

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – January 22, 2019
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, January 22, 2019, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice-President Tom Reeves, Secretary Dick Fast and Directors Mike DuCuennois (left at 10:48), Brian Wheeler, William Shropshire, and Peter Manka. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, Grant Burroughs, Peter Bedell, Vince Palafox, and Jake Porter.

Others present: Karl Kasper and Stacey Hellekson, Woodard & Curran; Jana Bounds, Lone Peak Lookout; Jon Olsen, Lone Mountain Land; Steve Chern and Mindy Cummings, Big Sky residents; Kristen Gardner, Gallatin River Task Force; Scott Buecker and Maria Effertz Hanson, AE2S; Candace Strauss, Big Sky Chamber; Scott Johnson, A2LD/Powder Light Subdivision; Mace Mangold, WGM Group; Steve Johnson, Big Sky Resort Area District; Guy Alsentzer, Missouri River Water Keepers; Patrick Byorth, Montana Trout Unlimited; Scott Bosse, American Rivers; Susan Swimley, Swimley Law; Bay Stephens, Explore/Outlook Big Sky; and Alex Iskenderian, CH SP Acquisition LLC. Steve Robbins, Woodard & Curran, listened in via conference call through the wastewater treatment plant upgrade discussion.

PUBLIC FORUM

President Cronin called the meeting to order at 8:05 am asking for public comment on non-agenda items. Steve Johnson reported on draft legislation for a 1% resort tax increase for infrastructure only that the resort tax board wants support on from WSD and the community. The bill only enables the 1% resort tax approval locally by registered voters in the specific 10 resort tax districts in Montana. The draft legislation will define infrastructure and will include work force housing. The bill's sponsor has not yet been decided. A community visioning strategy project is also being launched. President Cronin stated the board has a precedent of not formally supporting via a letter. That said it will be a board decision if it will put out a position statement. Candace Strauss stated that they have hired Bridge Economic Development to identify the gaps and solve the issues in the community and identify our municipal funding mechanisms. Conflict of interest declarations: Bill Shropshire is on the board of directors, with no share holding interest, of Carus Corporation that produces the manganese chemicals. Mike DuCuennois is a representative for Yellowstone Club.

CONSENT AGENDA

Minutes: No comments. Financials: The financial reports are through December 2018, not November, 2018. Sewer operations: The board would like the District's flow meters checked and the flow numbers verified as they are not tracking with Boyne's 15% increase in occupancy and the increase in skier visits. Flow is also to be compared with water use. Water operations: Muscat's Cascade Wells 5 and 6 report will be discussed later in the meeting.

Director Reeves moved to approve the consent agenda with the minutes of December 19, 2018, and excluding the water operations report. Director Shropshire seconded the motion. Motion unanimously passed.

BIG SKY SEARCH & RESCUE LEASE RENEWAL

The Big Sky Search and Rescue sent a letter requesting renewal of its property lease with the District for another 10 years under the terms of the current lease that expires in February 2019. The non-cash \$500 monthly rent works against their improvements and is still within the

\$250,000 in the rent provisions. Susan Swimley and Edwards reported that they reviewed the agreement and have no problems with it. Scott Buecker reported that the District may need this land in coming decades. AE2s has been trying to accommodate access to the search & rescue facility while working on plans for the treatment plant upgrades. The board discussed the needed ability of road rerouting, or combining the roads, and wants the agreement modified to allow for termination if necessary. As written, there is nothing in the lease that allows for termination for convenience. At any point the lease is terminated, the District owns the building, or enforce a leasable state. The search & rescue facility currently has a holding tank. The board will require the facility to be connected to the District's treatment system within 3-5 years now that there is access to the system. Search & Rescue will have to handle the *solids*. *Swimley will revise the lease to include termination ability and to require connection to sewer in 5 years at their cost.* The board can always consider an extension.

DISTRICT AGREEMENTS

Yellowstone Club Agreement: With threat of litigation from CH SP (Alex Iskenderian's letter) and Lone Mountain Land Company for its request for additional SFEs for development in Spanish Peaks and from Bozeman conservation groups (Guy Altzenter, et al) over the District's proposed wastewater treatment plant upgrades and disposal methods, Susan Swimley provided legal advice to the board. Swimley stated that legal philosophies should not be put in detail on paper through legal opinions as this gives information to entities that may want to sue the District. Swimley recommended that the District find the common ground and not pursue litigation if it can be avoided. The board supported Swimley's recommendation to form a subcommittee to amend the YC agreement as it speaks to a maximum volume with 1,000 SFEs assigned. Subcommittee volunteers Directors Wheeler, Fast, and Shropshire will meet on February 12, 8:30 am, to gather data, establish flows with trend lines, etc, for making an amendment recommendation to the board at its February 19, 2019, meeting. With the board needing to fully understand what the data possibilities are 40+ years from now and to be protected and confident with the projections, the board discussed obtaining engineering data from like communities that are fully developed. Jon Olsen reported that Lone Mountain Land already hired *Eric Blanksma, Morrison & Maierle, to do an engineering study that will be ready for the February board meeting.* Ron recommended having Ray Armstrong review Blanksma's study data. Director Wheeler recommended using the extensive data on usage and SFEs from the WGM study.

With their development plans, Olson stated that SP does have a timeframe to resolve the issue. It was noted that YC has not yet met its storage and disposal obligations in the agreement that the board is now being asked to amend.

As with all District meetings, the subcommittee meeting on February 12, 2019, will be a public meeting. There will be opportunity for public comment, but the public does not have a chair at the table. Swimley and Alex Iskenderian may attend the subcommittee meeting.

