

BIG SKY WATER & SEWER DISTRICT NO. 363

Regular Meeting Minutes – June 16, 2009

WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 8:00 am on Tuesday, June 16, 2009, in the WSD Community Room. Vice President Gary McRae called the meeting to order with the following Board members present: Secretary Dick Fast, and Directors Dick Allgood, Jeff Daniels (left meeting at 10:00 am), and Bill Olson. President Packy Cronin and Director William Shropshire were not present. WSD staff present were Ron Edwards, Marlene Kennedy, Jim Muscat, Grant Burroughs, Nic Wellenstein, and Terry Smith (participated via telephone for the financials agenda items). District Counsel Susan Swimley participated via telephone. Others present were Lone Peak Lookout reporter Amy May, Search & Rescue/BSCC representative Steve Johnson, and Northwestern Energy representatives Matt Micklewright and Ernie Hulit.

PUBLIC FORUM

Vice President McRae called for public comment at 8:24 am. Steve Johnson noted that the Search & Rescue sent a thank you note to the District and he wanted to also extend a personal thank you to the Board and District staff for their cooperation in working with the Search & Rescue.

With no further public comment, Vice President McRae called the meeting to order at 8:24 am.

MEETING MINUTES

Director Olson moved to approve the minutes of May 5, 2009, as written. Director Daniels seconded the motion. Motion passed, 5 yea votes to 0 no votes with Vice President McRae voting.

Director Olson asked that the action items be cleaned up since the list goes back to 2007. He would like it to include just the issues that need to be addressed at every meeting. Edwards will review, edit, and email the list to Director Fast for review and further clean up.

FINANCIALS

April & May Financials: Smith noted that the April financials are pretty much in the same situation as reported last month and that there were no surprises to report. Smith did not have the May financials prepared.

Director Allgood moved to approve the April financials as presented. Director Olson seconded the motion. Motion passed, 5 yea votes to 0 no votes with Vice President McRae voting.

FY 2009-2010 Budget: Smith reported that the depreciation expenses and miscellaneous expenses were adjusted. According to Smith, overall on the budget, we are at break even due to the rate change of last year. Edwards recapped the budget presented and approved last year, explaining that the rates for the 2009-2010 fiscal year were approved then. The rates summarized in the manager's report were: 1) sewer base rate--\$23.91 per month and \$5.82 per 1,000 gallons; and 2) water base rate--\$15.46 per month with the tiered volume rates charged per 1,000 gallons as follows: \$2.49 for 0-60,000 gallons, \$3.74 for 60,000 to 90,000 gallons, and \$4.99 for use over 90,000.

Director Daniels moved to approve the FY 2009-2010 Budget as presented. Director Allgood seconded the motion. Motion passed, 5 yea votes to 0 no votes with Vice President McRae voting.

Amended 457 Agreement: Smith noted that the Board previously passed a resolution affecting the change and this is the amended adoption agreement according to what was passed at last month's meeting. The percentage went from 5% to 6.2% with an employee match.

Director Fast moved to approve the amended 457 Agreement. Director Daniels seconded the motion. Motion passed, 5 yea votes to 0 no votes with Vice President McRae voting.

Procedure for Levying Taxes: Director Allgood asked for additional information on the notification from Gallatin County where they were proposing procedures to a unilateral change on bond payments. Edwards explained that we don't operate under the procedure that was proposed, that our bond counsel sent an opinion, and that the counties scope was wrong and should not affect the District.

SEWER OPERATIONS

Burroughs reported that the flows are down a little from last year, which may be due to the cooler weather this spring. Burroughs recommended that we change the irrigation control panel to an In-Control system so that we can operate it. With the current panel, the District has to bring in a computer engineer from out of town every year and it costs the District money each time. Edwards stated that the panel expense could be run through replacement funds. Burroughs said that they have found one crack on a sewer line at the Silverbow Project and that has been fixed.

WATER OPERATIONS

Muscat reported that leak detection was recently done and some more leaks were found in the meadow and the mountain. We will soon have real-time reporting as a software change over was recently done. In tearing down Boyne's old maintenance shop, a leak was found and it will be repaired. The Yellowstone Club water use is down about 25% and they now seem to have control over their use. According to Muscat, the Silverbow project is going pretty well and the first section of the new main will be turned on soon.

DIRECTOR ELECTIONS

Edwards explained that two director positions, currently held by Jeff Daniels and William Shropshire, will be up on 11/3/2009. The Gallatin County Election Office asked that the Board adopt a resolution regarding the election, which is a new request from the county. To be considered for the November 3, 2009, election, an Oath of Candidacy form along with the Petition for Nomination with a recommended 8-10 signatures must be filed with the Gallatin County Election Department no later than August 20, 2009. Susan Swimley noted that if no one files petitions, the sitting Board fills the vacancies. If the sitting board members file petitions and no other individuals file, then there does not have to be an election. If three or more people file, then an election will be required.

