

GALLATIN GATEWAY COUNTY WATER & SEWER DISTRICT
RESOLUTION NO. 2016-03

RESOLUTION OF INTENTION TO ESTABLISH NEW WASTEWATER RATES
AND CHARGES AND CALLING FOR A PUBLIC HEARING ON NEW
WASTEWATER RATES FOR GALLATIN GATEWAY COUNTY WATER AND
SEWER DISTRICT

WHEREAS on November 3, 2014 the Board of Directors of the Gallatin Gateway County Water and Sewer District ("the Board") enacted revised Rules and Regulations through Ordinance 14-01 pursuant to Section 7-13-2275, Montana Code Annotated; and

WHEREAS the revised Rules and Regulations ("the Rules and Regulations") of the Gallatin Gateway County Water and Sewer District ("the District") became effective December 4, 2014; and

WHEREAS the Rules and Regulations can be found at <http://www.gatewaywsd.com>; and

WHEREAS Section 601 of the revised Rules and Regulations of the District and Section 7-13-2275, Montana Code Annotated, authorize the Board to establish Rates, Fees and Charges to fund expenses of the District, to make principal and interest payments on the District's debt, to ensure the continued viability of the District's facilities, to ensure the District's facilities are sufficient to allow the District to comply with all applicable state and federal standards, and to ensure the District's facilities have sufficient capacity to serve current and projected demand;

NOW THEREFORE BE IT RESOLVED by the Board of Directors of the Gallatin Gateway County Water and Sewer District, Gallatin County, Montana as follows:

1. Recitals. The Board has determined, through an extensive public input and participation process and after consultation with Stahly Engineering, that the Gallatin Gateway County Water and Sewer District needs to establish a Wastewater OM&R Charge authorized under Section 621 of the Rules and Regulations for expenses related to the ongoing operation, maintenance and repair of the District's wastewater collection and transportation facilities including payments to the Four Corners County Water and Sewer District ("Four Corners") for treatment and disposal of the District's wastewater at the Four Corners wastewater treatment facility; and a Wastewater Facility R&R Charge authorized under Section 622 of the Rules and Regulations for expenses related to the replacement of the District's wastewater collection and transportation facilities, the repayment of debt related to the District's wastewater facilities, and Short-Lived Asset (SLA) replacement reserves. The current rates and charges of the District are a Benefitted Property Charge of \$6 per lot per month for the purpose for paying a portion of the District's ongoing general administrative expenses which are not directly attributable to operating, maintaining or repairing the District's wastewater facilities. The Benefitted Property Charge is authorized under Section 620 of the Rules and Regulations of the District and will not change under the proposed new rate structure.

2. Proposed Funding of Project. The District intends to create a central wastewater collection and transportation system at an estimated cost of \$5,643,000 and has received commitments of grants of: \$1,845,000 from the U.S. Department of Agriculture, Rural Utility Services ("RUS"); the U.S. Army Corps of Engineers through a Section 595 Project Partnership Agreement of \$413,000; the Montana Department of Commerce through the Treasure State Endowment Program of \$750,000; in association with Gallatin County, the Montana Department of Commerce through the Community

Development Block Grant program of \$450,000; and the Montana Department of Natural Resources through the Renewable Resource Grant program of \$100,000. The District also received commitments from RUS to provide 3 loans, each with 40 year terms for a total of \$1,930,000. In order to pay the debt service and reserves on the loans and to meet the RUS coverage requirements, the District intends to issue its \$863,000 Series A Wastewater System Revenue Bond (the "Series A Bond"), its \$787,000 Series B Wastewater Special Assessment Bond (the "Series B Bond"), and its \$310,000 Series C Wastewater System Revenue Bond (the "Series C Bond") to evidence the obligation to pay the loans.

