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# **STAFF REPORTS: GENERAL MANAGER'S REPORT**

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**GENERAL MANAGER'S REPORT  
BIG SKY COUNTY WATER & SEWER DISTRICT No. 363  
Board of Directors Meeting  
October 13, 2009**

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**I. REGULAR MEETING CALL TO ORDER**

**II. APPROVAL OF MINUTES**

**A. August 11, 2009 Regular Meeting Minutes**

**B. September 17, 2009 Special Meeting Minutes**

**III. FINANCIAL REPORTS**

**A. July Financial Report**

**B. August Financial Reports**

The summary of the District's finances through August which marks the end of our fiscal year is shown in the table below. The District has \$248,174 as unrestricted cash on hand. The District's restricted operating reserve account balance is \$452,288 for sewer and water operations. The restricted asset replacement fund balance is \$3,798,458. Total operating revenues year to date total is \$414,719 which is on target with year to date budget projections. Year to date operating expenses total \$413,963 which is 1% above year to date budget projections. The Plant Investment Charge fund balance is currently \$4,279,888. Our auditors completed their field work at the office this week for our annual audit.

<b>BUDGET OPERATING SUMMARY</b>		
<b>Aug-09</b>		
<b>Category</b>	<b>Dollars</b>	<b>Percent of Budget</b>
<b>Year To Date Total Operating Revenue</b>	\$ 414,719	100.81%
<b>Year To Date Total Operating Expenses</b>	\$ (413,963)	101.08%
<b>Unrestricted Cash On Hand</b>	<b>\$ 248,174</b>	
Sewer	\$ 23,499	
Water	\$ 189,545	
Admin	\$ 35,131	
<b>Restricted Operating Reserve</b>	<b>\$ 452,288</b>	
Sewer	\$ 130,196	
Water	\$ 322,092	
<b>Asset Replacement Fund</b>	<b>\$ 3,798,458</b>	
Sewer	\$ 2,765,384	
Water	\$ 1,033,074	
<b>Plant Investment Fund Balance</b>	<b>\$ 4,279,888</b>	

**C. Delinquent Accounts Status Report**

At the August meeting we reported that we had 185 delinquent accounts at the end of June and as of August 4<sup>th</sup> we had 145 accounts past due with a total balance of \$110,916.50. On September 9<sup>th</sup> the District turned over 144 parcels totaling \$92,991.68 in past due amounts for collection on the Gallatin and Madison tax rolls. Of this total, 112 parcels (\$71,691.16) were in Madison County and 32 parcels (\$21,300.52) were in Gallatin County. Terry has a full list of these parcels in the financial section of the board packet.

**D. Taxable Value Certifications**

At the August meeting the Board certified the mill rate tax for our SRF bond debt payments. The mill rate is a function of the taxable values that are used in the mill rate calculation. You will recall that we have 2 base areas that are used in the mill rate calculation for bond debt payments. These areas are the "sewer

Jurisdictional” and “water jurisdictional” areas. The table on the next page summarizes the taxable values for these areas by county. This data goes back to 2004 which was the first year that the District did a tax levy for bond payments. Prior to 2004 the resort tax allocations in the amount of \$500,000 per year was enough to pay the SRF debt service for the interim action work plan improvements which included the golf course irrigation system replacement, enlarging and lining the storage ponds, and the filter building. Since 2004 the taxable value for the water jurisdictional area has increased by 9.9%, and the sewer jurisdictional area has increased by 12.5%.

