

---

# MINUTES

---

**BIG SKY WATER & SEWER DISTRICT NO. 363**  
**Regular Meeting Minutes – December 15, 2009**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 8:00 AM on Tuesday, December 15, 2009, in the WSD Community Room. President Packy Cronin called the meeting to order with the following Board members present: President Packy Cronin, Vice-President Gary McRae, Secretary Dick Fast, and Directors Dick Allgood, Jeff Daniels, Bill Olson and Betsey Weltner. WSD staff present were Ron Edwards, Terry Smith, Jim Muscat, and Grant Burroughs. Others present were Rosalie Barndt from Holmes and Turner CPA's, and Dave Schwalbe.

**PUBLIC FORUM**

President Cronin called for public comment at 8:15AM.

With no further public comment, President Cronin called the meeting to order at 8:17AM.

**MEETING MINUTES**

*Director Fast moved to approve the minutes of October 13, 2009 , as written. Director Daniels seconded the motion. Motion passed, 7 yea votes to 0 no votes with President Cronin voting.*

**FINANCIALS**

**2008/09 AUDIT REPORT**

Rosie Barnes, from Holmes & Turner reviewed the auditor report and noted just one adjustment due to a Johnston Excavation timing issue. Rosie also discussed the internal controls report and she noted that there were no findings. Rosie discussed the 6.5 million dollar SRF loan. There are no compliance issues and no deficiencies. Rosie discussed the YMC issue and said that with consultation with the District's attorney there are no issues with YMC at this point in time. Edwards said that the District will continue to work with YMC with regard to our current agreements. Betsy Weltner disclosed that she does some consulting work for the YMC. Rosie will send the final letter with regard to the audit report to the board. Edwards asked about the due date for the audit report with the State to see if we can push the schedule up next year to meet the filing deadline. Rosie said that they could do that for the next year audit report.

*Director McRae moved to approve the Audit Report for fiscal year 2008-2009 as presented.*

*Director Daniels seconded the motion. Motion passed, 7 yea votes to 0 no votes with President Cronin voting*

**MONTHLY FINANCIAL REPORT**

Smith gave a summary of the financials through November of 2009. He noted that the new rates that were effective 7/1/2009 have done what the board intended. Smith said it appears that the District is very close to meeting all system operating expenses with projected system operating revenues. The sewer system should be at or near break-even this fiscal year. Smith explained that the proceeds of the sale of District land to Northwestern Energy were deposited back into the sewer system accounts because the funds for the original purchase of the land were from the sewer system accounts. Specifically the deposit of \$375,000 was split between the sewer operating reserve (\$200,000) and the sewer operating account (\$175,000). Smith said that since the sewer system was running deficits for the last five fiscal years that the two accounts had been

depleted during that period. As a result, Smith used the proceeds to restore the two accounts, sewer operating reserve and sewer operating account, to acceptable levels. Smith said the November financials as presented include the Northwestern land sale proceeds being deposited into those two accounts.

*Director McRae moved to approve the September, October, and November financials as presented. Director Olson seconded the motion. Motion passed, 7 yeas votes to 0 no votes with President Cronin voting.*

#### **TAX REFUNDS**

Edwards discussed the tax refund issue. He noted that the Department of Revenue (DOR) has not complied with either our verbal or our written requests to take certain properties in Section 1 off of the tax roll for sewer bond debt. Edwards said that it is easier for the owners to come to the District for a refund rather than going to the DOR for a refund. In a letter to the Grey Drake Subdivision Association, Edwards suggested removing the subdivision from the District as an option to correct the problem. The District offered to help GD draft a petition if they wish to pursue removal from the District. Edwards said that he has not yet heard back from them on this option.

#### **SEWER OPERATIONS**

Edwards reported that the sewer flows are looking good going into calendar year end. The report shows that the flows are down from the previous year. Allgood noted that the first five months of the year show the inflow from the big snow last year. Edwards explained that unlike the water system, a sewer system is not pressurized so inflows into the pipe can occur throughout the system. Other sources of inflow included manhole lids, broken manholes frames and cleanouts.

#### **WATER OPERATIONS**

Jim Muscat gave the operators report for the water system. He reviewed the water well production report and highlighted it by noting that the Meadow Village has the lowest flows that we have seen in years. He also reported on the water tank inspections done at the Sweetgrass 50,000 and 250,000 gallon water tanks. Muscat said the reports show that these older tanks are on the downside of their life cycle. There is some minor maintenance that needs to be done at this time. The Board briefly discussed options for replacing both of these older tanks in the Meadow Village area. Edwards noted that a new Mountain Village has more of an impact because the water can be shared from the Mountain Village down to the Meadow Village. Muscat reported that the Meadow Village Well #3 rehabilitation work did not produce the results that we were hoping for. Muscat also reported on the Mountain Village Well #3 pump test. He noted that this well does not seem to be what the original reports and well logs show for completion characteristics and that he and Mark Cunnane will be looking at the video and the well logs. Muscat reported on the Spanish Peaks Sanitary Survey. The issues outlined in the survey have all been addressed and the report was satisfactory.

#### **BUSINESS ACTION & PRIORITY ITEMS**

## **DIRECTOR ELECTIONS**

Edwards gave Director's Daniels and Weltner their Oath of Office Certificates which need to be notarized. Edwards also recapped the election results. Reorganizing the Board will be put on the next meeting agenda.

## **OLD BUSINESS**

### **MEADOW VILLAGE WATER SYSTEM PROJECTS**

Hidden Village/Bough Water System Replacement. Edwards reported that the Bough water main replacement into Hidden Village is done and was put on line at the end of October. The District will retain some money on the Johnston contract for potential work on Andesite road next spring. Director Fast said they (Aspen Groves Owners Association) had a contractor look at it but he does not have the numbers yet.

