

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 April 1, 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. Kurt Thomson from Stahly Engineering was present. Members of the public included Ed Matos and Jeff Pfeil.

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. None were raised.

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 March 4, 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.

REPORT OF OFFICERS, STANDING COMMITTEES, AND SPECIAL COMMITTEES

General Manager Report, Treasurer Report, Approval of Expenditures

GM Matt Donnelly provided the monthly O&M Report. He stated that heavy runoff in March caused some inflow problems, noting the peak flow of 24K gal/day. The average daily flow for the month was 19K gal/day. The District may purchase some equipment for manholes which are experiencing significant inflow, which acts as a protective "dish" inside the manhole, allowing inflow to drip into the system, rather than pouring in all at once (a cost of about \$500 each). He also noted that the District is still waiting for Cummins to inspect the lift station generator which failed in January, noting it is still under warranty. Mr. Donnelly also noted that there was an issue with the collection system in which ice was found on the main line east of Rabel Lane, impacting one customer at the end of the line. Scenic City was called and responded to the issue. He further noted that there are 5 new sewer applications in the pipeline.

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 March included \$11,300 in regular billing and \$15,425 in application fees and a payment of a PIC charge for 2.5 VRU's. She noted that she has made some changes to the District's bank accounts, specifically the sewer project checking account has been re-purposed as the District's debt holding account, from which funds will be automatically withdrawn by RD monthly for the revenue bond payment, and semi-annually for the special assessment bond payment. She advised that the first monthly revenue bond payment of \$3,332 was made in March. In addition, she has opened a new savings account for capital reserves and surplus, transferring \$39K in PIC payments from the District's operating account into the new savings account. She also asked that the Board consider changing its regular Board meeting from the first Monday of the month to the second Monday, noting the short turn-around-time for Staff to prepare month-end reports in time for the Board's review and discussion, particularly when the month ends over the weekend (as in March). The Board indicated their willingness to change and it will be placed on the agenda for the May meeting.

Report of Ad Hoc Committee on Rules

Matt Donnelly provided the report. He noted that the recommendations of the committee are to be discussed later on the agenda, with a public hearing to follow in May. It was noted that the committee has concluded its work and the Board and staff can now take the appropriate actions to implement the recommended changes. Director Sullivan moved to thank the committee for its hard work and accept the recommendations of the Ad Hoc Committee on Rules, and hereby disband the committee. Director Amend seconded. There was no further Board discussion and no public comment. The motion carried 3-0.

REGULAR BUSINESS

Discussion and Decision on Pre-Design Application for 475 Gateway South Road, LLC

Mr. Donnelly advised that the District received a pre-Design application in January from Streamside Campgrounds, which is planning a development of approximately 200 campsites on the other side of the Gallatin River, and has requested to connect to the District's sewer system. This would require the applicant to drill under the river and establish a new lift station there, which would be metered. Jeff Pfeil for Streamside Campground was present at the meeting and said the project is in its early stages, noting that this will not be an RV park, but rather a campground surrounded by trees with larger-than-normal campsites, and he is working with Kurt Thomson and Stahly Engineering on the plans. He noted it will likely have closer to 132-150 campsites with hook-ups, plus some bathrooms, family-style shower houses, a fly shop and perhaps a "tiki" bar or some sort of gathering area. Mr. Donnelly noted that he has seen some of the designs and by District rules, 150 wet campsites at .27 VRU each equates to 40.5 VRU. It was noted that flows will be seasonal, and Mr. Donnelly recommends the Board approve the application, placing a maximum VRU cap. It

was noted that the District's will-serve letter is valid for 1 year, which Mr. Pfeil stated was most likely well within their timeframe for development.

There was some discussion on the best way to determine the District's existing excess capacity, using 2 thoughts of analysis:

- 1) The District's current usage is considered to be about 108 gal/VRU (16,000/148 VRU). FCWSD uses the nominal estimate of 130 gal/VRU.

If it is assumed the applicant would have 45 VRU, the District's usage becomes:

$$148 + 45 = 193 \text{ VRU.}$$

$$193 * 130 = 25,090$$

$$193 * 108 = 20,844$$

- 2) 27,000 gal capacity
(3,000) gal reserves
24,000 gal effective capacity

16,000 used leaves 8,000 available.

$$8,000/130 = 61 \text{ VRU available.}$$

$$8,000/108 = 74 \text{ VRU available.}$$

It was noted that the estimate of .27 VRU per campsite is probably on the high side and flow will likely be lower. Mr. Donnelly will verify that the District's interlocal agreement with FCWSD prohibits an RV dump and if so, this will need to be prohibited. Next steps will be to obtain approval from FCWSD, and then refine the numbers. It was also noted that since the site will be metered, the District will have accurate flow amounts from the campsites, rather than an estimate.

