

Gallatin Gateway County Water & Sewer District

PUBLIC MEETING

Date: SEPTEMBER 20, 2016

Time: 6:00PM

Place: Gallatin Gateway Community Center, 145 Mill St., Gallatin Gateway

For: Special Meeting of the Board of Directors

AGENDA

I. Public Participation on Non-Agenda Items¹

II. Public Hearing and Decision on Establishing Wastewater Rates

III. 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 special meeting of the Board of Directors of the Gallatin Gateway County Water & Sewer District was held at the Gallatin Gateway Community Center, 145 Mill St., Gallatin Gateway, MT, on September 20, 2016. Present at the meeting were board members Eric Amend, Ted Border, Ashley Kroon and David Sullivan. General Manager Matt Donnelly was also present.

President Border called the meeting to order at 6:05 p.m. GM Matt Donnelly recorded the minutes of the meeting.

PUBLIC PARTICIPATION FOR NON-AGENDA ITEMS

President Border asked for public comment on non-agenda items. Mr. Szafaryn asked whether the CDBG LMI qualification process would be discussed at this meeting. President Border responded that the subject is not on the agenda but he offered to try to answer any specific questions after the rate hearing.

PUBLIC HEARING TO ESTABLISH WASTEWATER RATES

President Border requested that all public participants sign the attendance roster and directed Mr. Donnelly to include the roster with the minutes of the meeting. He then described the purpose of the hearing and the process to be used to solicit public comment to the meeting participants, and he asked if there were any questions about the process. Seeing none, President Border then asked Mr. Donnelly to deliver a staff report and recommendation.

Mr. Donnelly presented a brief history describing how the community identified the need for public sewer, when the District was created, and how the District came to the proposed solution to address the need. He then described the Board's authority to set rates and the statutory process. He then presented an assessment of anticipated expenses related to financing and operating the new sewer system. He concluded with staff's recommendation that a Wastewater OM&R Charge of \$36.10 and a Wastewater Facility R&R Charge of \$33.20 be adopted by the Board, and that these charges be deferred until the project is complete. He explained that both charges are authorized by the District's Rules and Regulations. He announced that proper notice had been given in the Bozeman Daily Chronicle and mailed to stakeholders and that no written comments had been received. In conclusion, he noted that bond counsel Bob Murdo had produced a draft resolution for the Board's consideration should it choose to adopt the recommended rates and should the Board choose to use the resolution format.

President Border then opened the hearing for public comment.

Comment #1: Mr. Silva asked whether the total of the proposed rates is \$69.30 and how much the proposed rate has changed from what was anticipated in the 2010 PER. President Border answered that the proposed rate totals \$69.30 per VRU and that one VRU represents a 2-bedroom house. Director Amend noted that the 2010 PER estimated rates would be between \$46.97 and \$123.55 with a median estimate of \$85.26.

Comment #2: Ms. Payne asked how commercial rates would be established and how commercial rates differ from residential. Mr. Donnelly provided Ms. Payne with a copy of Appendix B of the District's rules and regulations. President Border provided examples of two types of commercial rates taken from Appendix B of the rules and regulations.

Comment #3: Ms. Payne asked whether it was possible rates would increase prior to initial system startup from what is being proposed today. Mr. Donnelly responded that the O&M budgeting process took a conservative approach to try to ensure that the proposed rates will not increase.

Comment #4: Ms. Payne questioned whether a "fully burdened" labor rate of \$23 for a licensed wastewater operator, taken from footnote #1 of the staff recommendation, is unrealistically low.

Comment #5: Ms. Payne asked whether the proposed rate includes reserve accounts for equipment replacement. President Border responded that the USDA Letter of Conditions mandates a "Short Lived Asset" reserve account and the financing of this reserve account is included in the proposed rates.

Comment #6: Mr. Wortman commented that future rates could benefit from a larger number of users in the District.

Comment #7: Mr. Wortman commented that the proposed rates do not include the existing Benefitted Lot Charge and that the effective rate, with Benefitted Lot Charge, is \$75.30.

Comment #8: Mr. Silva asked if anyone can connect during the construction phase of the project. Mr. Donnelly responded that grant/loan funds cannot be used to connect out-of-District customers and that it is not anticipated that currently unidentified users will be allowed to connect in the construction phase.

Comment #9: Mr. Silva asked how many connections were anticipated in the project. President Border responded that the plans currently show 87 connections.

Comment #10: Mr. Shockley commented that \$69.30 seems like a good rate. He added that the grant funding is doing a good job of holding down the rates.

Seeing no further public comment, President Border then closed the hearing and opened the meeting to Board deliberation. Director Sullivan moved to adopt Resolution 16-04 establishing charges in the aggregate amount of \$69.30 for the purpose of financing and operating the public sewer system to be effective upon completion of the project. Director Kroon seconded the motion. President Border opened the floor for discussion.

Director Amend noted the proposed rate is consistent with the estimates that have been presented to the public since the beginning of the project. He further noted that the bond election passed by a margin of 51 for and 18 against, and this is evidence of broad community support for the project.

President Border noted there are 76 customers currently being billed by the District, that each of these customers had received notice of this hearing, and that the lack of attendance indicates little opposition to the proposed rates.

Director Kroon noted the proposed rates are comparable to other similar communities.

Director Amend noted the Board had adequately addressed many of the comments as they came up in the hearing.

Seeing no further discussion President Border called the question. The motion to adopt Resolution 16-04 passed unanimously.

President Border then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 6:45 p.m.

A handwritten signature in black ink, appearing to read "Harold Kroon", is written above a horizontal line.

Secretary

Appendix A – Sign-In Sheet

**Gallatin Gateway Water & Sewer District
Board Meeting
Public Sign-In Sheet**

Date: SEPTEMBER 20, 2010

| Name | Email Address |
|-----------------|-----------------------|
| Earl J. Wortman | earlwortman@gmail.com |
| Dick Shockley | ddshockley@aol.com |
| Tim Szachy | |
| John Payne | |
| Keri Payne | |
| Frank Silva | |
| | |
| | |
| | |
| | |
| | |
| | |