Director Fast moved to approve Resolution 09-03: Calling for a Board of Directors Election as presented. Director Olson seconded the motion. Motion passed, 5 yea votes to 0 no votes with Vice President McRae voting.

NORTHWESTERN ENERGY SUBSTATION

Edwards asked Matt Micklewright to provide the Board with an update. Micklewright distributed a brief outline of the proposed construction activities for the site. The appraisal has not been done and Edwards has not got a firm commitment (neither a yes or no) from Keith O'Reilly to even do an appraisal on the site. Matt Micklewright commented that they would do whatever the District Board wants. Director Allgood said that there are other companies that provide appraisals of this nature. Micklewright offered to contact Pat Assay to get names of others that can provide appraisals. According to Swimley there will not be a problem with the agreement with BSCC/BSOA if the land is either sold, or leased, to Northwestern Energy. Edwards said a quit claim deed and sale could be done and if the substation were ever abandoned then the site would be reverted back to the District. Micklewright said a certificate of survey does not need to be done if the site is leased. Swimley thought it would be easier to have the site as a utility tract of sale. If that is not the Board's desire, than a lease can be worked out that would circumvent the subdivision review. Micklewright said that they would like to stay on track with the schedule if they can, but with a construction envelope he asked that the Board give them a little bit of leniency if they do not stay on track. They still need to do the reclamation of the test pits and bore site of the first site. *Edwards will talk with Micklewright about having Russell Hone doing this work.* Micklewright said that with the new bud growth, the spring transplanting window was missed. After talking to an arborist, Micklewright assured the Board that the trees can be moved as soon as the new growth hardens off. Director Allgood said an appraiser can do comparisons on a regional, or national, scope. Micklewright asked if it would be inappropriate for the Board to just come up with a fair number. The Directors said in fairness to NW we need to get the appraisal done and *Edwards is to contact Norman Wheeler (an appraiser in Bozeman) and then contact the Board via email for a vote.* Director Allgood suggested that *Edwards check online for a qualified/experienced appraiser, too.* *Edwards is to contact Board members with the appraisal information.* Micklewright said to contact him if he can answer any questions. On the proposed COS a 20 foot utility easement is shown, but Micklewright said a 10-foot utility easement would be sufficient for NW. Edwards said that a combined road and utility easement could work for both. Swimley felt that both options, sale and lease, should be left open until the appraisal is complete.

Edwards reported that Steve Johnson provided some information in regards to extending the walking trail in three stages: 1) extend the trail along the middle fork to nearly the end of the WSD property, 2) add an unimproved trail down the steep embankment for a picnic area, and 3) add a trail through the draw and up above the golf course. Director Olson said if there is not a charge for public access, there is no liability, and through BSCC there would be indemnification. Director Olson reported that trail building prices 4-5 years ago was about \$9.00 per foot and he feels that the quote provided by Land Tech Montana is fair. Johnson said *if this trail is something that will be done, then we should get it put on the site plan.* Edwards said the District could use operating reserves to complete the lower trail now and then be reimbursed through Northwestern Energy. Johnson said it makes sense to coordinate building the trail with Northwestern in their construction schedule so as to avoid damage to the trail. According to Johnson, the trail extension would not tie into the Reflector Trail, which is an easement that Lone Mountain Ranch has, but someday it possibly could. Micklewright said that Northwestern would love to help out with the trail and he will ask for funding now, but he didn't think he could get approval to fund the trail work prior to a signed agreement for the substation site. Edwards said that this trail would be a good resort tax request for next year, but Resort Tax does not favor

refunds for work already done. Director Olson stated that the Land Tech quote provides only one mobilization quote in the proposal. Director Olson suggested waiting a month until we get the appraisal work done with Northwestern. Johnson will contact Zac Cavaness/Land Tech Montana on his schedule. Director Allgood stated that the whole project should be done, not just a portion. *This issue will be on the agenda next month.*

BIG SKY COMMUNITY CORP: WASTEWATER IRRIGATION AGREEMENT

Edwards distributed the BSCC wastewater irrigation agreement and Swimley's email regarding the agreement. Swimley said the following changes were made to the agreement per the board's direction: 1) a five-year term, 2) no cost for irrigation water for five years, 3) include 30-day right to termination for cause, and 4) mutual indemnification on insurance clause.

Director Allgood moved to approve the Irrigation Agreement with BSCC as presented. Director Olson seconded the motion. Motion passed, 5yea votes to 0 no votes with Vice President McRae voting.

BIG SKY COMMUNITY CORP: SFE CONSIDERATION LETTER

In consideration of BSCC/BSOA providing an easement through the park located on Lot 2-A of Sweetgrass Hills, they sent the District a letter dated February 13, 2009, requesting the following: 1) allocate 3.0 SFEs for BSCC's park development plans, 2) the right to connect the park to the community water and sewer lines, and 3) be exempt from paying any plant investment charges or development surcharges when applying for a permit, and 4) water & sewer connection subject to quarterly charges.

