

BIG SKY WATER & SEWER DISTRICT NO. 363  
**Regular Meeting Minutes – June 21, 2011**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 8:00 am on Tuesday, June 21, 2011, 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 (arrived at 8:14 am), and Bill Shropshire. Board members participating via telephone were President Packy Cronin (left the meeting at 8:49 am) and Bill Olson (left the meeting at 9:30 am). WSD staff present were Ron Edwards, Marlene Kennedy, and Terry Smith.

#### **PUBLIC FORUM**

President Cronin asked Vice President McRae to chair the meeting. With no community members present, Vice President McRae called the meeting to order at 8:09 am.

#### **MEETING MINUTES**

*Director Shropshire moved to approve the minutes of May 24, 2011, as amended. Director Allgood seconded the motion. Motion passed, 6 yeas votes to 0 no votes with President Cronin & Vice President McRae voting.* (Director Daniels was not present for this vote.)

#### **FINANCIALS**

Fiscal Year 2011-2012 Budget: Smith briefly reviewed the budget noting that no rate increases were proposed and no changes were made from the draft previously presented with the exception of adding the resort tax money that was allocated last week. (Director Daniels arrived at 8:14 am.) Smith stated that he was being conservative in total operating revenues on the office and general administrative expense. The driving force is health insurance expenses and a 1% increase in salaries was proposed. Smith noted that Wellenstein's position is now totally under the water operations since we have filled the vacancy in the sewer department. Edwards explained that Bedell is an operator in training and will need to take the test to be certified. The Boyne payment of \$250,000 will no longer be received and the PIC fund has been reduced and this is reflected with a \$300,000 decrease. Smith noted that positive cash flow is reflected on both the water and sewer side. Smith stated that, overall; the budget is pretty tight and close monitoring will be needed throughout the year. Smith noted that the budget was reviewed by Director Shropshire. Director Shropshire agreed that the budget is tight, but that it is in line with inflation and with what we would expect. Edwards noted that we are still carrying big numbers in depreciation from all the different assets that we took on line a few years ago. We are at the peak right now and Edwards does not expect any new big projects. Shropshire stated that it is a source of cash to fund replacement and repair. Smith noted that the depreciation schedules have not been changed from what was set years ago. Director Shropshire explained how depreciation applies to cash flow, with it being a non-cash expense and the depreciation cash goes into reserves for repair and replacement. Director Shropshire stated that cash is king and it is a fund to take care of repair and replacement. Smith noted that the capital budget shows the asset replacement fund. Director Fast questioned the sewer expenses on irrigation maintenance, and tools and tool maintenance where the expenses were higher last year than budgeted and where we are budgeting about the same as last year. Edwards and Smith explained the maintenance expense of the irrigation system that was installed in 1996 and both feel that these expenses

should not reoccur. Smith additionally reported that a couple of tool items that were purchased last year will not be needed this year. Smith explained that Gallatin County had a lot of reappraisal and the tax receipts are lower because of that, but with Madison County they are close to the estimated revenues. Edwards and Smith stated that this is the third year without a rate increase and feels that with the current economic times it makes sense.

***Director Allgood moved to approve the fiscal year 2011-2012 budget as presented without sewer and water rates increases. Director Shropshire seconded the motion. Motion passed, 7 yea votes to 0 no votes with President Cronin voting.*** Edwards noted that there was a budget hearing announcement published in the paper.

Bond Payment Mill Rates Review: Edwards said the final numbers for taxable value will be received in August. Edwards reported that \$400,000 out of PIC fund reserves will be used like we did last year. With the inclusion of the \$250,000 resort tax funds, the mill rates are proposed at 21.18 for water and 21.13 for sewer. Edwards stated that there may be changes with the results of tax appeals in both Gallatin and Madison County. Edwards noted that if the valuations change drastically, the District could use additional PIC funds to level out the mills. *No board action is needed at this point, but it will need to be revisited when we get the final numbers from the counties.*

#### **RESORT TAX ALLOCATIONS**

Edwards reviewed the history of the annual \$500,000 resort tax payment that is done in 2013. The resort tax is interested in paying this off earlier and he will be looking into that as they reserved \$178,000 that they could use. Edwards reported that resort tax legal counsel has said that their board cannot enter into any more long term agreements like what was done with the District. The resort tax agreed to give the District \$250,000 for bond debt service. (President Cronin left the meeting at 8:49 am.) Edwards stated that at least three of the resort tax board positions are up for election this year.

