

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes –September 22, 2008
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 8:00 AM on Monday, September 22, 2008, in the WSD Community Room. President Packy Cronin called the meeting to order with the following Board members present: Vice-President Gary McRae and Directors Dick Allgood (left the meeting at 9:45 am), Jeff Daniels (left at 9:58 am), Bill Olson, and William Shropshire. Secretary Dick Fast was not present. WSD staff present were Ron Edwards (participating via telephone), Marlene Kennedy, and Terry Smith. Others present were Mountain Lake Condominiums representatives Leonard Liston and Lennie Liston, BSOA/Big Sky Community Corporation representatives Mary Jane McGarrity, PBS& J (BSOA engineering consultant) representative Karl Uhlig, MADKO representative Steven Rager, Greene Construction representative Josh Greene, Northwestern Energy representative Matt Micklewright, Boyne representatives Jamie Roberts and Brian Wheeler, and Big Sky Community Corporation representative Home Kenny. Northwestern Energy representatives/engineers Cory Rice and Emmet Reardon participated via telephone.

PUBLIC FORUM

With no public comment, President Cronin called the meeting to order at 8:18 am.

MEETING MINUTES

Director Shropshire moved to approve the minutes of August 19, 2008, as written. Director Allgood seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.

FINANCIALS

Smith briefly reviewed the August financials stating that the July financials are carried over into the August numbers. According to Smith the revenues and expenses were either on target or favorable. Smith stated that revenues would increase with the 3rd and 4th quarter billings with our new sewer and water rates.

Director Olson moved to approve the July and August financials as presented. Director Daniels seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.

Delinquent Accounts: Smith asked for Board approval to send the delinquent accounts lists to the respective counties.

Director Shropshire moved to approve turning the delinquent account lists over to the counties for collection. Director Allgood seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.

BSOA POND REMEDIATION

Mary Jane McGarrity introduced Karl Uhlig and explained the necessity for updating the WSD water rights to include recreation so that they could be used for BSOA pond restoration. Uhlig explained that he has talked with Ray Armstrong about the WSD water rights that have about 400 gpm combined and reiterated the need for the WSD water right to be changed. Edwards reported that, at the last meeting where this issue was discussed, they (BSOA) were going to drill a couple of wells of less than 35gpm. Uhlig explained the change in plans. Edwards reported that WSD water rights are seasonal and asked what they plan to do to take care of their off season water use. Uhlig explained that a head gate system would be subject to call with enough water to take them through the off-season. Edwards commented that WSD's 1902 water right would probably be called on a dry summer. Uhlig feels that the two rights would protect the 7 cubic feet flow that they need. Edwards reported that about 130 acres are currently being irrigated with the water rights. Edwards stated that the Board would need to approve a joint effort between the WSD and BSOA for BSOA to use the water rights. According to McGarrity, BSOA will prepare the applications and then would run them past the District for approval. Director Allgood asked if the treatment plant road easement agreement has been worked out yet. Mary Jane McGarrity reported that a draft agreement is on the desk of the WSD attorney. Edwards informed the Board that he has seen the 11-page document, but that he didn't feel he should present it to the Board at this meeting with all the other items already on the September agenda. Speaking on behalf of the Board, President Cronin told McGarrity that the WSD is willing to work with BSOA, but at this point without an easement in place the WSD will need to table the BSOA water rights use request. President Cronin said the District wants a 1-paragraph easement presented by BSOA--an easy access easement and not a lengthy document. Edwards noted that maintenance for the treatment plant road needs to be included in an easement agreement. President Cronin agreed that the maintenance could be included in a second paragraph to the easement. Director Olson stated that he thought a permanent easement was in place a long time ago when he was working on the trail through the WSD on behalf of BSOA. Edwards reported that he choose to delay working on the easement with BSOA at that time because of the land donation from Westland to BSOA that was in the works. President Cronin stated that the WSD water rights are terribly important to the District and he wants to hear from our water people before the District approves this type of water use request. *The issue was tabled until a road access easement is in place and District engineers have time to review the BSOA request plus analyze the District's future needs.*

BSOA FOLF COURSE REQUEST

Mary Jane McGarrity stated for the record that this is a Community Corporation request not a BSOA request. McGarrity said that Jason Meyers was not present to discuss the request and that Home Kenny could answer any questions. McGarrity noted that their request would be for approval of use of the land on a month-by-month basis with no permanent structures installed. Director Bill Olson asked about liability insurance. McGarrity said that WSD could be added to the community corporation insurance policy. Edwards said the only issue he sees would be the insurance as the intended use is low impact. The course starts at the bottom of the dog loop and heads up the hill above the plant to the west. President Cronin stated that the only parking allowed would be the designated parking area at the entry to the park—there would be no parking along the road to the treatment plant.

