

BIG SKY WATER & SEWER DISTRICT NO. 363

**Regular Meeting Minutes – June 17, 2008**

WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 8:00 am on Tuesday, June 17, 2008, in the WSD Community Room. President Packy Cronin called the meeting to order, with the following Board members present: Vice-President Gary McRae (left the meeting at 10:00 am), Secretary Dick Fast, and Directors Dick Allgood, Jeff Daniels, and Bill Olson. Director William Shropshire was not present. WSD staff present were Ron Edwards, Marlene Kennedy, Terry Smith, and Jim Muscat. Others present were Boyne representative Brian Wheeler, Western Groundwater Resources engineer Mark Cunnane, Alpine Property Management representative Markus Kirchmayr, and Greene Construction representative Josh Greene along with Meadow Center lot owner Steve Ragar.

**PUBLIC FORUM**

With no public comment, President Cronin called the meeting to order at 8:11 AM.

**MEETING MINUTES**

*Director Olson moved to approve the minutes of May 13, 2008, as written. Director McRae seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.*

**AMEND AGENDA**

*Director McRae moved to amend the agenda to address Priority Items C and D, Storage Pond Heating System Project and Alpine Property Letter prior to Item B, Source Water Capacity, but after the financials. Motion seconded and unanimously approved.*

**FINANCIALS**

Smith reported that the budget is about 4% down on operating revenues and expenses are up. Smith explained the over budget expenses with no unusual items to point out since last month. With county tax receipts being paid in November and May, there is a timing issue when they are reflected on the budget. Smith reported that he has spoke with Montana Energy and they have quoted a lock-in price of \$2.05 a gallon. On the recommendation of Montana Energy, Smith said that he will wait until July 1 to lock in the price.

*Director Daniels moved to approve the May financials as presented. Director Fast seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.*

SRF Bond Payments: Smith reported that the SRF payments would be made in July.

Audit: Smith reported that the audit proposal for the next three fiscal years is at the same cost per year as we have paid (\$8,500). President Cronin signed the audit contract.

**FY 2008-2009 BUDGET**

Smith reported that only minor changes were made from the proposed budget presented at the May public hearing. Based on the increased rates, about half of the sewer operating loss has been shaved off. Smith added a little funding to the fuel and electric expenses and trimmed a bit off a few other items at the suggestion of Edwards. At the May meeting, the Board approved the first reading of the Rate Ordinance 97-1002. The rate ordinance was not on this agenda and Edwards reported that he is still tweaking the square footage system and looking at a possible fourth tier. *The Board wants the Ordinance finalized and approved at the next meeting.*

***Director McRae moved to approve the FY 2008-2009 Budget as presented. Director Fast seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.***

