

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes –February 19, 2008
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular board meeting for 8:00 am on Tuesday, February 19, 2008, in the WSD Community Room. President Packy Cronin called the meeting to order with the following Directors present: Dick Allgood, Jeff Daniels, and Bill Olson. Secretary Dick Fast, Vice President Gary McRae and Director William Shropshire were not present. WSD staff present were Ron Edwards, Marlene Kennedy, Terry Smith, and Grant Burroughs. Others present were Boyne representatives Brian Wheeler and Jamie Roberts, Moonlight Basin representative Eric Butts, Morning Star representative Laura Sacchi, and Pinnacle Condominiums/Gallatin Associates representative Al Malinowski.

PUBLIC FORUM

With no public comment, President Cronin called the meeting to order at 8:12 am.

MEETING MINUTES

Director Daniels moved to approve the minutes of January 15, 2008, as written. Director Olson seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Cronin voting.

FINANCIALS

Smith briefly reviewed the financials with no board comment.

Director Olson moved to approve the January 2008 financials as presented. Director Daniels seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Cronin voting.

Director Allgood noted that our former auditor's (Marjorie Knaub) father in law (Harold "Coach" Knaub) passed away.

Delinquent Interest Penalties: Edwards met with Susan Swimley and she will be here at the March meeting to provide an opinion. Edwards reported that Swimley has verbally agreed to be the District's legal counsel and she will send a contract.

MOONLIGHT BASIN COMPOST REQUEST

Edwards reviewed Moonlight's request from the January board meeting, where they asked the District to handle their digested sludge. The Board tabled action in January on the request so that a Moonlight representative could be present to answer questions. Moonlight Basin representative Eric Butts reported that they will submit their treatment plant facility plan to DEQ in the next month, or two, for approval and they are asking the District to handle their sludge for the next 5-10 years. According to Butts, the original request letter provided volume for full build out. With construction to be completed in 2009, their numbers are 145 pounds per day in 2010 and 200 pounds per day in 2014. Burroughs emphatically stated that the District is not set up to handle Moonlight's sludge and that we cannot physically handle anything like this request. The District does not have storage for additional sludge and, as stated by Burroughs, "it would be a stinky mess." Burroughs suggested that HKM look at different options for Moonlight, possibly windrowing. Burroughs added that most developments till their sludge into farm fields. Missoula is the only facility that Burroughs is aware of that handles sludge. Butts said that eventually they want to do the composting on site, but they are not ready to do it. Burroughs stated that we would have to dramatically modify our system to handle other sludge and it would be a mess. Butts asked if the District would be interested in modifying its system. Burroughs responded that he wasn't interested, as we do not have the land to windrow the sludge. Burroughs feels that Moonlight has other options, such as the windrowing as done by Missoula's

Ecosystem. The District's system is designed to deal with a lot less volume than what the Moonlight's request is for. President Cronin stated that, based on staff report, the District will not be able to approve Moonlight's request. Burroughs also informed Butts that Western Pines may be interested in obtaining Moonlight's sludge.