PRESENTATION – WASTEWATER TREATMENT PLANT UPGRADE

Guy Alsentzer, Scott Bosse and Pat Byroth each presented their concerns and comments on AE2S's draft WWTP Upgrade Plan. The board packet included a letter dated 12/21/18 submitted by Alsentzer; Bob Zimmer, Greater Yellowstone Coalition; Patrick Byroth, Montana Trout Unlimited; and Scott Bosse, American Rivers. The Review of Treatment and Discharge

Alternatives and Potential BSCWSD Impacts on the Gallatin River System document prepared by Dave LaLiberte, Liberte Environmental Associates for the Upper Missouri Waterkeeper was also discussed. The environmental groups feel that the District should look at other treatment and disposal methods and expand its service area before making decisions on upgrading the treatment plant. They want Big Sky to be a model water community, think of other ways of reusing the water, and not look to direct discharge for disposal as discussed in the forum group. Kristen Gardner, Candice Strauss, and Mindy Cummings all noted that the Gallatin River Task Force did not have a part in the letter submitted by the environmental groups and does not represent Big Sky. According to Gardner, the GRTF is unified in environmentally representing Big Sky, wants to see advanced treatment moving forward to protect our rivers and streams and supports reusing the water in Big Sky through snowmaking, groundwater discharge, and expanding purple pipe. GRTF does not think discharging into the Gallatin is the best option. GRTF would like to continue working with the board in the future on this. Spearheaded by GRTF the Canyon Water Resources will meet on January 23, 2019, at Buck's T-4.

Scott Buecker provided a rebuttal to the Bozeman environmental groups comments and also distributed AE2S's responses to the approximately 60 written comments received on the proposed treatment plant upgrade. With the District's limitations, Scott believes an MBR treatment process is the best solution for upgrade and expansion for treatment. With the MBR, 70-75% more nitrogen and 90% more phosphorous will be removed from the District's current treatment process, facilitating all disposal options, i.e. snowmaking, direct ground water, etc. Board members, Edwards and Alsentzer supported an MBR upgrade for phase 1. According to Buecker, disposal is a huge issue if the District expands its boundaries. The board discussed political and logistical aspects in expanding its boundaries trying to include the canyon area. The board has a fiduciary responsibility to deal with the issues caused by growth in its boundaries and cannot fail to do its obligations for its District. The board reviewed the scope for Phase 2 Design Services for the Wastewater Treatment Plant Upgrade prepared by AE2S with fees of \$671,580. Supporting the work done by AE2S, the board directed Edwards to move forward on engineering and design services for the treatment plant upgrades. Affordability for District constituents and getting their support through a bond is a concern to the board. Edwards has enough information to go to the resort tax for engineering design. The board wants to rekindle the relationship with resort tax and work with them to earmark the 1% resort tax increase for infrastructure projects like Firelight.

The subcommittee, including Scott Buecker and Director DuCuennois, will engage with the environmental groups on reviewing their comments. According to Buecker, as long as both groups work on a parallel path a subcommittee would work.

President Cronin thanked the environmental groups and community members for their comments and urged them to continue to attend District meetings and to communicate with the board. (DuCuennois left the meeting at 10:48 am)

CASCADE WELLS 5 & 6 PROJECT

Stacy Hellekson presented the results of the pilot study with Well 5 having more opportunity for treatment. With arsenic an issue on Well 6, the District will need to assess whether to deepen the well another 60-70 feet, or move the water source. Muscat stated that it will be a challenge to find another mountain water source with the original estimated volume of these wells. Steve Robbins's pilot study update memo dated 12/21/2018 was in the board packet. Director

Shropshire reported that Carus Corporation provides a dry chemical solution to eliminate arsenic if the District wants explore another treatment method. Edwards, Muscat, Manka, and Shropshire will meet with Carcus to discuss this treatment method. *The District will continue to work on additional mountain village water sources. Hellekson will provide refined, itemized cost estimates for treatment for each well. The board will discuss Muscat's detailed memo on Cascade Wells 5 & 6 water and water rights at the February meeting.*

DEVELOPMENTS AND SUBDIVISIONS

The agreement for conveyance of sewer extension for Spanish Peaks Resort Phase 5, Inspiration Point, is complete. The agreement for conveyance of sewer and water extension for Meadowview Condominium Subdivision is also complete. A capacity letter for the Powder Light Subdivision (ACE Hardware property) was written.

SEWER & WATER PERMITS & CORRESPONDENCE

The board will *review the request for extension of the permit for the Spanish Peaks Lodge at the February meeting.*

GENERAL CORRESPONDENCE

There was no general correspondence requiring board action.

Madison County corrected the appointed term for Director Brian Wheeler to four years, expiring on December 1, 2022. *Officers will be elected at the February meeting.* Secretary-Treasurer Fast recommended splitting his officer position and volunteered to continue serving in a secretary capacity only.

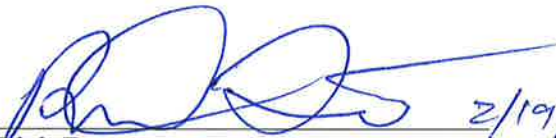
The board authorized Edwards to sign the BSCO exemption application for the boundary line adjustment for the park land exchange.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, February 19, 2019, at 8:00 am. Director Wheeler will serve as chair for the YC agreement subcommittee that will meet on February 12. The WGM report will be distributed to the subcommittee.

ADJOURNMENT

Secretary-Treasurer Fast moved to adjourn the meeting at 11:30 am. Director Shropshire seconded the motion. Motion unanimously passed.


Dick Fast, Secretary