Director Allgood moved to approve BSCC/BSOA's letter of February 13, 2009, requesting 3.0 SFEs for their future park connections to the water and sewer system. Director Daniels seconded the motion. Motion passed, 5 yea votes to 0 no votes with Vice President McRae voting.

KUDRNA CORRESPONDENCE

Dr. Kudrna sent the District a letter concerning his high water bill (\$2,186.15 bill for 228,900 gallons of water) for the first quarter. According to Edwards, the meter's accuracy was checked and was found to be normal and the District staff did not feel a faulty meter was at issue, or that any outside water use occurred. Edwards reported that we have seen big water uses through leaking toilets, and staff feel that this may have been the problem. The properties' meter was not calling in and we only had a quarter end read for billing purposes. The District has adjusted Kudrna's averaging for the winter based on previous use, but no other reductions/concessions were made. Director Allgood noted that when District staff went into Kudrna's unit there were a couple of bottles of wine on the counter with a note thanking the owner for the use of the condo. However, the owner had reported that the unit had not been used at all during the 3 months in the first quarter. Director Fast asked if the fact that the meter not calling in was the District's responsibility, and if it is not our responsibility then we don't need to worry about it. If more frequent reads is something the District tells people will be done, then we are responsible to have the reads. Nic Wellenstein reported that the phone line used for reads was disconnected and that is why no reads were coming in. Edwards said there is nothing in our ordinance that says we will read meters more than for quarterly billing. Muscat feels that people have to be responsible for their own water use, and we should not make any commitment on informing people there water use is high—Muscat cautioned the Board to not set a precedence of informing customers of their use other than for quarter end billing.

MEADOW VILLAGE WATER SYSTEM PROJECTS

Hidden Village Water & Sewer Repairs: Edwards reported that only the Bough extension needs to be completed.

Silverbow Condominiums Water & Sewer Repairs: Edwards reported that it has been virtually impossible to identify all the utility lines in the area of the Silverbow Condominiums. We have a line item for exploratory digging and this will cover those costs. A construction meeting was held a couple of weeks ago and the staff and contractor will continue to hold meetings every couple of weeks.

Meadow Village Water Well Completion Project: Edwards reported that the project has been submitted to the State for approval. The State appears to have a backlog of submittals due to stimulus funding requests.

Meadow Village Water Projects Costs: The manager's report included a table that provided contract status information through April 2009. The Silverbow project has been added.

RESORT TAX APPROPRIATIONS

Edwards reported that the District was allocated a total of \$120,000 as follows: \$50,000 rollover money for the aerial photography, \$50,000 for tax relief out of the \$300,000 request, \$20,000 for pilot snowmaking. The rock liner project was not funded. (Director Daniels left the meeting at 10:00 am.)

SEWER & WATER PERMITS

Edwards said the permitting is slow, but we did issue a couple of permits. The Spanish Peaks permit was voided and the principal they paid was fully refunded with the District retaining the interest accrued. Edwards had discussed this with Spanish Peaks and they did not have any issues with voiding the permit. According to Edwards, the remaining SFEs will last us a decade at the current permit issuing rate.

FOLF COURSE

Edwards said the District has received a few complaints regarding the new folf course, but that BSOA reported that they have received lots of compliments on the folf course. Steve Johnson and Robin Hicks have driven the folf course and didn't feel as if it infringed on the trail or adjacent property.

GENERAL CORRESPONDENCE

The Board did not discuss any general correspondence other than the letter from Kudrna, which was an agenda item.

Matt Micklewright asked about getting approval for Northwestern Energy to put in underground service to the Search and Rescue Building. *Micklewright will get an easement to Edwards.*

MEETING SCHEDULE


Edwards proposed going to a bi-monthly meeting schedule with the lack of action items on the agenda and stated that District policy does not require a monthly meeting. The only issues that may need Board discussion sooner are the Northwestern Energy easement and the trail.

Director Olson asked if Northwestern would be interested in partially funding the trail now. Micklewright said he thinks it would be a good idea but doesn't know if Northwestern will go for it without having the lease in place. *Micklewright will run the request through his office.* Edwards said the Board can have a special meeting for the trail or, if we get the Northwestern appraisal information, or board members can be polled via email. *Steve Johnson will check Zac Cavaness's scheduled and if his availability dictates starting the trail soon. Edwards will then poll board members via email for using District funds.*

The next Board meeting is tentatively scheduled for 8:00 am, August 11, 2009, (2nd Tuesday).

ADJOURNMENT

Director Fast moved to adjourn the meeting at 10:25 am. Director Allgood seconded the motion. Motion unanimously passed.



Dick Fast, Secretary

6-16-09. min (draft)