MORNING STAR SCHOOL SERVICE REQUEST

Edwards stated that there was a letter from TD&H in the Board packet for Morning Star that asks for 7.5 SFEs to serve a parcel that was originally designated as park space without SFEs assigned. Laura Sacchi stated that the parcel will be leased by Morning Star and TCOA will retain ownership. Morning Star has about 30% of the 4.6 acres, with the rest to be used for park space. Additionally, the TCOA will have full dominion over the rest of the parcel. Edwards stated that the parcel is in the District, but doesn't know why the Simkins do not want to allocate any SFEs. Edwards identified the two parcels, COS 214 (old McBride farmstead) and this parcel (which was also owned by McBride), that are without SFEs and said the District could take SFEs from the original Westfork allocation since they are almost built out and will not use all their SFEs. Edwards said it is his goal to serve parcels with SFEs that are in the District. President Cronin provided a history of why McBride's parcels were not in the District—basically being that McBride did not want to be part of the District. The dilemma the District has is that the property is in the District. Edwards asked if they have explored onsite septic. Sacchi responded that they have discussed it, but they want to connect to the public system to keep it "greener". According to Sacchi, they want 7.5 SFEs now, but intend to come back with a request for a reduced number of SFEs. Since they are taking measures to reduce their load by using modern facilities that use every possible water saving device and they will also be collecting water—thereby not using any potable water. These measures will reduce their intake of water and reduce their output—they will come back to the District and ask for less SFEs. Sacchi reported that their funding is \$300,000 from resort tax and \$280,000 from donations and that both the Yellowstone Club and Moonlight are financially supporting their "green" building. If they can get a District commitment for SFEs, they hope to start construction in late spring and be in the building next year. Edwards reported that there are water and sewer services out of the South Fork Subdivision that they can tie into. Director Olson commented that TCOA has always had this area as a park and he cannot see why they don't want to allocate SFEs. He also thinks that what Morning Star is doing as a "green" building demonstration project is a good thing. Director Olson feels that somehow the District needs to handle some of these things as it is a community benefit and he supports making SFEs available. President Cronin stated that he has worked with Simkins and Sacchi on what they are proposing since he is an adjacent neighbor. He has told Simkins that he wants more open type of development, but wouldn't be surprised if they ask for a public bathroom facility in the future. President Cronin wouldn't want to attach that the District wouldn't approve any additional requests, but he wouldn't support a big facility like a bowling alley, or other big recreation facility. Director Allgood commented that if Morning Star is going to use rainwater for supporting their facility, then the *District needs to meter the outflow that will impact our sewer system*. Director Daniels stated that the Board had previously discussed using allocations from SFEs that have not been used in other developments and that Edwards had talked about pooling these unused SFEs for community projects. *Edwards stated that he will do the math on what SFEs are being used in Westfork and South Fork*. President Cronin stated that he likes tying in the Westfork development allocation for use for this request.

According to President Cronin, it would not be a misuse of unused SFEs—it makes sense to approve the project. Edwards informed Sacchi that we haven't discussed the fee, but it would be \$3,500 per SFE unless the Board took some action. Edwards reported that when the chapel was built, the fees were not reduced—the District just gave them an extended time to pay the fee. The Board agreed that everyone pays the fee. President Cronin asked if everyone is comfortable at acting on this issue with such a small Board present. Edwards said he could do the math and then email the information to the Board and then do a poll vote. Edwards stated that Director McRae was supportive of the request but that he has not talked to Director Fast or Director Shropshire about the request.

Director Olson moved to approve the Morning Star School service request to allocate 7.5 SFEs based on the Westfork allocation and based on the McBride agreement of 1982. The allocation does not go to the entire park. Director Daniels seconded the motion. President Cronin confirmed that there will be a \$3,500 charge per SFE. Motion passed, 4 yeas votes to 0 no votes with President Cronin voting.

SFE REALLOCATION APPLICATION

Edwards stated that Boyne submitted two reallocation requests as a follow up to reconciling Boyne's SFEs where Edwards had previously sent a letter noting the clean-up action needed. The transfer cleans up SFEs on lots in Powder Ridge Phases 2, 3, and 4 and Area 1-11 where the original engineering put SFEs on the block 5 area. Powder Ridge Phase 2 Areas 1-11 has 204 SFEs and this application will retain 28.4 SFEs and move the rest to the pool. The second request uses SFEs from the Boyne pool and moves 77.9 SFEs to the Montana Club and 72 SFEs to the Village Center project. This will leave 610 SFEs in the Boyne pool. Edwards believes that once these requests are approved, this will clean up the Boyne SFEs. Brian Wheeler said future development will be tearing down—i.e. the mountain mall. Brian Wheeler also reported that the sale of Big Sky is off.

Director Allgood moved to approve Boyne's reallocation application as presented by Edwards. Director Daniels seconded the motion. President Cronin called for discussion. Motion passed, 4 yeas votes to 0 no votes with President Cronin voting.

