

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 May 6, 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 Greg Pole, Amy Malachowski, Tim Szafaryn, Earl Wortman and Doug Mawhinney.

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. Greg Pole asked when the road conditions on Latigo Road will be repaired. GM Matt Donnelly advised that road repair is one of the warranty items remaining on the contract and the District is working closely with its engineer to get the contractor back to address this and other warranty items sooner rather than later. The contractor is required to complete the warranty items before September 10, 2019. Tim Szafaryn stated that his yard has not grown back and asked if seeding lawns is part of the warranty work. GM Donnelly advised that the decision would need to be made by the District's engineer, and he will ask that this be put on the list of warranty items to be completed. Doug Mawhinney stated that his property is missing 5 property pins, which cost about \$500 each according to Stahly. He noted his property also needs some repairs done. GM Donnelly stated he would be in touch soon after speaking with the District's engineer.

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 April 1, 2019 meeting minutes, President Border asked whether there were any corrections. None were noted. Director Amend noted a small typo on page 3 and made the motion to approve the minutes as amended. Director Sullivan seconded the motion and the minutes were approved unanimously.

REGULAR BUSINESS

Second Reading and Public Hearing on Ordinance Amending the District's Rules and Regulations to Allow for Metered Rates; to Change VRU Allocation

Methodology for Single Family Residences; and to Make Editorial Changes and Changes to Certain Procedures

GM Matt Donnelly read Ordinance 19-01:

AN ORDINANCE AMENDING THE RULES AND REGULATIONS
OF THE GALLATIN GATEWAY COUNTY WATER AND SEWER
DISTRICT AND ESTABLISHING CERTAIN RATES, FEES AND
CHARGES

BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE GALLATIN
GATEWAY COUNTY WATER AND SEWER DISTRICT AS FOLLOWS:

That pursuant to the authority granted under Section 7-13-2281 and Section 7-13-2301, MCA, the Board of Directors of the Gallatin Gateway County Water and Sewer District ('District') hereby adopts an ordinance establishing certain rates, fees and charges, including out-of-district service rates and general fines and penalties, and amending the Rules and Regulations of the District attached hereto inclusive of amendments.

ADOPTED by the Board of Directors of the District after first reading on April 1, 2019 and second reading and public hearing on May 6, 2019. This Ordinance shall be in effect 30 days after the date of the second reading.

GM Donnelly reviewed the specific changes to the District's Rules and Regulations:

314(9)(b) - Added language to affirm District can act if user produces extraordinary volume.

626 - Added section authorizing general fines and penalties.

627 - Added section authorizing return check fee.

802 - Added section authoring GM to set application procedures.

811+ - Deleted sections specifying application procedures.

1104 - Added meter requirement for non-residential connections.

1122 - Added reference to Big Sky specifications.

1142 - Added reference to Big Sky specifications.

Appendix A - Revise rate schedule to allow for metered rates and to add overage charges over base; add an Out-Of-District rate of 1.5x in-District rate; Annexation fee raised from \$0 to \$100; add \$20 returned check fee. Also add specific fines and penalties.

Note1: As of 4/26/2019 there is no change to the base connection application fee. The Board had discussed setting the fee at \$200 + inspection cost, but the GM is not sure how to document inspection cost.

Note2: As of 4/26/2019 there is no separate rate for trailer homes. The Board had discussed establishing a separate rate for trailer homes, but the GM is not sure how to explicitly set the rate.

Appendix B - Revise residential allocations from per-bedroom method to sq. ft method (1 VRU minimum).

Board Comment on amendments to District's Rules and Regulations:

- Adding language to affirm District can act if user produces extraordinary volume serves to clarify the intent of the Rules & Regulations.
- The Rules and Regulations committee took the language on the fines and penalties directly from the Big Sky Rules and Regulations, so we have good reason to believe this is the industry standard. It was also noted that in

addition to fines and penalties, actual costs incurred by the District to rectify damage to District infrastructure will also be levied.

