

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 June 3, 2019. Present at the meeting were board members Eric Amend, Ted Border, and David Sullivan. General Manager Matt Donnelly and Secretary Maralee Parsons Sullivan were present. Members of the public included Ruth & Rick Hargrove and Kathy Pittenger.

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. There were 3 members of the public who requested an update on when the roads in town would be repaired. GM Matt Donnelly advised that the District's engineer has been contacting the contractor on a weekly basis and is being told "next week". The contractor has not actually returned to town as of yet, and Mr. Donnelly will continue to follow up. Kathy Pittenger also expressed her thanks to the Board for its hard work and perseverance in getting the sewer system completed.

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 May 6, 2019 meeting minutes, President Border asked whether there were any corrections. None were noted. Director Amend made the motion to approve the minutes as written, Director Sullivan seconded the motion and the minutes were approved unanimously.

REGULAR BUSINESS

Election of Board President and Vice President

President Border opened the nominations for President of the Board of Directors. Director Amend nominated Ted Border for another term as President. Director Sullivan seconded the nomination. There were no further nominations and President Border closed the nominations for President. There was no further Board discussion and no public comment. President Border accepted the nomination and was elected President by a vote of 3-0.

President Border opened the nominations for Vice President. Director Sullivan nominated Eric Amend for another term as Vice President. Seeing no

further nominations for Vice President, President Border closed the nominations. Director Amend accepted the nomination, and was elected Vice President by a vote of 3-0.

Discussion and Decision on Compensation for Board of Directors

The District's by-laws state that the Board members may receive compensation in the amount of \$60 per month or may waive such compensation on an annual basis. Director Amend moved to waive the compensation for the Board of Directors for the fiscal year 2019-2020; Director Sullivan seconded. There was no further Board discussion and no public comment. The motion carried 3-0.

Discussion and Decision on Revising Wastewater OM&R Charge and/or Wastewater Facility R&R Charge in a Manner Consistent with the 2019-2020 Budget

During the 2019-2020 budget review at the May 6, 2019 Board meeting, the Board requested that the Wastewater OM&R (Operation, Maintenance & Repair) charge be increased by 5%, and the wastewater facility R&R (Repayment and Replacement) charge be decreased by a proportional dollar amount, resulting in no net change to the overall charge for sewer service (\$69.30 per VRU). In requesting the change, the Board noted that the District's debt and surplus reserves are healthy and more than adequate to cover the District's debt and mandated reserves at this time. It was also noted that a 5% increase in the OM&R revenue will allow more flexibility for administrative and operational expenses.

The resulting change in fee structure becomes (per VRU):

	Current	New
OM&R	36.10	37.90
R&R	<u>33.20</u>	<u>31.40</u>
	69.30	69.30

Director Amend moved to change the OM&R and R&R rates as presented above; Director Sullivan seconded. There was no Board discussion and no public comment. The motion carried 3-0.

Review and Approval of Draft 2019-2020 Budget

Treasurer Maralee Sullivan presented Draft2 of the 2019-2020 budget, noting changes from draft 1: 1) Increased the OM&R Revenue to \$71,972 (just under 5%) and decreased the R&R revenue to \$59,629; 2) increased the contract GM compensation by 25% to \$15,000; 3) clarified the surplus fund, which includes capital expenses, improvements, repairs or additions to the system, which is budgeted at \$10,225 (amount remaining from the R&R revenue after bond payments and mandated reserves). Board comment noted that the budget looks good with the changes made. Director Sullivan moved to approve the 2019-2020 budget as presented in Draft2; Director Amend seconded. The motion carried 3-0.

REPORT OF OFFICERS, STANDING COMMITTEES, AND SPECIAL COMMITTEES

General Manager Report, Treasurer Report, Approval of Expenditures

GM Matt Donnelly provided the GM report.

O&M Update: Total flow for May 2019 was 397,400, with an average daily flow of 12,819 gal/day. There were no issues to report for the lift station or collection system, and no maintenance items to report.

In other activities, he continues to work with Kurt Thomson on warranty work and post-project activities, for which the District has received one invoice so far. He has received numerous locate tickets which he has been working on. The lift station O&M agreement with FCWSD is under review by the lawyers. Once it is in place, he will work toward obtaining quotes from contractors on emergency service calls.

New development/connection updates:

SuperSun: Since the complex has a grow operation on site, there is concern about organics getting into the sewer system. The group has sent Kurt Thomson letters addressing the concerns.

Campground: During the County review process, it was discovered that the plans will need to be modified, and it is likely that there will be fewer sites and fewer VRU's needed than originally presented to the Board. The developer continues to work with the County on development of the design.

Diamond K: They are close to connecting but are having difficulty obtaining a contractor.

5 premises on Axtel-Anceny: the project engineer is starting to collaborate with Kurt Thomson. The District will need to work closely with the project engineer on designs, since the infrastructure should be owned by the District.

Board and public discussion included clarification on out-of-district customers, and if the District will have access to their flow data. Mr. Donnelly noted that the data would not appear in the District's telemetry and the District would either need to read the meters manually or invest in some meter-reading infrastructure, or the owners could possibly report the flow data, with the District doing periodic audits. He also noted that he explained the billing structure for out-of-District customers (1.5x the rate of in-District) should the applicants choose not to annex in to the District, and so far, he has not heard any opposition to annexing in. A property adjacent to the District can annex, and there is a legal opinion that if properties are connected to the District by a public road (county or state), then those properties can annex.

Treasurer Maralee Sullivan reviewed the current monthly financial package (P&L and Balance sheet) for FY starting July 1, 2018:

Revenue for May totaled \$11K, and expenses totaled \$2,440. She noted she is trying to obtain quotes for hourly CPA services, so the District can move the "construction in progress" account into service and start on a depreciation schedule.

Report of Ad Hoc Committee on Policies and Practices

Ms. Sullivan advised that due to travel schedules the committee has not been able to meet yet, but she sent out a draft document to the committee which drafts the committee's scope and goals. She noted the 2 top goals at this point are to develop the staffing structure and develop an infrastructure plan to support staff and District customers.

President Border then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 7:06 p.m.

Secretary