Silverbow Water System Replacement. Edwards reported that this project was also completed in October. It went much slower than anticipated but overall it went very well. Director Allgood asked about the engineering costs for the project. Edwards reported that the engineering costs were higher due to the number of days that the project took to complete. This was due to the number of unknown utility crossings throughout Silverbow that forced change orders for both the excavation contractor and engineer for the onsite inspection services. The irrigation system repair costs were also over what the District originally anticipated. The District will be back in the spring to check on all of the sod. Even with the extra costs, the project was done for less money than the next lowest bid which was 1.2 million dollars. The board briefly discussed other areas of the water system that might need future replacements. Muscat said that there is a lot of plastic pipe used in the Mountain Village water system around the Hill, Stillwater and Skycrest condos.

Meadow Village Water Wells 4 & 5 Completion Project. Edwards reported that the District is still waiting on DEQ for final approval of the piping portion of the project. The deviation request from full time disinfection is still pending. The District will work on the disinfection requirements separate from the new pipe work. Edwards said that there might be some second round stimulus money that could potentially be used for this project. Director Weltner asked if the District ever received any first round stimulus money. Edwards said no. He also said that the District was omitted from the state mailing list that was used to contact state and local governmental entities regarding first round stimulus funding of projects.

### **NORTHWESTERN ENERGY SUBSTATION**

Edwards reported on the progress made on the new substation site. The road has been built and some dirt work was done this fall on the site pad. The trail work will be postponed until NWE is done with their work on the site pad. The board discussed how the trails could be connected with the trails across the road from the treatment plant site. The District will work with NWE on a screen of trees on Taylor's land to help block the new substation site from the Spur Road.

### **YELLOWSTONE CLUB SNOWMAKING PILOT PROJECT**

Edwards reviewed the correspondence in the packet on the pilot snowmaking project. He discussed DEQ's response letter to the District's application for a discharge permit for a pilot snowmaking project which would be located near YCs large storage pond above the golf course area. In that letter, DEQ is requiring a complete discharge permit application, and they are

linking it to the District's standing discharge permit to the Gallatin River. Edwards recommended that the board consider abandoning the pilot project because the listed deficient items exceed the \$40,000 that has been budgeted for the pilot project. From their letter, DEQ is not willing to work out a permit submittal that fits the scale, scope and cost for a project that is a temporary pilot. At this point it would be very difficult and costly to move forward under the terms of the DEQ letter. Director Weltner suggested that the District go beyond the DEQ to either legislators and/or the Environmental Board to try and push this through in a form that meets the budget. Welter said she will try and find out who in the Governor's office may also be able to help the District. Director Fast also suggested a letter from all the parties involved.

Edwards also noted that the DEQ letter went on to ask the District to respond by January 1, 2010 on its intentions on renewing its surface discharge permit to the Gallatin River. Edwards discussed this with the board and he pointed out his belief that DEQ wants to connect the golf course spray irrigation to the surface discharge permit. Edwards said that spray irrigation systems are not required to have a permit under current Montana regulations. If the discharge permit is dropped then there is no permit to attach the spray irrigation to as a secondary discharge location. For this reason, Edwards recommended that the Board consider not renewing the surface discharge permit. Cronin suggested that the District should pursue Director Weltner's suggestion before deciding the fate of the discharge permit. Cronin and Fast instructed staff to try to put a broad spectrum of users together to work on a plan to put the pilot project back on track. Cronin suggested that a coalition group go to meet with DEQ.

#### **STORAGE POND LINER COVERING PROJECT**

Edward's gave a report on the storage pond liner project. Given the large amount of work done this year, the large pond #1 should be completed in 2010. Director McRae asked about coloring the liner somehow on the west end where it would be very difficult to cover with the rock mattresses baskets. Edwards said that the option is being explored.

#### **NEW BUSINESS**

Director Daniels departed the meeting at 10:00 am.

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

Edward reported that the District issued one new connection permit in Spanish Peaks Resort.

#### **CONDOMINIUM IRRIGATION RATES**

Edwards discussed his analysis of the condominium and residential irrigation usage which was included in his General Manager's report. According to the irrigation data from the 2009 irrigation season, the costs to condominium owners are below the residential rates on average. After presenting this information, Edwards asked if the Board wants to do anything at this time to change the rates for irrigation meters or any other aspect of the rate structure. Muscat also voiced his opinion to not do anything that encourages more water use for irrigation in our high desert environment. No further action is recommended at this time. The board will continue to monitor the issue.

*Director Fast moved to leave the irrigation rates as they currently exist. Director Allgood seconded the motion. Motion passed, 7 yea votes to 0 no votes with President Cronin voting.*

### **GENERAL CORRESPONDENCE**

Dave Schwalbe, Stillwater Condo Billing Relief Dave Schwalbe appeared at the meeting to request that the District grant relief on the bill for customer account #29036100 in Stillwater Condos. Dave said that the water was used by the neighbor and not the unit that received the bill. The board responded that the issue is for Dave as the property manager and/or the Stillwater owners to resolve not the District. Dave said the District knew of these issues when they installed the meters. The board noted that there are a few complexes that have shared meters but the District knew of no units where water was shared and was being billed erroneously. No action was taken by the board.

Annual Dinner Edwards will email Board members and staff to come up with a mutually agreeable date for the annual dinner.

### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Thursday, February 11, 2009, at 8:00 AM.

### **ADJOURNMENT**

*Director Fast moved to adjourn the meeting at 10:55am. Director Weltner seconded the motion. Motion unanimously passed.*

---

Dick Fast, Secretary

12-15-09. min (draft)