Director Amend moved to approve allocating 45 VRU to Streamside Campgrounds, contingent upon approval from FCWSD. Director Sullivan seconded the motion. There was no further Board discussion and no public comment. The motion carried 3-0.

Discussion and Decision on Establishing Committee to Develop Operating Policies and Job Descriptions

GM Donnelly advised that staff recommends a committee be formed to develop job descriptions and refine operating policies to govern the operations of the District. The Board agreed, and the President established a committee consisting of Matt Donnelly, Maralee Sullivan, and Directors Sullivan and Amend. It was noted that a community member should not be necessary at this time as the directive of the committee will be primarily internally focused.

First Reading of 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

The following changes to the District’s Rules & Regulations were read and discussed:

3.14(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 authorizing GM to set application procedures.

811+ - Deleted sections specifying application procedures.

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 penalties.

Appendix B - Revise single family residential from a per-bedroom allocation to a square foot allocation. Nothing in commercial rates change. The formula presented by Mr. Donnelly (the formula can be refined in the next month):

< 1800 sq. ft = 1.0 VRU

2000 sq. ft. = 1.1 VRU

3000 sq. ft. = 1.6 VRU

4000 sq. ft. = 2.1 VRU

5000 sq. ft. = 2.6 VRU

Director Amend noted that plugging in this formula in his cursory review of data on square footage of living area from the County website, correlates well to what customers are currently paying. He noted that data on mobile homes is somewhat incomplete, so mobile homes may need to be assessed differently. Mr. Donnelly stated that he would recommend the Board also adopt a policy that current customers can be “grandfathered” in their current rates, if they prefer the current rate.

Annual Review of Rates and Charges

Description	Current Charge	Discussion
Annexation Application Fee	No charge	When rates were established, we did not anticipate too many annexation requests. It now appears that we may be wanting annexation requests from all out-of-district applicants. It would probably be prudent to adopt a modest charge to cover the administrative costs of processing an annexation application. Check on legal costs.
Benefited Property Charge	\$6/lot	This charge generates approximately \$10,000 per year to cover general expenses of the District not directly related to the provision of wastewater services. These costs include

		newspaper ads, legal costs, insurance, etc. Staff does not recommend changes at this time.
Charge for Discontinuance or Reestablishment of Service	Actual cost	This activity is not expected to be needed very often. It is more commonly associated with water service. No change is recommended by staff.
Connection Application Fee	\$200	This fee covers application processing/review as well as inspection of the connection during construction. It may be too low, but we don't have good data from the engineer on the cost of processing applications at this time. It is certainly true that larger applications require more time. Staff recommends we change this to a per-VRU charge.
Delinquent Account Fee	\$60	No change recommended.
Extension Application Fee	Actual Cost	No data or experience to help us understand how we will document actual cost. No change is recommended.
Industrial Discharge Permit Fee	Not Allowed	
Late Payment Fee	\$10	No change recommended.
Non-compliant Property Charge	\$69.30/month	It is looking more likely that we won't ever need to levy this charge. I may be able to come out of our rules eventually. No change recommended at this time.
Plant Investment Charge	\$6,000/VRU	
Predesign Application Fee	\$75	This charge appears adequate to cover administrative costs of processing pre-design applications. No change is recommended.
Service Request Application Fee	No charge	This application is primarily used to obtain contact information for billing accounts. There is little administrative effort to process the application. No change is recommended.
Wastewater Facility R&R Charge	\$33.20/month	The charge currently generates \$59K per year. Our debt and mandatory reserve payments are approx. \$44K per year. No change is recommended.
Wastewater OM&R Charge	\$36.10/month	The charge currently generates \$64K per year. Our operating expenses are anticipated to be 60-70K per year. This estimated amount will be revised in the upcoming budgeting process. No change is recommended.
2018 Special Assessment	\$201.79/lot	This generates \$22,398.69 per year. Our assessment payments are approximately \$20,784. Excess payments accrue to bond reserves. A bill in the legislature allowing newly-annexed properties to be assessed has passed the House and is through committee in the Senate. If the bill passes and is signed, at some time in the future we may be able to reduce our assessment. No action recommended at this time.

The Board agreed in principle with staff recommendations above. The Board also agreed with the GM's suggestion of moving the review of rates and charges to June starting next year, following the completion of the annual budget process.

President Border then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 8:15 p.m.



Secretary