Director McRae move to approve the use of the lower open space for disk golf conditional on parking being designated and the WSD being added to the community corporation's insurance. Director Shropshire seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.

STORAGE POND 3 HEAT EXCHANGER LICENSE AGREEMENT

Edwards stated that a final draft was provided in the board packet. The document includes all the information that the board had requested at the last reading of the document. Edwards summarized the revised key points that included the ability for the WSD to require the removal of the system with a 60-day notice with cause. Rager reported that his corporation's name will be registered soon. Rager stated that the agreement now allows for a 12-month notice for removal without cause. The warranty section includes a \$5,000 warranty deposit. President Cronin stated that the agreement has to be in the District's favor with the removal clause. Rager thanked the Board for considering the agreement.

Director Olson moved to approve the agreement as presented. Director McRae seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.

The agreement will be executed once Rager's company has been incorporated. Edwards will work with Rager to complete the document.

NORTHWESTERN ENERGY SUBSTATION

Matt Micklewright provided an update on the proposed site from the geotechnical reconnaissance by SK Geotechnical and distributed their report findings. With Cory Rice and Emmet Reardon participating via phone, they stated that the geotech work done reveals that this isn't a good site as this site is a deep historic landslide area. The development options they are looking at are: 1) relocate the site completely outside of the former landslide area, and 2) excavate to the top of the slide and improve the stability of the site with a structural system such as retaining walls. Additional geotechnical work would need to be done and that will be costly. To construct on this site, it was estimated to be \$2-\$3 million and Northwestern wants to look at optional areas/sites. Micklewright said aesthetics would probably be an issue with other sites on WSD land, but they can mitigate that with retaining walls and vegetation if the Board would consider another site. They are still offering a stand-alone circuit to the treatment plant in consideration for a site. Director McRae asked if allowed to build on a lower site, would they still be building on the slide. Rice and Reardon reported that constructing on the toe of the slide minimizes the risk. Director Olson asked about moving to the east a couple hundred feet. Northwestern representatives felt that they would find the same slide problems in that area and asked to move down to the flat area. Rice feels it would be better to relocate the site about 500 feet to the west, near the water treatment plant and by the dirt road. Director Daniels asked if that site concept would compromise the Search & Rescue site. Edwards recommended that Search & Rescue review these SK Geotechnical engineering/coring documents to see if it affects their plans. Edwards said the WSD agreed to the original NW site as it was an obscured site and it wouldn't interfere with future WSD plans. There is no site to the west of the District—that is BSOA Community Corporation property. President Cronin recommended that Northwestern check with the adjacent property owners to check out other land options. Edwards said if the District is still interested in working with Northwestern Energy there is additional land to the east. According to Micklewright, Northwestern would probably enter into an easement instead of owning to avoid the subdivision process. President Cronin stated that everyone has to start looking at other options, either the WSD site that is more flat, and/or research the other property to the east.

Director Olson felt that the District would be limiting themselves for future expansion if they allowed Northwestern to move to the east lower area. Reardon stated that they are also interested in looking into other land and agreements with other property owners. *President Cronin asked Northwestern to research all their land options and present their findings to the Board at the next meeting. Director McRae and Edwards will work with Matt Micklewright on optional sites and provide contact information for Erwin (adjacent owners).*

MOUNTAIN LAKE CONDOMINIUMS ANNEXATION AGREEMENT

Edwards stated that several documents were provided in the board packet. Edwards reported that the board had decided that the WSD could run the annexation election. The first step would be to mail out an annexation letter that explains the election and a ballot. Edwards said the development would fit within the WSD's limit of SFEs and they would have to provide the District with a well. The agreement stipulates they have to provide the water rights for the well, but Edwards doesn't think they could get the water rights. Edwards said that the District could obtain the water rights by transferring existing rights from wells #5 and #6. The SFE plant investment charge is proposed at \$10,000 per SFE—this fee was calculated by using District engineer's estimates of the developer's cost to have an onsite system. Mountain Lake developers would also have to provide/drill an 8" well as part of the agreement, and they would be added to the tax roles for bond debt service. Director Olson asked why the annexation agreement didn't include the maximum SFE development rights. Edwards said that could be added. Edwards said the ordinance would be the last step to annexation by the Board using the election results to adopt the ordinance.

Director Olson moved to have the District proceed with the annexation election and process as outlined with adding the maximum build out of 52.5 SFEs to the annexation agreement as discussed. Director Shropshire seconded the motion. Motion passed 6 yea votes to 0 no votes with President Cronin voting.

Director Allgood asked that the 3rd quarter billing include a 1-page notice of the upcoming annexation election that includes information about the board supporting the annexation. Edwards and Leonard Liston will work on the insert letter that is to be mailed with 3rd quarter bills.

