

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – March 19, 2019
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, March 19, 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, Treasurer Peter Manka, and Directors Brian Wheeler (left at 11:42), and William Shropshire. Vice President Tom Reeves participated via GoTo Meeting 8:00-9:30 am. Director Mike DuCuennois was not present. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, Grant Burroughs, Peter Bedell, Vince Palafox, Jake Porter, and Eric Daniels.

Others present: Steve Johnson, Big Sky Resort Area District; William Farhat, Big Sky Fire Department; Mary Anne Comstock, District property owner; Stacy Hellekson, Woodard & Curran; Frank Kern and Doug Bing, Huntley Hills (Blue Grouse Lot 1); Mace Mangold, WGM Group; Candace Strauss, Big Sky Chamber of Commerce; Alex Iskadian, Yellowstone Club/Lone Mountain Land; Ciara Wolfe, Big Sky Community Corporation; Bay Stephens, Explore Big Sky; and Ryan Hamilton, Town Center. Attending via GoTo Meeting: Jana Bounds, Lone Peak Lookout, Scott Jungwirth, AE2S, and Steve Robbins, Woodard and Curran.

PUBLIC FORUM

President Cronin called the meeting to order at 7:59 am. There was no public comment on non-agenda items. Conflict of interest declarations: Packy Cronin is the owner and real estate agent for the Blue Grouse Hills property and will not participate in the discussion on that agenda item. Brian Wheeler is an employee of Big Sky Resort/Boyne.

CONSENT AGENDA

Minutes: Under the Spanish Peaks discussion, correct 42,500 gpd to 42,500,000 gpy.

Financials: The estimated mill levy needs board approval. Sewer operations: A spill report was filed with the State for the manhole overflow in Spanish Peaks caused by asphalt in the manhole and compounded by grease in the line. It appears the asphalt was maliciously dumped, but it is impossible to track down who did it. The District started pumping to Yellowstone Club on March 18th and will continue pumping until Boyne's golf course is ready for irrigation. Flows are 10% lower than last year and there is 30 million gallons additional storage capacity going into spring. Water operations: Muscat's production report was distributed.

Director Shropshire moved to approve the consent agenda with the corrected minutes of February 19, 2019. Director Fast seconded the motion. Motion unanimously passed.

BLUE GROUSE HILLS DEVELOPMENT

The board discussed the SFE allocation for Blue Grouse Hills and the number of allowed dwelling units per the 2001 plat for undeveloped lots 1, 2, 4, and 5. Based on Edwards's prorata calculations for all of Blue Grouse Hills, these undeveloped lots could have 123.78 SFEs with the plat designating 74 units. Doug Bing and Frank Kern, Huntley Hills, LLC, prospective buyers of all four lots, presented their preliminary 50 unit (25 duplexes) rental condominium development plan for Lot 1 as allowed by current zoning density. With the plat specifying only 22 dwelling units allowed for Lot 1, a plat amendment will be required along with Certificate of Subdivision Approval (COSA). Stating they already have fire department and county planning support for amending the plat, Bing and Kern asked for WSD board support to amend the plat and requested an additional 20 SFEs for Lot 1 for their community rental units they believe could be "affordable." At 1,500 square feet each, the 50 units need about 64 SFEs with Edwards's prorata data showing 42.01 SFEs for Lot 1. The Blue Grouse Hills Subdivision, including Deer Run and Big Pine, has a total allocation of 196 SFEs. Supporting the concept of community

housing, board discussion included the following key points 1) There are plenty of SFEs between the lots without allocating additional SFEs for Lot 1. 2) Concrete development plans are needed for all lots. 3) Amending the plat and allocating additional SFEs for Lot 1 diminishes the availability of SFEs possibly needed for development of Lots 2, 4, and 5. 4) Will the developers ask for additional SFEs for the other lots. 5) The District cannot meet its capacity needs today and its \$20+ million dollar plant expansion has not even started. 6) Affordable housing is not a defined term. 7) For affordable housing, deed restrictions are needed for no short term rental, rent control, and appreciation if the units are ever sold. 6) Tax credit housing models (HRDC) need to be explored so there is an insurance policy on affordable rental in perpetuity. 7) Will occupancy and vehicle limits be addressed. 8) The number of SFEs already committed to Deer Run and Big Pine need to be identified. The board wants these points addressed before it considers supporting the plat amendment and deviating from Table 3.01's allocation of SFEs. Director Wheeler encouraged Kern and Bing to attend the Big Sky Housing Trust meeting on Thursday and work with the Trust for their support. Kern asked if better clarification for development on the other three lots would help to get the 50% more SFEs for Lot 1. The board wants some certainty on the development plan and needs the whole development picture prior to considering the request. The board agreed with Edwards's analysis that with the existing allocation there are SFEs for Lot 1, zoning works for 50 units, and approximately 60 SFEs would remain for development of the other lots.