**TAXABLE VALUE SUMMARY: 2004-2009**

<b>WATER JURISDICTIONAL AREAS</b>						
<b>YEAR</b>	<b>Gallatin Water Jurisdictional Area</b>	<b>% Difference</b>	<b>Madison Water Jurisdictional Area</b>	<b>% Difference</b>	<b>TOTAL</b>	<b>% Difference</b>
2004	\$5,448,031	---	\$6,369,201	---	\$11,817,232	---
2005	\$5,783,386	6.2%	\$6,384,864	0.2%	\$12,168,250	3.0%
2006	\$6,308,896	9.1%	\$6,742,739	5.6%	\$13,051,635	7.3%
2007	\$7,977,155	26.4%	\$8,172,808	21.2%	\$16,149,963	23.7%
2008	\$8,571,236	7.4%	\$9,299,562	13.8%	\$17,870,798	10.7%
2009	\$9,111,750	6.3%	\$9,617,090	3.4%	\$18,728,840	4.8%

**Average Increase = 9.9%**

<b>SEWER JURISDICTIONAL AREAS</b>						
<b>YEAR</b>	<b>Gallatin Sewer Jurisdictional Area</b>	<b>% Difference</b>	<b>Madison Sewer Jurisdictional Area</b>	<b>% Difference</b>	<b>TOTAL</b>	<b>% Difference</b>
2004	\$5,605,078	---	\$6,365,715	---	\$11,970,793	---
2005	\$5,946,194	6.1%	\$6,388,189	0.4%	\$12,334,383	3.0%
2006	\$6,221,729	4.6%	\$6,729,790	5.3%	\$12,951,519	5.0%
2007	\$8,575,156	37.8%	\$9,020,070	34.0%	\$17,595,226	35.9%
2008	\$9,457,045	10.3%	\$10,392,333	15.2%	\$19,849,378	12.8%
2009	\$10,269,412	8.6%	\$10,758,344	3.5%	\$21,027,756	5.9%

**Average Increase = 12.5%**

**MILL RATE SUMMARY**

<b>YEAR</b>	<b>Water Bond Debt Payments</b>	<b>% Difference</b>	<b>Sewer Bond Debt Payments</b>	<b>% Difference</b>	<b>Combined Bond Debt Payments</b>	<b>% Difference</b>
2004	7.60	---	31.41	---	39.01	---
2005	7.60	0.0%	31.41	0.0%	39.01	0.0%
2006	7.60	0.0%	31.41	0.0%	39.01	0.0%
2007	24.74	225.5%	20.30	-35.4%	45.04	15.5%
2008	16.17	-34.6%	21.52	6.0%	37.69	-16.3%
2009	24.72	52.9%	23.90	11.1%	48.62	29.0%

**IV. OPERATOR REPORTS**

**A. Sewer Operations Report.**

Grant will give his flow report on Tuesday.

## **B. Water Operations Report**

Jim will give his production report on Tuesday. Jim has also had a contractor working on number of leak repairs. Enclosed in the packet is a list of the repairs made thus far and a copy of the contractor's construction notes.

### **1. Well Production Development**

You will recall that we hired Mark Cunnane from Western Groundwater Resources to study our water system demands and our well inventory for the Mountain and Meadow Village water systems. In Mark's report he made recommendations to improve existing water production from our wells. The 2 highest priorities for this work are Meadow Village well #3 and Mountain Village well #3. Now that our irrigation demands have dropped off we have O'Keefe drilling coming in to air burst Meadow well 3 to clean the well screens up. According to the Mark's report this well has been producing about 90 gallons per minute but it should be up around 200 gallons per minute. We will have Potts Drilling do a pump test on Mountain Village well #3 to validate the pump specifications. We think that we can upsize this pump after we do an accurate pump test.

### **2. DEQ Sanitary Survey Inspection Results**

Enclosed in the packet under the water operators report is a copy of the sanitary survey reports that DEQ completed after inspection our system on September 2<sup>nd</sup>. There were no significant deficiencies reported.

## **V. BUSINESS ACTION & PRIORITY ITEMS**

### **A. Farmhouse Partners Apartments Letter Request**

At the August meeting we tabled the correspondence from Farmhouse Partners on behalf of the Big Sky apartments located in the Mountain Village area. This is a low income tax credit housing project. In his letter, Dab Dabney is requesting that the District Board consider lowering the monthly fees for their units. Specifically he cites the vacant unit charges. Unoccupied units in the Big Sky apartments still receive the base charges for water and sewer like every other property in the District. These charges then revert to the owner(s) of the building to pay. Dab Dabney will be at our meeting on Tuesday to discuss his letter request with the Board.