### **SOURCE WATER CAPACITY REPORT**

Edwards explained that we had hired Mark Cunnane, Western Groundwater Resources engineer, to study the District Source Water Capacity. Cunnane reviewed the high points of his findings as follows: 1) Population growth was a conservative estimate going out for 3-5 years. The average growth was over 6% using the inflated growth in the late 90s. 2) Projected build-out capacity for the mountain is 1,480 gpm and the meadow is 1,690 gpm. New capacity needed is 525 gpm for the mountain and 680 gpm for the meadow. The new wells drilled last year will take us out to 2013 to 2014 for the meadow. With current capacity on the mountain, we need additional water yesterday! The Lone Moose system was not counted since it will be used for their 900 SFE build out. Cunnane said that the District would have a difficult step to go beyond build out in providing water. Cunnane did not evaluate storage tank capacity. Cunnane reanalyzed the hydraulic system and found that mv well #2 has room for significant expansion, mv well #3 has a plugging issue, and mtn well #3 has additional gpm available to it. With improving those three sites, that would be over 300 gpm added--very cost effective water. Mtn wells 5 and 6 have high sulphur and Cunnane stated that in terms of poking other holes in that area for good wells it is not going to happen. The District can look at oxidation of the sulphur wells and the ph also needs to also be lower, which would require a lot of chemical added for treatment. Cunnane reported that now CO2 is being used in water treatment to lower the ph and said that the District should bite the bullet and get the wells on line with this type of treatment through a pilot program. One drawback is that any system that provides treatment will require chlorination. To meet mountain build out, Cunnane recommended retrofitting mtn well #3, drilling two new mountain wells, and treating mtn wells #5 and #6. Cunnane identified two new volcanic well sites on the mountain anticipating 125 gpm each, plus identified several other potential well sites. Cunnane said the advantage of a deeper well would prevent claims of adverse impact. Cunnane also identified two new well sites in the meadow. 3) Regarding water rights Cunnane felt that the District is in good shape, but there would have to be filings. The existing rights in the meadow have all the volume we need to appropriate. (Director McRae left the meeting at 10:00 am) Cunnane recommended drilling a new mountain well and file it as a replacement to HV #2 and also adding on to the Aspen Groves well. Cunnane also recommended that the District look at acquiring a pre-1882 water right. 4) Cunnane estimated construction-engineering costs for mv rehab at around \$33,000, Mtn 3 pump replacement at \$71,000, a new volcanic well would be \$680,000 and a new alluvium well would be \$418,000, mtn treatment was estimated at \$532,000, mv#2 replacement was \$143,000, and new wells mv 6 & 7 would be \$733,000. Cunnane felt that he estimated high, but noted that the numbers were calculated with 2008 dollars and inflation will have to be factored in. Smith reported that \$1.8 million is left in SRF funds, but Edwards said that most of that money would be used to complete the current meadow projects. Edwards feels that, bang for the buck, he would like to do treatment on the mtn well #5 and #6. Cunnane recommended a pilot on the mtn water treatment. Cunnane would expect a life cycle of 20-30 years for a treatment system. Edwards reported that Spanish Peaks will be drilling a test well in the Lone Moose area that they want annexed into the District and that this water source could be tied into the annexing of the property. Edwards said according to Cunnane's priority list there are 3, or 4, things that we could role into the SRF funding and get started on, such as the mv #3 rehab, mtn #3 pump, and mv #2 replacement. Edwards discussed the funding options for the projects, including developing a water development fee for new permits. President

Cronin stated that we are okay in the meadow now with the repairs and the two new wells, but with the mountain we need to work in that area. Muscat said we can probably squeak by this year since we have been having a wet spring and haven't even begun to see high water use and it is almost the 4<sup>th</sup> of July. President Cronin said, to start, the District needs to look at mtn #3 well pump rehab and get it back on line. Cunanne noted that with all the steps involved, there is some time involved to get the pump replaced and replacement approval has to go through DEQ. Cunanne feels that with the recent test results on mtn well #3 we should be able to put it back on line. Edwards reported that there is a huge whole in our communications/telemetry time that can be fixed/improved. Muscat said that the pumping efficiency issue will be fixed this summer with the improvements Micro-Com will put in place. President Cronin said the District needs to get the immediate fixes done so that we can get up to full capacity with what we have. *President Cronin directed Edwards to prepare a prioritized list of projects the District should be working on and how to fund them (SRF, etc). Edwards will come up with a work plan for this summer.* Cunanne told Edwards to contact him if he wants assistance in communicating with DEQ on getting mtn well #3 back on line.

### **STORAGE POND HEATING SYSTEM PROJECT**

Edwards recapped the request where Josh Greene and Steve Ragar have asked the District to install a manufactured heat exchange system in the pond to use for their new building in the Meadow Center. Edwards distributed correspondence from contracted District engineer Ray Armstrong, HKM Engineering, where he states that the risk of the weight and the possible contamination to the pond from the liquid is very minimal. However, the engineer did ask for an additional liner under the piping system. Greene reviewed the benefits of the system stating that the system should produce about a 60% saving on heating and cooling and it is proven technology. In the winter they would take the heat out of the pond, but it would only minimally lower the temperature of the pond. The system would be craned into the pond. A sleeve will be installed from the building down the side slopes of the pond—no holes will be punched into the pond. President Cronin asked if there were any easement barriers that would prevent the piping access. Edwards said there are no ownership issues between this lot and the pond. Edwards said our pond levels will be managed as in the past and if we need to draw down the pond, they will have to deal with it. Greene said they will have a back up boiler system for heating in the event that the heat exchange system has to be shut down. Greene stated that this will be a “green” building. President Cronin reported that he has discussed the system with Greene and our number one concern is will it jeopardize our pond, and it doesn't appear it will. Edwards sees more risk to the developer with ice damage, and would like a hold harmless use agreement with the developer. On the up side, if it works then the filter building could be retrofitted to reduce District operating costs. President Cronin said that the volume of the pond would probably support other buildings in the meadow commercial area. Greene said the pond access would be a problem for lots that do not abut the pond as you would have piping issues. Director Allgood said that if the sewer pond can be used by others in this type of fashion, then the District should lease pond access. Greene needs an answer so that they can move ahead with building. Director Fast asked if our aeration requirements will be a problem from the placement of these panels. Edwards said that the panels would have to be strategically placed if there were more panels. Director Fast suggested that the District could agree to the use of the pond with the idea that the District is promoting a “green” project through this development, but that we are not committing to providing access to others. Edwards supports the request.