3. New Rates. The expenses of operating and maintaining the new wastewater collection and transportation system and paying Four Corners for treatment and disposal services will need to be paid by establishing a Wastewater OM&R Charge per month of \$36.10 multiplied by the Volume Ratio Unit ("VRU") factor listed on Appendix B of the District's Rules and Regulations for the various types of property. For example, a single family residence with two or fewer bedrooms will be charged \$36.10 per month (\$36.10 times 1.0 VRU) for the Wastewater OM&R Charge. The repayments on the Series A Bond and the Series C Bond and the funding of the reserves and coverage requirement will need to be paid by establishing a Wastewater Facility R&R Charge of \$33.20 per month multiplied by the VRU factor listed on Appendix B of the District's Rules and Regulations for the various types of property. A single family residence with two or fewer bedrooms will be charged \$33.20 per month (\$33.20 times 1.0 VRU) for the Wastewater Facility R&R Charge. Therefore, the combined monthly charges for a single family residence with two or fewer bedrooms will be \$69.30 (\$36.10 for the Wastewater OM&R charge and \$33.20 for the Wastewater Facility R&R charge).

The Series B Bond will be paid by special assessments in an equal amount per lot of \$201.79 per year for all lots currently in the District. The special assessments will be collected with county taxes.

4. Public Hearing. Section 7-13-2275, Montana Code Annotated, provides that prior to establishing such rates and charges the Board shall give notice and hold a public hearing. Pursuant to such authority, a public hearing for the District is called for and shall be held on the 20th day of September 2016, at 6:00 p.m., at the Gallatin Gateway Community Center, 145 Mill St., in Gallatin Gateway, Montana.

5. Form of Notice. The notice of the public hearing shall be in substantially the following form:

NOTICE OF PUBLIC HEARING
ON ESTABLISHMENT OF WASTEWATER SERVICE CHARGES FOR THE
GALLATIN GATEWAY COUNTY WATER AND SEWER DISTRICT

NOTICE IS HEREBY GIVEN that the Board of Directors of the Gallatin Gateway County Water and Sewer District, Gallatin County, Montana, passed its Resolution No. 2016-03 of Intent to Establish New Wastewater Rates and Charges and will meet on the 20th day of September, 2016, at 6:00 p.m., at the Gallatin Gateway Community Center, 145 Mill St., in Gallatin Gateway, Montana, for the purpose of holding a public hearing on establishing wastewater service charges for the District. The District Board intends to establish a Wastewater OM&R charge to generally fund operating, maintenance, treatment and reserves expenses and a Wastewater Facility R&R Charge to generally fund debt service and bond required reserves. The Board of Directors anticipates that the new charges will be broken into two types: a Wastewater OM&R Charge of \$36.10 per Volume Ratio Unit ("VRU") and a Wastewater Facility

R&R Charge of \$33.20 per VRU. The VRU factor per property type is listed on Appendix B of the District's Rules and Regulations, which can be viewed at www.gatewaywsd.com. Under the proposed charges, a single-family residence with two or fewer bedrooms will be charged \$69.30 a month (\$36.10 for the Wastewater OM&R charge and \$33.20 for the Wastewater Facility R&R charge). This is in addition to the existing Benefitted Property Charge of \$6.00 per lot per month. The new rates and charges will be effective upon completion of the wastewater project, which is anticipated to be August 2017. All persons interested may appear and be heard at said time and place of the hearing. For further information regarding the hearing or to review a copy of Resolution No. 2016-03 or Appendix B of the District's Rules and Regulations, contact Matt Donnelly, General Manger, by phone at 509-460-8777 or by email at gm@gatewaywsd.com.

Dated this 7th day of September 2016.

BY ORDER OF THE BOARD OF DIRECTORS OF
THE GALLATIN GATEWAY COUNTY WATER AND
SEWER DISTRICT


By: Ted Border
Its President

6. Publication of Notice. The District Secretary shall cause the above Notice to be published in the Bozeman Daily Chronicle on September 9, 2016 and September 16, 2016 in accordance with Section 7-13-2275 (4)(b), MCA.

7. Mailing of Notice. The District Secretary shall mail the above Notice to all customers of the District and all persons who own property in the District at least 7 days prior to the date set for the hearing in accordance with Section 7-13-2275 (4)(c), MCA.

Passed and approved by the Board of Directors this 7th day of September 2016.

GALLATIN GATEWAY COUNTY WATER AND
SEWER DISTRICT



President

ATTEST:

By: 

Secretary

FOR

Border, Sullivan, Amend,
Kroun

AGAINST

NONE

Abstain

NONE