### **B. BSOA Pond Restoration & Water Rights**

I received a couple of letters from Karl Uhlig from the consulting firm PBS&J. Karl is the consultant who has been working with the BSOA on the Middle Fork ponds. I spoke with Mary Jane McGarrity after receiving this information. Mary Jane will be at our meeting to discuss this with our Board.

You may recall that the BSOA had Karl present this information at one of our meetings. Our board was not interested in doing anything on the pond project until all of the issues concerning the access and the utility easements had been resolved. There is interest on the part of the BSOA board to pursue this project again. Mary Jane will explain this information to our board and also give us a status report on the project from BSOA's perspective.

### **C. Lehman/Good Correspondence**

Enclosed in the board packet under the "Business Action Items" section is a letter that our office received from Tom Von Lehman and Maggie Good. They are building a new home in upper Cascade. The house is around 11,000 square feet in size. They are requesting that the permit fee be charged according to the old formula of bedrooms and bathrooms versus the square footage method which is how the project was calculated and charged. Under the old method of bedrooms and bathrooms the

project would have been 4.35 SFEs. Under the square footage method the permit calculated 5.49 SFEs which equates to a \$7,980 difference.

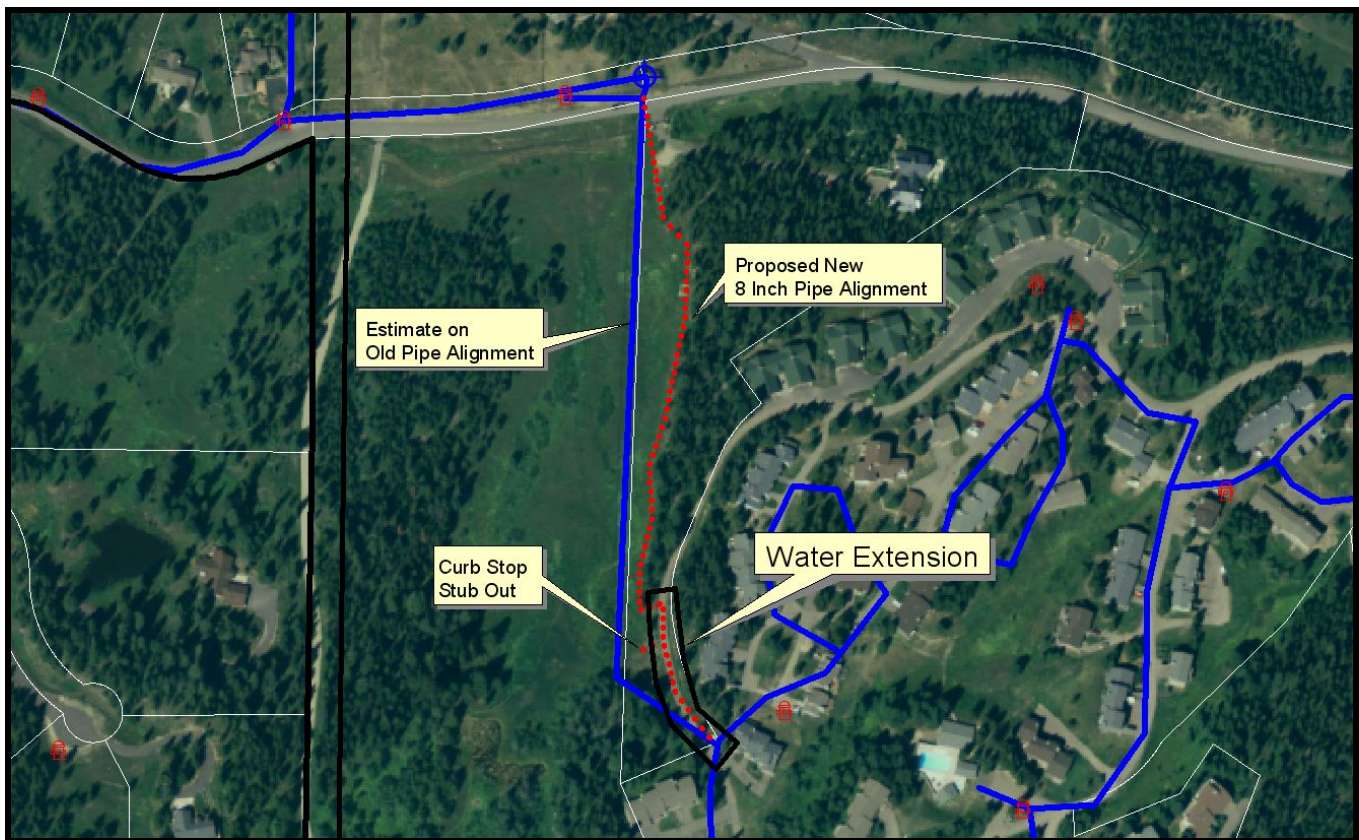
**D. Silverbow Project Engineering Contract Amendment**

