District would like to go out for bid in January 2015. Delaying the approval on the contract amendment could jeopardize the chances of going out to bid next winter and going to construction in the next cycle. Director Adams made the observation that the District's legal council has not been forthcoming with the Board on the likely outcomes of the lawsuit, so the Board has been unable to adequately make decisions and put potential contingency plans in place. It was decided that GM Donnelly will ask council Swimley to set up a meeting with the Board shortly after the Aug. 18 hearing, and Director Janes will collect a set of questions to be asked. Director Sullivan commented that the project is in the best interest of the community and the Board should not insert further delays at this point. After further discussion Director Janes seconded the motion to approve the amendment. Seeing no further discussion, President Border called the question for those in favor of approving the motion, and the motion to approve the engineering amendment passed unanimously.

Review and discuss VRU allocation schedule

The Board reviewed and discussed the (estimated) operational budget distributed earlier by President Border, and how this would be divided among the District's users based on a VRU schedule. Operational expenses will be paid out of the Sewer Fund, and other non-sewer related expenses would be paid

from the General Fund. The discussion turned to VRU allocation. Based on the current estimate of 125 initial VRU's, the budget would equate to about \$54/month per unit. There was some discussion around specifics of industrial spaces and whether the proposed VRU allocation makes sense, seems equitable, and is defensible. After some discussion on using square footage or # of employees, it was decided using square footage as the measurement would be the most readily accessible and most stable unit of measurement. The current schedule puts 1/3 of the VRU burden on commercial properties and 2/3 on residential. There was some discussion on how properties with mobile homes on them would be measured, as the Cadastral website does not consistently list number of bedrooms, so there may need to be a provisional category for trailers and mobile units. It was agreed that the current draft is good enough to start the process to pass an amendment to the ordinance for sewer rates, and the next step is a public hearing, which GM Donnelly will set up for September.

NEW BUSINESS

President Border asked for any unfinished or new business.

President Border reported that Robert at Stahly suggested the sludge tour in Manhattan take place when they are running a batch of sludge so the Board members can see the process, and also provide a look at the head works, which will be identical to the District's design. The tour will probably be mid-August; President Border will advise details ASAP.

President Border also asked that the Board review the appeals process, section 7.16 of current Rules & Regulations, to be reviewed at the public hearing next month. The late charge will also be discussed.

President Border asked for additional unfinished or new business, and seeing none, President Border noted that the next meeting date is Sept. 2, 2014.

President Border then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 9:25 p.m.

Secretary