

BIG SKY WATER & SEWER DISTRICT NO. 363

**Regular Meeting Minutes – April 15, 2010**

WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 8:00 am on Thursday, April 15, 2010, 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 at 10:00 am), Bill Olson, and Betsey Weltner (via teleconference until 10:00 am). President Packy Cronin arrived at 9:45 am. WSD staff present were Ron Edwards, Marlene Kennedy, and Terry Smith. Others present were Boyne representative Brian Wheeler, Gallatin County Water Quality District representative Alan English, and Northwestern Energy representatives Matt Mickelwright and Ernie Hultit.

**PUBLIC FORUM**

With no public comment, Vice-President McRae called the meeting to order at 8:10 am.

**MEETING MINUTES**

*Director Fast moved to approve the minutes of February 11, 2010, as written. Director Daniels seconded the motion. Motion passed, 6 yeas votes to 0 no votes with Vice President McRae voting.*

**FINANCIALS**

Smith noted that the February financials were not included in the report as they are cumulative. With the 1<sup>st</sup> quarter billing, Smith said the numbers are better than he had anticipated. With the sewer side there were items capitalized instead of expensed, plus the \$10,000 reimbursement from 3 Rivers now makes the sewer in the positive. Unless something unexpected happens, Smith expects both sewer and water operations to be in the black without any additional support with reserves. Smith had underestimated on the SRF loans and that is why the non-operating is unfavorable. Overall, Smith feels that the budget looks good.

There is \$71,000 past due on receivable, but \$42,000 is from just two customers, Farmhouse Partners and The Lodge. Smith reported that he sent Farmhouse a letter requesting payment by today regarding their past due note on the PIC charges. Smith has not received any response, or return calls, on that from the developer, Dab Dabney. Edwards said past due charges are usually sent to the counties for collection, but we have never sent the PIC charges to the counties for collection. *Smith did not know what recourse the District has for collection, but will find out. Smith will review the Farmhouse Partners note and Edwards will consult legal counsel.* Edwards reported that there were nine Farmhouse/Big Sky Apt. accounts without any use last quarter (correction--review of billing records show 4 accounts in 4<sup>th</sup> qtr & 2 accts in 1<sup>st</sup> qtr without use) and explained that they have had a hard time renting the units with the federal low income requirements that are based on Madison County income levels. Director Olson asked why they can't apply for federal assistance. Director Allgood asked if The Lodge has changed hands and it has not. Smith reported that last fiscal year three-fourths of The Lodge's water and sewer fees were put on the tax rolls for collection. Edwards reported that The Lodge building was originally built as a hotel and then they reclassified it as a condominium, resulting in each unit being individually charged base water and sewer charges, BSOA dues, and taxes. Wheeler stated that the owner, Quackenbush, is trying to rewind the condominium classification, but with five units already sold they have some problems in accomplishing the reclassification.

*Director Olson moved to approve the February and March financials as presented. Director Daniels seconded the motion. Motion passed, 6 yeas votes to 0 no votes with Vice President McRae voting.*

Smith requested a board motion to change the approved signers on bank accounts.

***Director Olson moved to update the names of board members allowed to sign on bank accounts by deleting William Shropshire and adding Betsey Weltner. Director Fast seconded the motion. Motion passed, 6 yea votes to 0 no votes with Vice President McRae voting.***

The Board asked about the rumors of Spanish Peaks getting their refinancing approved and restarting the lodge project. Edwards reported that he has not heard anything about Spanish Peaks starting up the lodge. *Edwards will call John Olson and find out what their plans are for construction as the District had voided their original permits and refunded their permit fees.*

FY 2010-2011 Draft Budget: Smith reported that the preliminary budget for the new fiscal year has been squeezed where it could. The numbers are positive, but not by much--sewer operations will generate about \$6,000 and water will generate about \$7,000. Smith reviewed the budget stating that the total operating expenses are down about 5 percent, and non-operating revenues are down 13.56 percent. Boyne made their last annual payment and that reduction also affects the budget. No increases are proposed for either the sewer or water rates and there is no need to have a public hearing. Edwards would like the budget adopted at the June meeting. Smith said the draft budget presented will not change much prior to being presented in June—it will just be tweaked. Smith stated that the health insurance costs have increased and that he has a meeting with the insurance company next week, but feels that the costs are in line with other insurance company rates. The Board was requested to get any comments, or concern, regarding the budget to Smith before the June meeting.