Enclosed in the packet under the Old Business Silverbow Project section is a copy of a September 24 cover letter and a proposed Amendment #3 to our engineering contract with HKM. This amendment increases the engineering contract for the Silverbow project by \$80,491.55 to a total of \$215,863.55. The reason for the contract amendment is due to fact that the original contract was for a construction timeline of 40 days and the full-time inspection costs for those 40 days. The project took almost 120 days to complete due to all of the unforeseen utilities and crossings that caused the construction project to take longer than the engineers originally projected. My recommendation to the Board is to approve the contract amendment as presented. The funds for these engineering costs will come out of our SRF loan for the project.

**VI. OLD BUSINESS**

**A. Meadow Village Water System Projects**

**1. Hidden Village/Bough Water Main Replacement**



Johnston Excavation has moved over from Silverbow to do the water main replacement on the west side of Hidden Village which we have referred to as the “Bough” water main project as it runs through land that Loren Bough now owns. The aerial view shows the approximate location of the new water main. I met with Loren on site earlier in the week to go over the alignments and construction methods. Johnston should start laying pipe on Monday October 12<sup>th</sup> weather permitting. It should take them about a week to lay the new 8 inch water line.

**2. Silverbow Condominiums Water & Sewer Repairs**

All work has been completed at Silverbow and the certificate of substantial completion has dated for October 5, 2009. All asphalt repairs have been made and about half of the disturbed areas have been re-sodded. We are waiting on sod for the remaining areas. All of these areas have been prepped but the sod farms have suspended cutting sod until the snow melts off in the valley. We conducted the final walk through inspection on Thursday, October 8<sup>th</sup> with the contractor and HKM engineers. Overall everything looked good. We have a few minor items on a final punch list that will be given to Johnston to complete.

**3. Meadow Village Water Well Completions**

We are stilling waiting on Montana DEQ for their final approval of the plans and specifications that we sent in May of 2009. In the packet is another round of engineering response correspondence from TD&H to DEQ’s to respond to DEQ’s September 14<sup>th</sup> comment letter s on the plans and specifications. I also met with a hydrogeologist from the Department on Wednesday to go over the well and water right information for the 2 new wells in the Meadow Village.

**4. Mountain/Meadow Village Water System Project Costs**

The table below shows the contracts and contract status for the Silverbow & Hidden Village replacement projects, and Meadow Wells 4 & 5 completion projects through August of 2009.

Water Facilities Plan Contract Summary - Water Project							
Aug-09							
Construction Contracts Summary	Original Contract	Change Orders	Total Contract	Paid to Date	% of Contract	Retainage	Contract Balance
Johnston Excavation- Silberbow Project	\$ 654,650	\$ 18,266	\$ 672,916	\$ 641,215	95.3%	\$ 33,476	\$ (1,775)
HKM Engineering- Silverbow Water Project	\$ 135,372		\$ 135,372	\$ 135,425	100.0%	\$ -	\$ (53)
Meadow Village Wells 4 & 5 Completion Project		\$ -	\$ -	\$ -	#DIV/0!	\$ -	\$ -
TD&H Engineering- Wells 4 & 5 Project	\$ 20,000	\$ 19,100	\$ 39,100	\$ 38,401	98.2%	\$ -	\$ 699
Johnston Excavation- HV Project	\$ 1,183,804	\$ 285,071	\$ 1,468,875	\$ 1,398,098	95.2%	\$ 21,998	\$ 48,779
Allied Engineering- HV Project	\$ 235,260	\$ 119,228	\$ 354,488	\$ 362,366	102.2%	\$ -	\$ (7,878)