SFE SQUARE FOOTAGE METHOD—PROPOSED CHANGES

Edwards reported that, at the last meeting, everyone was comfortable with the numbers presented for the residential application—three different classes/categories were used. Edwards stated that the contentious point is in the condominium application where the numbers from existing development came to .82 SFEs per 1,000 sq feet. Now the condominiums are being built bigger, around 2,500-2,700 sq ft and at .82 SFEs the calculations are hit with more SFEs because they are bigger units and the developers do not like the proposed SFE rate. By applying a tiered rate, like the single-family residences, then the District will get short changed and it would not be a good fit for the condominium projects. Edwards said that a system could be set up where they could use the tiered system up to so many units. Brian Wheeler confirmed that homes now being built are larger square footage and felt that the proposed SFE calculation change will be a step in a great direction with a more accurate assessment with these second homes. However, Wheeler feels that throwing everything in a condominium basket is a problem—i.e. where Powder Ridge condos have larger square footage. Edwards feels that the challenge group is the 2,500-4,000 sq.

foot condominiums, but he doesn't want to overly complicate the system. President Olson explained that a condominium is a method of ownership. Wheeler said his spin in smaller condominium developments, where you use a .80 SFEs up to 1,000 sq feet; you would get the 5th unit after building 4 units. Edwards said a residential rate applied to the condominiums would even the categories. Both Directors Allgood and Olson like using one rate system and applying it for both residential and condominium development. Edwards feels that over time the averages would even out and has told the developers that the District isn't proposing a SFE change as a windfall to the District. Edwards would like to expand the sample pool by adding the square footage information from newer condominium projects and make sure it is right and acceptable before adopting a change. *Edwards will add information to the data and present it at the next board meeting.* Edwards feels that the size slots should be different for condominiums and for single family residential.

HKM ENGINEERING CONTRACT AMENDMENT

Edwards reported that HKM is requesting a contract amendment of \$60,850 for the design work on the PRV vault and for the extended construction inspection as SMI was given an additional 35 days to finish the pipeline work. Edwards reported that HKM's turn around time for shop line submittals may have caused some delay and he didn't notice any thing being done by SMI that caused the delay. Additionally, SMI's original contract number dropped almost \$30,000. President Cronin stated that if engineering caused delays then that should be considered. President Cronin remembers reports from previous board meetings where the engineering work that was to be done kept being delayed. According to Edwards, SMI was disappointed on the turn around on the shop line submittals. Edwards said that some of the inspection days could be backed out of the request. If the requested amendment is reduced, *then he will send a letter explaining the reduction for construction inspection.* Edwards stated that overall, the District is very happy with SMI. However, SMI's contract will be backed out to replace the District's trailer they wrecked. The other Directors agreed with President Cronin in that the engineers have to be aware of timelines and the costs associated. Edwards recommended allowing 20 days for compensation. Director Allgood concurred with allowing 20 days and then to give Edwards the authority to approve up to 24 days if HKM objected to the reduction.

Director Allgood moved to approve the HKM contract amendment for \$21,000 for the additional engineering, plus allow only 20 days for the additional inspection costs. Director Olson seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Cronin voting.

SEWER OPERATIONS

Burroughs reported that the high flow day was December 31. Overall the flows are down, which Burroughs attributed to fixing I & I and because water use is now metered.

WATER OPERATIONS

Edwards reviewed Muscat's report that showed that the production flows were about 2 million gallons less in January 2008 then January 2007. This is probably due to repairs in the meadow and Hidden Village areas. Edwards reported that the District is working with HKM to install a meter on the new line and at Aspen Groves so that we are counting the net deductions off the mountain village and Yellowstone Club. *The meters will be installed before the summer irrigation.* Director Olson stated that, based on the numbers, the Yellowstone Club will probably