- Changes pertaining to application procedures will provide greater flexibility for the operations team.
- Adding metering requirements at this time makes sense as the District is adding customers the Board did not necessarily initially foresee and metering outflow on some non-residential properties makes sense.
- Moving to a square foot methodology from a per bedroom method for residential properties allows the District to avoid “policing” properties for how living space is utilized. It was noted that only 2-3 properties would see an increase in rates due to this change, and these properties will be allowed to have their current rates “grandfathered”. There will be minimal impact on the District’s revenue.
- It was discussed and decided that a category for mobile homes would be added, and if the square footage is not listed on Cadastral, a standard of 900 sq. ft. for single-wide and 1800 sq. ft. for double-wide would be used to compute the VRU allocation for the trailer.
- It was discussed and decided that the connection fee shall be set at \$200 to cover the costs of the GM to process the application and provide inspection, plus actual costs for engineering inspection (if required).

Public comment on amendments to District’s Rules and Regulations:

- Tim Szafaryn stated his concern that metering could lead to a water system being put in, and he is opposed to that.
- Earl Wortman also asked to be put on the record as being opposed to a central water system.

Director Sullivan moved to adopt Ordinance 19-01 and accept the amendments to the District’s Rules and Regulations, noting residential customers will be allowed to have their current rates grandfathered if they so choose. Director Amend seconded. There was no further Board discussion or public comment. The motion carried 3-0.

Discussion and Decision on Pre-Design Application for EcoCamp LLC

GM Donnelly advised that the engineer on the project, Mr. Mattos, was in attendance at the April Board meeting, and noted this out-of-District application is for 5 large single-family residences which, if approved, would be allocated 10.5 VRU, subject to the approval of FCWSD. He noted that the District would own the extension of the force main which would be required. Mr. Donnelly stated the District has capacity, noting that 3000 gpd is reserved for in-District development, and recommends approval of the application. Board comments noted that approval for out-of-District development is on a first-come, first-served basis. Director Amend moved to approve the Pre-Design Application for EcoCamp LLC; Director Sullivan seconded. There was no public comment and no further Board discussion. The motion carried 3-0.

Review of Draft 2019-2020 Budget

Treasurer Maralee Sullivan presented the draft of the 2019-2020 budget for the District's General Fund and the Sewer Enterprise Fund. Board comment noted that the District's bond reserves are looking healthy; the Board would like to see more budgeted for GM services and emergency services (it was noted the SLA fund can be used for replacements/repairs); the Board requested the OM&R revenue component of the monthly rate be raised 5% and the R&R component be lowered by a corresponding dollar amount (resulting in no net change to customer rates).

Discussion and Decision on Changing the Date of Regular Meetings of the Board

Staff had requested a change in the date of the regular Board meetings from the first Monday of the month to the second Monday of the month, to allow more time to prepare and review the monthly financial and operational reports. It was noted that the school Board room would be available the second Monday. Director Amend moved to move the regular Board meetings from the first Monday of the month to the second Monday of the month. Director Sullivan seconded. There was no further Board discussion and no public comment. The motion carried 3-0.

REPORT OF OFFICERS, STANDING COMMITTEES, AND SPECIAL COMMITTEES

General Manager Report, Treasurer Report, Approval of Expenditures

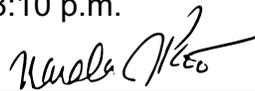
GM Matt Donnelly provided the GM report. He noted average daily flows were down in April, around 15.6K. He advised that an inspection of the lift station generator by Cummins in early April revealed the oil pan heater was not functioning and the technician believed this was the reason why there were issues starting the generator over the winter. The generator is operating per specifications now, and regular maintenance is being scheduled. He also noted that he is moving forward with the O&M agreement with FCWSD and hopes to have this in place by June 2019.

Treasurer Maralee Sullivan reviewed the current monthly financial package (P&L and Balance sheet) for FY starting July 1, 2018: Income for the month of April was 11,200. There was one out-of-budget expense (\$4,808) for reimbursement to FCWSD for the engineering and laboratory expenses they incurred in response to the Elk Grove lift station issue in October 2018, which was precipitated by actions of the District's contractor. She noted that for the first time ever the District has \$0 in current and short-term liabilities.

Report of Ad Hoc Committee on Policies and Practices

The committee has not yet convened so no report was provided.

President Border then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned 8:10 p.m.



Secretary