#### **DIRECTOR ELECTIONS**

Edwards reported that he has asked Charlotte Mills to find out if we can extend the Gallatin County appointed WSD board position for one more year so that the board vacancies are staggered. The District still has not heard from the county. Edwards reported that notices of vacancies can be published in July with a close date in late August. Edwards reported that Les Loble has expressed an interest in running for the WSD board. If the race is not contested we do not have to have an election. Director Shropshire said if we have a contested race it is important to have a forum as a way to amplify the decisions that have previously been made and a way to discuss any issues—this way it shouldn't be a personality contest. Edwards said the elected positions held by Allgood, Cronin, and Fast are up for election. Edwards noted that if the Gallatin County appointment is extended, the county appointments will occur in 2012.

#### **SEWER & WATER PERMITS**

Edwards reported that permitting is still slow with one new application approved, and there is also some remodeling being permitted.

## GENERAL CORRESPONDENCE

Director Fast reported that the new trail is really nice, but there needs to be some clean up. Edwards stated that he still needs to have a final walk through with NW Energy.

Director Fast reported that property owners in Spanish Peak North are having water problems and he feels that they may be asking the District for water. Edwards said that they could petition the District to be in just the water district. Edwards doesn't know what they could bring to the table, but the District could require that they build a tank.

Edwards reported that the District is continuing to get bankruptcy mail on The Lodge project. Smith reported that Lone Peak Hospitality has been appointed to manage The Lodge and liquidation has been ordered.

Director Fast noted that the two families that sued Spanish Peaks won their lawsuits against Spanish Peaks about non-disclosure of the land sliding.

Edwards reported that the snow pack reports have been unbelievable this year.

Edwards reported that the sewer flows have been dropping off and that is encouraging. Edwards has received some pump information from Ray Armstrong on a different pump and different vendor. We have not heard if the original pump is under warranty.

Edwards commented on the article in the Bozeman Chronicle where a private company would provide a storage reservoir and be a water supply to the City of Bozeman. Director Fast said this idea will make it difficult for Big Sky to ever be able to discharge. Smith also noted on an editorial in the Chronicle today where they said that Big Sky is a sewage collection system tied to a school and that is all they are right now.

Edwards commented on using the Yellowstone Club golf course as a source of disposal and to also possibly use the Spanish Peaks golf course as another source of summer disposal. Winter disposal needs to include snowmaking on additional terrain that is not skied.

Director Fast noted that the Gallatin County and Madison County Commissions have approved the creation of a park district. There is a 30-day comment period. Once a park district has been created it will allow them to apply for grants.

Edwards reported that Moonlight is still trying to find a buyer with Lehman still holding the financial strings.

(Bill Olson left the meeting at 9:30 am)

Director Shropshire noted the change in appearance of the ponds with the rock liner and recommended other board members take a look at the ponds from the mountain side above. Edwards noted that the West end will not be done due to the slope and cost and the small pond will not be done. Edwards talked about somehow tying in a lighter weight, different colored plastic liner. *Director Shropshire asked that the District write a letter to the resort tax for their support in doing the lining once we complete the project.*

Director Fast noted Spanish Peaks efforts to gate the outfall line and reported that their efforts have been continually thwarted by someone in the community.

**NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, August 16, 2011, at 8:00 am—the meeting will be coordinated so that the mill rates can be adopted.

**OTHER BUSINESS**

Director Allgood reported that his former establishment is still undergoing renovation and he isn't aware of their opening date, or menu. Their DOR interview for a liquor license transfer is today.

**ADJOURNMENT**

*Director Fast moved to adjourn the meeting at 10:02 am. Director Allgood seconded the motion. Motion unanimously passed.*



Dick Fast, Secretary