*Director McRae moved to have Edwards proceed with legal review of Greene's request to install geo-exchange panels in the storage pond for use as a heat exchange system for the new building on Lot 3B in the Meadow Center and to prepare a hold harmless agreement and lease. Director Fast seconded the motion. President Cronin called for discussion. Director Allgood asked that the agreement to include access to their working knowledge of the system if it works so that the District could apply it to its needs. The Board also asked to have a lease agreement with only a minimal fee since the Board is considering this a pilot project. The Board wants the developer to pay for all District's attorney charges to prepare the legal documents. The Board wants the developer to be responsible for any damage to the pond. Director Olson wants to make sure that there is no expense, or liability to the District with this request. Director McRae withdrew his motion stating that the discussion evolved into a directive to Edwards. Edwards is to work with legal counsel and to circulate the legal documentation via email for Board and developer review.*

#### **BILLING ADJUSTMENT REQUEST—COTTONWOOD #4**

Markus Kirchmayr, Alpine Property Management, submitted a letter requesting a \$468.72 reduction in the owner's water and sewer bill due to the metered use not being read & billed quarterly as they manage the property and this water use has been since 2006. They are requesting this reduction as the meter wasn't read and the renters have left the property and the deposits have been refunded. Edwards reported that according to Nic Wellenstein the wire had been cut from the meter to the MIU and an automated read wasn't being done and Edwards does not know how the wire was cut. No one disputes that the water was used. Smith said that he has talked to the renter and he has agreed to pay the bill over the next 15 months. Nic had said that he could not get in the unit to fix the meter wire. Smith does not estimate use, he just bills the base rate if a meter read is not done. Director Allgood sees two faults, the wire was cut and the District doesn't have any responsibility for it and the person receiving the bill didn't see that there was no use charge. President Cronin stated that the District needs to charge for the water as we have always done and we always give them time to pay for it. *President Cronin asked Edwards and/or Smith to get with Kirchmayr to work out a payment plan.*

#### **SEWER OPERATIONS**

Burroughs was not present to provide a sewer operations report.

#### **WATER OPERATIONS**

Muscat reported that YC will be meeting their daily water limit.

DEQ Population Correspondence: Edwards reported that DEQ is claiming that we have a larger population base than we have. There was correspondence in the packet relating to the issue. Edwards and Muscat have tried to get information regarding their criteria on how they came up with their numbers as this affects the District's sampling rate.

Mountain Village Groundwater Classification MPA Sampling: The last testing results just came back and look good.

Lone Moose Meadows: Director Olson said that Lone Moose Meadows tank overflowed this winter and caused an ice problem that cost the association around \$600 to clean it up. *Edwards and Muscat will look into this to prevent it in the future and will look at the clean up bill.* Olson will direct the owners to talk with Edwards regarding reimbursement on the bill.

### **MOUNTAIN-MEADOW PIPELINE PROJECT**

Edwards reported that Micro-Com and SMI need to finish up some work.