### **SEWER OPERATIONS**

Edwards reported that flows from the mountain are down. According to Edwards we had a lot of problems with our irrigation system last year on the north loop and he feels that everything is on track for operation this summer.

### **WATER OPERATIONS**

Edwards reported that the meadow well production is up from last year. Lone Moose and Yellowstone Club are about the production and the Mountain is down. Wheeler stated that their lodging was down, but skier count was up.

Meadow Village Well #3 & Mountain Village Well #3 Rehabilitation: Edwards did not comment on the topic.

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

Gallatin County Water Quality District Expansion: Edwards explained that the water quality District has recently been expanded into the Big Sky area. Alan English provided a background of the District, where it was created in 1995 and in 1999 Edwards sent them a letter requesting Big Sky be included and, unless it is challenged, it is now done in 2010. English said their fee is \$6 per year per parcel and, with the fee being low, he feels that is why they didn't see many objections to creating a district in Big Sky—they will get on the tax rolls in November 2011. *English asked for a letter of support from the WSD to get the water quality district fee on the tax rolls this year.* English reported that they will collect about \$18,000 per year from only the Gallatin County side of the Big Sky area.

The water quality district does not have regulatory power—they would only check out any complaints and report findings to DEQ for follow up. They operate with a small staff and small budget, but can apply for grant/loan programs and recently completed a pharmaceutical study of the water that included sampling at the WSD treatment plant. English reported that, probably because of the WSD treatment basins, the pharmaceutical study showed WSD with very low pharmaceutical levels detected in comparison to other treatment plants. English noted that the Blue Water Task Force focuses on surface water where they look at groundwater, too. Edwards feels that getting consistent data from the groundwater and static water levels will be beneficial and Bureau of Mines is currently monitoring some of the meadow wells. English feels that will work with the characterization program.

English would like Madison County to join the water quality district and will explore that. Director Weltner asked if she could be assistance in working with Madison County officials in creating a Madison County Water Quality District. Once the District gets established in Big Sky, English said that a meeting with Madison County planning staff would probably be beneficial and a place to start--they will set one up. Edwards feels that if Madison County didn't have to levy a tax they would probably support it. Director Olson also offered to assist with working with the Madison County commissioners and staff and thinks that Madison County would probably consider a water quality district just for the Big Sky area. *When Director Olson returns in June, he said that he will be glad to work with English in coordinating water quality monitoring in Madison County.*

According to English, they also provide assistance to homeowners to test their wells, but they do not pay for the test. They will work with the WSD if we have any specific concerns with our water systems. For public water supplies, they will identify sources of potential contamination and, if they got the funding, they would do that for the Big Sky area. English would like to establish the groundwater monitoring in Big Sky and offered to do whatever they can do to help the Big Sky area. English said if snowmaking is done, they would offer to monitor that, too. English stated that he also anticipates that the district will also be working with the county on disposal of household hazardous wastes in the Big Sky area.

Director Fast commented that we still do not know the water tables and wanted to know if anybody has done anything in that area. English is hoping that through the current study being conducted by the Bureau of Mines that they will figure out the aquifers in this area and thought that they are about half way through their 3-year study. Director Fast asked where we go when the data is available. English said it will have to be a community effort on how to move forward after the data is available from the Bureau of Mines. Edwards distributed a few charts that were created by Mike Richter, Bureau of Mines that showed the well hydrographs from the test sites at the golf shop, mountain lake condos, and meadow village.

English will be working with Edwards and the Blue Water Task Force on water issues in the area. *English asked to be on the mailing list for the WSD board agenda to keep the line of communication open.* English provided their website, [www.gallatin.mt.gov/glwqd](http://www.gallatin.mt.gov/glwqd), where they have a lot of information. (President Cronin arrived at 9:45 am)