hit their maximum use this summer. Edwards reported that he met with YC and that he has conveyed to the YC engineer that they need to do leak detection and repair. Edwards reported that the sale of YC might close with in a month. President Cronin asked Edwards if the District should be looking at anything. *Edwards has asked for a map from Morrison-Maierle for their piping/service area to see it lines up with our agreement.* President Cronin said that with our agreements in place, there shouldn't be any issues. Edwards stated that the other issue is the Pinnacle Restaurant with a 3" line that has a 5-year service agreement between Spanish Peaks and YC. Boyne's Andesite bathroom has been working this winter, but they would like to connect to the Pinnacle's water line, which would require approval from the state. The District supports this connection, but the State will view it as a mainline and then the line will have to be upgraded to an 8" line. The Board said the District needs to stay out of that issue and as we already have an agreement for the water to the tank.

Edwards reported that the District will have to pull 10 samples in 2008. In regards to the letter in the packet, there really wasn't a problem with the lead/copper samples; the state just didn't have them entered into the system.

MEADOW VILLAGE WATER SYSTEM PROJECT

Mountain Meadow Pipeline Project: Edwards reported that the pipeline is done and the telemetry needs to be completed.

Hidden Village Water System Repairs: The Hidden Village project is shut down for the winter.

Meadow Village Water Well Completion Project: Edwards reported that an RFP is being advertised for a new connection to the new wells with a deadline of March 7, 2008. With the groundwater being less than 20 feet, the regulations will require that the water be chlorine disinfected. In 2009 this will be federally mandated on all wells, but Edwards said that he wouldn't be surprised if it was extended another year. However, he cannot count on it. For now, the chlorination will occur at the source of the new wells and the second phase will be looking at chlorinating the whole system. The chlorination will not be a popular thing in the community. Edwards said it is just federal regulation coming down our throat—we have good clean water and it wouldn't be necessary to chlorinate. *Edwards will put a notice in the quarterly bill about the change to chlorination and he will also add information to our website.* Edwards reported that residual testing has to be done daily, but there are no regulations on how to test. *The Board wants a good PR campaign, but to not advertise until the DEQ regulations are finalized.*

Meadow Village Water Projects Costs: Edwards did not provide any comment.

PROPOSED DEVELOPMENTS & SUBDIVISIONS

Town Center Conditional Use Permit Application: Their letter states that they are proposing 60 bedrooms for employee housing. Edwards said this doesn't affect the District as long as they don't use more than their allocated SFEs for the Town Center.

Director Allgood reported that he has heard that Blixseth will retain the ownership of Buck's.

SEWER & WATER PERMITS

Edwards reported that we only issued one permit last month. There are no big projects that he is aware of in the District. Edwards did write a letter in regards to Bob Berlins proposed development that stated the property is outside the District with the nearest District sewer at 2,300 feet and the nearest District water at 3,400 feet.

GENERAL CORRESPONDENCE

Edwards included comment in the Board packet on the snow pack report as it has been so long since we have had average snow pack—we are now a little above average.

The Board discussed the Firelight development and the complaints about their sewer system, which is a privately held system. Director Olson reported that the Blue Water Task Force has been testing the South Fork and the tests are showing degradation of the water. Edwards has no doubt that someday Firelight will come to the District for service. If it is a privately held system, then the District should not get involved, but if it is transferred to the homeowners then the District could possibly help them out.

Edwards reported that staff will be going to a conference in Great Falls for the rest of the week.

Edwards discussed alternatives to disposal of treated wastewater and the need for snow making at all the local ski hills.


Al Malinowski introduced Stephanie Hanna the new Resort Tax District Area administrator.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, March 18, 2008, at 8:00 AM. *Director Allgood asked that the issue of irrigation rates be on the agenda. Edwards will have information on what other communities are doing for irrigation rates and historical data on what a single-family home has been using in Big Sky.*

ADJOURNMENT

Director Daniels moved to adjourn the meeting at 11:12 am. Director Allgood seconded the motion. Motion unanimously passed.



Dick Fast, Secretary

2-19-08. Min (Board Approved 3/18/08)