**B. Northwestern Energy Substation**

After our special meeting on September 17<sup>th</sup> all of the documents have been signed for the substation site. We received the earnest money check in the amount of \$30,000. Northwestern is waiting for the county to approve 2 items: the Land Use Permit and the utility exemption that will create the new parcel that is the subject of the sale. These items are on the county’s consent agenda for next planning commission meeting on October 20<sup>th</sup>. If these items go through on October 20<sup>th</sup> then the close date for the sale is October 21<sup>st</sup>. Pat thought that we may be able to set everything up to be done by mail but he wasn’t sure if this will be possible for all documents so we may need Packy to sign off at closing.

**C. Director Elections**

We mailed out the newsletter on the mail ballot election that Gallatin County is running for us for our 2 director seats that are open in November. A copy of the newsletter is in the packet. I also updated our website with the election information and the candidate profiles. The election department office is mailing out ballots to all registered voters of the District on Friday, October 9<sup>th</sup>. Everyone else will have to request a ballot from the election’s office using the form that is in the newsletter or with the form that we have on our website.

**D. Storage Pond Liner Covering Project**

On August 26<sup>th</sup> Burke Excavation started installing Reno mattress baskets on the storage pond liners in the aeration pond and in Pond 1. They found another long boom excavator that they are renting from T&E Equipment that is working better for this project than the one we rented from Missoula last year. Overall the production has been very good. It has slowed down a bit as they have to custom fit the baskets on curved sections of the pond. We plan to continue work to the end of October if the weather permits. We may be able to get the north side of Pond 1 all done this year.

**VII. NEW BUSINESS**

**A. Sewer & Water Permits**

We received 3 new connection permit applications since our last meeting for projects in Spanish Peaks, Cascade and Southfork. We issued 2 connection permits for the Cascade and Southfork projects. The District currently has 166.3 SFEs available for permitting as shown on the next page.

<b>SFEs AVAILABLE FOR PERMITTING</b>				
<b>SFEs AVAILABLE</b>		<b>SFE's PERMITTED</b>		
<b>Board Action</b>	<b>Available SFEs</b>	<b>Year</b>	<b>SFEs Used</b>	
Ordinance No. 96-1002	200	1996	58.07	
Ordinance No. 98-1001	200	1997	130.68	
Ordinance No. 98-1002	125	1998	296.35	
Ordinance No. 99-1003	100	1999	80.28	
Ordinance No. 00-1001	200	2000	90.64	
Ordinance No. 01-1003	100	2001	156.71	
Ordinance No. 02-1002	75	2002	122.96	
Ordinance No. 03-1001	150	2003	91.89	
Ordinance No. 04-1002	150	2004	304.11	
Ordinance No. 04-1003	200	2005	299.6	
Ordinance No. 05-1001	200	2006	344.14	
Ordinance No. 06-1001	300	2007	97.22	
0	0	2009	21.71	
<b>TOTAL</b>	<b>2,300</b>	<b>TOTAL</b>	<b>2,133.72</b>	
<b>SFEs REMAINING FOR NEW PERMITS:</b>			<b>166.28</b>	

**B. General Correspondence**

**1. Board Leadership Training**

Carol Collins sent me information about a Board Leadership Training class schedule for November 12<sup>th</sup> at 1:00 PM. The cost for the class is \$450. If any of our board members are interested in attending please let me know. A copy of the course description is in the packet under the general correspondence section of the packet.

**VIII. NEXT MEETING DATE**

**IX. OTHER BUSINESS**

**X. ADJOURN**