Northwestern Energy Substation: Matt Mickelwright and Ernie Hultit provided an update on the substation work for the summer of 2010. Mickelwright distributed a construction schedule, and stated that they will be meeting with Edwards and the engineers in the next few days. Sime is anxious to do the dirt work and that will start when weather allows. They are anticipating completion in September 2010. With the growth in the area, Mickelwright said the new transmission line in the canyon is also needed to serve the loads. The well has been drilled with 30 gpm and that will support the landscaping. *Mickelwright will get the well information to the District.* Once they are done with the new substation, and it is operational, they will dismantle the old substation in Sweetgrass with the two ground level boxes being retained. President Cronin said that, with the new substation, the District is really only concerned with the screening and landscaping—the visual impact in the community. Mickelwright stated that the prefabricated wall, if put in now, would probably hinder the construction and that may be an issue to visit. Director Fast said that the Board's issues are how to answer questions from the community, roads that are put in by search and rescue and NW Energy, and the benefits to the community. *Edwards reported that he will get information to the BSOA for their newsletter and to the Look Out for an article in addition to have project updates on our website.* Edwards said that people don't understand that the substation is needed whether the updated transmission line is installed, or not. President Cronin said that he would like NW Energy to continue to communicate with Edwards. *Director Fast directed Edwards to get something in the paper on this project. Director Daniels feels that we need to maybe even do a sign that explains the project.* Director Olson asked about noise reduction on the transfer station on the mountain. Mickelwright reported that the decibel level taken at that site was consistent with levels in other areas and they don't have plans for noise abatement, but it could be revisited. Wheeler added that the booster station drone is bouncing through that area, too, and this could be some of the reported noise. Mickelwright said that people have gone up to investigate this and, if there is any activity in the area—even on the road, you can hear that with the area being kind of like an amphitheater. (Director Daniels left at 10:00 am) President Cronin asked that Mickelwright continue to work diligently ahead and to keep the District informed.

## **MEADOW VILLAGE WATER SYSTEM PROJECTS**

Meadow Village Water Well Completion: Edwards provided a summary of the bid tabs with 11 bidders. The lowest bid for the pipeline project to connect Meadow Village Wells 4 and 5 into the Meadow Village Water system came from Walker Excavation at \$204,950. The notice of award has not yet been issued as Edwards wants to get the pipeline easement in place. Edwards is trying to make this available for the AARA, or stimulus money, even though it is questionable whether the funds will even be available. Easements have to be obtained though Boyne property, much of it is through open space owned by Boyne. The District is working on a standard easement to use for this project and to clean up easements for existing pipelines. A draft easement has been sent to Susan Swimley for review and also sent to Boyne legal counsel. Edwards has met with Brian Wheeler and Taylor Middleton on the easements and they have asked for four considerations for the easements. The two biggest issues area:

- 1) Boyne asked about the possibility of reusing the old tank on the mountain for irrigation in the mountain core area. Edwards said it would also be beneficial to the District as it would take the demand off our peak months. Wheeler stated that they would like to have strict guidelines for future use of Boyne properties—i.e. the work on the Silverbow project that closed the road to the golf course when they were having a tournament. Wheeler said that they have about a page and a half of things that they would like to clean up. They want to work with the District and just want to make sure we are on the same page and make it as easy as possible.

- 2) Boyne wants to use Cascade wells 5 & 6 for snowmaking purposes. Edwards reported that the District has not used the wells due to high sulphur and they are currently shut in. They would like to use water rights from November to January to offset snowmaking as they are looking for more water. Edwards said an agreement, or MOU, would have to be worked out. Edwards would also like to figure out an easement for the proposed site for a new tank and a pipeline easement for it.

Edwards would like to get the meadow pipeline project started as soon as possible, and SRF requires site title and feels a temporary construction easement would suffice initially. Boyne has an easement survey already, but the golf course expansion needs to be addressed. Edwards likes the idea of Boyne using the water tank and we need to pull old plans to see how reusing it would work. The District does not use wells 5 and 6 right now, and by Boyne using them it would show use. However, a portion of the production will need to be transferred to the new well at Mountain Lake Condominiums. Edwards reported that pump tests were high, but he doesn't feel that they would sustain that production. Wheeler said they will commit to approving an easement for the WSD pipeline and asked that the District work on their list of considerations. The District will focus on the construction easement and Edwards will work with Susan Swimley on the easement form. Director Allgood asked about the golf course irrigation provided by the District and wants the District to revisit our terms on that and to use this opportunity to clean up anything that needs clarifying. Edwards reported that with all the treated water we produce it is free to Boyne and he will need to pull that agreement to see if that is open for reconsideration. Edwards also reported that currently there is no charge to BSOA, or the Chapel, for the treated water they both use for irrigation. The Board feels that water is valuable and charging for using treated wastewater should be considered. Edwards feels that any costs to pump water from wells #5 and #6 should be paid by Boyne and there is also a value for the water rights so that they can use water from the middle fork. The Board wants to make sure that the District is being compensated fairly for any considerations. *President Cronin directed Edwards to review the timelines in the agreement with Boyne prior to working with Boyne on the easements and their considerations. The Board wants Edwards to work on clearing up the items of concern with Boyne.* Edwards said that the District charges YC for the wastewater, recouping the power costs for pumping. Director Allgood explained that the District is not obligated to give YC water, but we can pump water if and when we need to. *Edwards said that we will meet with YC this spring to find out what their water demand is for the summer.* YC currently has 80 million gallons of storage and they are obligated to provide 130 million gallons of storage. President Cronin asked if we are not obligated to send it to YC then can we sell it to another entity such as Spanish Peaks. Edwards explained that the YC is second in line for the water and the agreement stipulates that we can pump it to them. Edwards said that he initially had told Spanish Peaks they needed to plan for wastewater storage, but they did not build that into their plan. *The Board directed Edwards to review the YC agreement so that it can be revisited at another time. The Board directed Edwards to review Boyne's wish list and to create a District's wish list.*