SEWER OPERATIONS

Burroughs was not in attendance but the flow reports were provided in the packet. The flows were up this spring, which is probably due to high spring run off. Edwards reported that the golf course irrigation will be shut down in October and the line will be blown out.

WATER OPERATIONS

Muscat was not in attendance but the production reports were provided in the packet. The YC water use is up 17% up from last year and Muscat has been communicating with them. Director Shropshire questioned the YC use stating they are basically at their limit. *Director McRae recommended that Edwards communicate/meet with the new YC management company, Discovery, and review the issue of maximum water use with them. President Cronin asked that we physically not pump more water than they are allowed.* The mountain well #3 is still going through testing—which will be done again in October. The state has new staff and they want to see additional data.

MEADOW VILLAGE WATER SYSTEM PROJECT

Mountain to Meadow Pipeline Project: According to Edwards, there is not much left work left on the project. SMI will be here to complete the last few items and HKM will be here to do a final walk through. Edwards reported that communications have been updated and they are now at real time and more efficient. The water to Aspen Groves has been coming off the mountain and it has been working well—the 6% increase of the mountain production is probably because of this use. The District will be working on the slide issue in the Lone Moose area and staff worked in the area last week to prevent further erosion. *Edwards said the District will restrict access to what now looks like a road by laying a few logs across it.*

Hidden Village Water System Repairs: Edwards reported that the HV paving is the responsibility of HV and it will be done this week. The District is still working on a new alignment with Bough and the work will be done with a change order through the HV contract. Edwards reported that only the HV line will be installed yet this fall, the line through Bough's property probably won't be done this year as it will be too late once we get the permit.

Silverbow Water System Repairs: According to Edwards, 1,000 feet of pipe in Black Otter Road is scheduled for installation this year along with completing Alternate 1 and a notice of award has been given to Johnston Excavation. The District is still waiting for State approval before the work can begin, and this will hopefully occur by October 1. Alternates 2 and 3 will be done next year.

MEADOW VILLAGE WATER WELL COMPLETION PROJECT

Edwards will be meeting with the engineers to talk about the disinfection rule as it will have a major impact on the District.

MEADOW VILLAGE WATER PROJECTS COSTS

The summary of projects costs were presented in the manager's report.

CANYON AREA STUDY

Edwards and Ray Armstrong will meet with DEQ on October 6 regarding the snowmaking as a viable alternative. Until the meeting has occurred, Edwards will not know how receptive DEQ will be to the snowmaking. (Director Allgood left the meeting at 9:45 am)

MEADOW VILLAGE WATER TANK PROJECT—Gallatin Heights Hydrant

Edwards stated that the WSD originally agreed to provide a 10,000-gallon storage tank and now with new fire district staff they want a fire hydrant to Gallatin Heights. Johnson Excavation will be doing that work this fall, with it being about a 2-week project. The cost will be split between WSD and the owners association, costing the District about \$50,000. Smith stated that the project cost is in the budget. (Director Daniels left at 9:58 am)

SEWER & WATER PERMITS

There were no permits requiring Board action. Edwards reported that Spanish Peaks has made their first installment payment. Edwards mentioned that he has heard there has been land movement by the lodge and the project has been delayed. The lodge SFEs have not been booked and will not be until the permit fees are paid as requested by the Board.

GENERAL CORRESPONDENCE

There was no general correspondence to address.

OTHER BUSINESS

President Cronin asked if Northwestern Energy pulls out of there site, then does it jeopardize the Search and Rescue's building site. According to President Cronin, Search and Rescue has felt quite a bit of frustration in getting information to address county concerns. Edwards reported that he has put together an exemption letter for our legal counsel to review that would essentially circumvent the subdivision requirements. Swimley will be working with the country attorney on the best course of action. If Northwestern Energy doesn't build a substation and their road, then Search and Rescue will be on the hook for this road cost.

Director Olson stated that he has been approached to have the WSD approve a transfer station at the end of the ponds where the excavation is being done. There is a potential for a mess and President Cronin said the District needs to be cautious in agreeing to providing land because it is the entry corridor. President Cronin wants the "Mount Edwards" reclaimed when the gravel hauling is done.

NEXT MEETING

Director Shropshire wanted to make a meeting and that is why this meeting was held on a Monday. Director Shropshire hopes to be more available beginning March, 2009. The next Board meeting is tentatively scheduled for Thursday, October 23, 2008, at 8:00 AM. *Director Olson again directed Edwards to have the board packet distributed at least 5 days prior to board meetings.*

ADJOURNMENT

President Cronin moved to adjourn the meeting at 10:22 AM. Director Olson seconded the motion. Motion unanimously passed.



Dick Fast, Secretary