### **MEADOW VILLAGE WATER & SEWER SYSTEM REPAIRS**

Hidden Village Water System Repairs: Johnston had a preconstruction meeting on June 10 and they have been given a punch list. President Cronin *directed Edwards to pay special attention from Hidden Village road to the bridge to the tunnel and get it cleaned up and reseeded.*

President Cronin asked if there was a way to set a single path. Director Olson said the easiest way to do this is to get a motorcycle to burn in a trail. Edwards will work with Joe Nowakowski on the project. Director Fast noted that the fencing by Olsen's was broken and needs to be fixed soon as Olsen's will be returning with their horses. President Cronin noted that there is a valve by the edge of the road by South Fork that needs to be fixed. Muscat will fix this. Edwards reported that the roads are holding up well and they will be paved by HV this summer. Edwards reported that the District is working with Boughs on the water line through their property.

Silverbow Water System Repairs: HKM will be sending plans to DEQ for approval on this 10-day checklist. This should be bid within a month.

### **MEADOW VILLAGE WATER WELL COMPLETION PROJECT**

Edwards said the chlorination issue is being explored, possibly even using UV light instead of chlorination. This is more expensive in capital costs and operating costs, but it may be more desirable over chlorination. Edwards does not know if the State will approve it, though.

### **MEADOW VILLAGE WATER PROJECTS COSTS**

The MV water project costs were provided in the manager's report in the packet.

### **PROPOSED DEVELOPMENTS & SUBDIVISIONS**

Morning Star School: The SFEs will come off the Westfork SFE allocation. The project is still moving forward and they received additional resort tax funding. Edwards has not heard if they have received state approval.

### **RESORT TAX ALLOCATIONS**

Edwards reported that the District received full funding for its requests and a copy of all the allocations was provided in the board packet.

### **CANYON AREA STUDY**

Edwards reported that the next meeting will probably be the 3<sup>rd</sup> week in July. *Edwards will email board members of the next meeting when set.*

### **SEWER & WATER PERMITS**

Edwards reported that the SFEs for the country store were reviewed and a permit has been issued. Edwards met with Spanish Peaks last week and they will be coming in with their permit application in July as their first application was voided as they didn't pay their fees. They will come in with updated information for calculating SFEs. The project will not be done for a couple of years. Edwards will review the SFEs available and if additional SFEs are needed he will prepare an ordinance to release additional SFEs.

## GENERAL CORRESPONDENCE

Public Hearing: Edwards' response to correspondence from the public hearing was provided in the board packet.

Water Conservation: President Cronin asked that the District *require rain sensors on all new irrigation systems. President Cronin also directed Edwards to have staff pick the 10 largest water users on pits and install rain sensors.* President Cronin wants the District to do it informally with a phone call to the property managers—make it a simple process that the District will pay for. President Cronin also discussed the importance to having the soil amended prior to landscaping and reported that they personally will be doing that on their new house plus they will install a below ground irrigation drip line to water the sod. Muscat asked President Cronin if he would write an article for the newspaper on the “water efficient” landscape system. President Cronin feels that it would not be out of line for the District to require below ground irrigation—no above ground irrigation spray heads. Director Fast suggested that the District have a meeting with all the landscapers and discuss these ideas for water conservation—the District should be leaders in conservation. President Cronin will make his findings available and try to sell the below ground irrigation idea. *President Cronin directed Edwards to address the top 10 users and getting rain sensors installed—getting at least 3 done for a pilot to know what is needed and the hurdles to get it done.*

Mountain Lake Development: Edwards reported that Madison County Planning Board is seeking comment on the Mountain Lake 36 unit development.

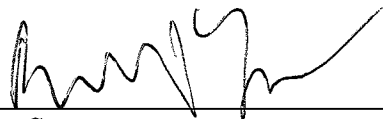
Dooley Reimbursement Request: Edwards reported that he is inclined to pay the clean up bill from Rick Dooley from the sewer backing up which was caused by a high efficiency heat system—it has a real low volume of water that freezes up. Edwards said he needs to meet with Burroughs and Smith to discuss the issue and he will also talk with the plumber on a retrofitting system to prevent this from happening in the future.

## NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, July 15, 2008, at 8:00 AM. Dick Fast will be gone.

## ADJOURNMENT

*Director Fast moved to adjourn the meeting at 11:40 am. Director Daniels seconded the motion. Motion unanimously passed.*



Dick Fast, Secretary