Silverbow Water System Repairs: Nothing new was reported on this project.

Hidden Village/Bough Water System Repairs: Nothing new was reported on this project.

Meadow Village Water Projects Costs: Edwards provided a summary of costs in his manager's report.

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

Edwards reported on the March meeting the Wastewater Solutions Forum Group had with Hal Harper, Governor Schweitzer's chief policy advisor, regarding the pilot snowmaking project. Edwards feels that Harper understood the group's points and Harper was going to follow up with DEQ.

### **DIRECTOR ELECTIONS & BOARD REORGANIZATION**

The Board did not discuss elections or reorganization.

### **BOYNE EASEMENT WORK**

Edwards reported on the considerations Boyne is requesting for the necessary easements to construct the Meadow Village Wells 4 and 5 pipelines through the golf course driving range and open space that Boyne owns.

### **RESORT TAX APPLICATIONS-2010**

Resort tax applications are due April 28, 2010 with the Question & Answer Forum scheduled for May 26, 2010, at 1:00 pm at the Big Sky Chapel. The appropriations meeting will be held on June 9, 2010, at 1:00 pm at the Big Sky Chapel.

Edwards worked up a draft request based on our debt bond, asking resort tax to replace the \$250,000 that Boyne is no longer paying and \$100,000 for water bond debt, for a total request of \$350,000 for bond debt. The current \$500,000 resort tax payment will end in 2012 which goes in hand with repayment of the debt. Edwards will also ask for \$50,000 for the pond lining project, but doesn't anticipate that being funded. *Director Allgood would like to know what portion of the resort tax money is collected in the WSD district.* Edwards also mentioned the Farmhouse project and thought that maybe the WSD should ask the resort tax for funds for helping people pay their water & sewer bills, like the power company assistance program. President Cronin said that the group that Loren Bough has organized should probably be the type of entity that offers help and this would be beyond what the water and sewer should do. Edwards noted that the District also offers terms to customers that have come to the district asking for a payment plan. Director Allgood said that the District could also individually consider a reduction in fees if the request came from an entity like Boughs.

The Board discussed options for collecting the past due balances owed by Farmhouse Partners. Edwards said that putting the PIC balance on the tax roles will have to be reviewed by legal counsel. *Edwards will meet with Susan Swimley and report to the board.* President Cronin stated that the board should just go by the ordinance and not make exceptions.

### **BIG SKY STANDARD SPECIFICATIONS UPDATES**

Edwards reported that the District is working on their standards specs, which are requirements over and above what is required by the state. Rick Kerin is working on the document and it will be on line—it will include meter pits that the original document did not have.

### **SEWER & WATER PERMITS**

Edwards reported that there just isn't much going on and only one water permit was issued. *Edwards will follow up on the Spanish Peaks Lodge start up rumor. Edwards will forward a copy of his letter voiding the Spanish Peaks permit to Gallatin County Planning Department.*

**GENERAL CORRESPONDENCE**

Edwards sent a follow up letter to Jack Blossman on Arrowhead's request for a new manager's apartment from the last meeting, but has not heard back from Blossman.

**NEXT MEETING**

The next Board meeting is tentatively scheduled for June 17, 2010, at 8:00 am.

Director Fast will be gone June 4-26.

**ADJOURNMENT**

*Director Fast moved to adjourn the meeting at 11:24 am. Director Allgood seconded the motion. Motion unanimously passed.*

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Dick Fast, Secretary

4-15-10. min (draft)