FIRE DEPARTMENT PERMIT APPLICATIONS

The board reviewed and discussed the applicable permit fees and possible penalties on two remodeling permit applications for the Big Sky Fire Department where remodeling construction began on both fire stations months before applications were submitted. Permit 29000800, Cascade, Tract 7-1B, is for 3.46 additional SFEs with fees totaling \$22,158 for sewer and water plant investment charges, development surcharge, and the remodeling fee. Permit RLE19318, Westfork Meadows, Block 3, Lot 3, is for 6.60 additional SFEs with fees totaling \$3,499 for water investment charges and the remodeling fee. Properties in Westfork are exempt from sewer plant investment charges. William Farhat stated that the architects should have submitted permit applications prior to construction, but failed to do so. Farhat respectively requested a concession on the impact charges and penalties. The board was in agreement to charge a penalty for each permit, not waive the applicable Boyne settlement surcharge on the Cascade property as it would set a precedence and the surcharge has historically never been waived, and waive the sewer and water plant investment charges on both permits as allowed under "Other Exemptions" in District Ordinance 97-1002 and as waived in 1996 for the Cascade fire station that is being remodeled.

Director Shropshire moved to apply a \$500 penalty to both permit applications, waive the regular sewer and water plant investment charges on both applications, apply the surcharge to the mountain station, and to apply the remodeling fee to both applications. Seconded by Vice President Reeves. Motion unanimously passed.

CAPITAL IMPROVEMENTS PLAN PROJECTS UPDATE

Cascade Wells 5 & 6: At 9:38 am, via GoToMeeting, Steve Robbins provided a brief synopsis of the estimated draft costs for the 3 treatment options for Cascade wells as follows: Option 1—\$51,000-\$70,000; Option 2—\$672,000-1,036,000; and Option 3—720,000-\$1,109,000. The board asked for a rough O&M estimate. Robbins noted that the chemical option will be the lowest cost to operate with ozone being the most costly. Well 5 could be treated with chlorine alone. Well 6 would require filtration. Manka stated that the information is useful, but additional information is needed before the board can make a decision to move forward. Edwards reported on his discussion with Carus Corporation on the arsenic control with their

product being more expensive. The District has never had a compliance issue with arsenic as the water sources have always been combined. Base on staff recommendation, the board will wait for Mark Cunnane's additional exploratory information before it proceeds with decision making.

Wastewater Treatment Plant Upgrade: Scott Buecker, AE2S, provided a written progress report. Scott Jungwirth, AE2S, explained the retrofitting needs of the headworks building, recommending a new building at an estimated cost of \$2.1 million. AE2S is at about 50% design completion. Edwards and Burroughs spoke of the advantages of the proposal. *Jungwirth was asked to provide more detailed costs.* With the recent scope changes and resort tax funding deadlines, Phase 1 construction will be delayed to Spring of 2121 instead of 2020. AE2S has begun scoping the potable water reuse study with DEQ not requiring another RFQ. The board discussed underground disposal with Edwards providing an update on the potential use of Firelight Meadow's drain field. With the success in using Mark Cunnane on previous studies, the District will use AE2S and Cunnane for its fate and transport study .

DEVELOPMENTS AND SUBDIVISIONS

The Pines, Phase 2: Building M four plex is the last building and is part of the original site plan and scope for The Pines. Lone Mountain Ranch (LMR): Mace Mangold, WGM Group, is working with Lone Mountain Ranch on their development plans. Mangold will provide additional information for the April board meeting where LMR will request additional SFEs for additional development. Future use of purple pipe, as discussed at previous meetings, is probably not worth the capital investment. Mangold does not think there is any plan to upgrade LMR's collection network. *Prior to any decisions on LMR's development proposal, Burroughs would like the board and staff to have a discussion on where the District's responsibility ends in regards to the manholes.*

YELLOWSTONE CLUB AGREEMENT

Spanish Peaks: The subcommittee minutes of March 11, 2019, were reviewed. Director Wheeler summarized the meeting. The agreement identifies 1,000 SFEs based on 116 gpd but it comingles 42,500,000 mgy. Build out flow with historical data was reviewed with the committee supporting 64 gpd per SFE for build-out capacity. Director Wheeler asked for board consensus on using either the 42,560,000 mgy, or 1,000 SFEs. The board discussed incremental release of SFEs; tracking; potential, penalties, and remedies for exceeding gallons; physical way to limit flow to 42,560,000 mgy; timeline for reporting; upgrading equipment for improved monitoring; future occupancy potential; flow trend lines; incremental increases for capacity letters; and litigation possibility. Edwards reviewed the historical data of gallons used through meter reads in SP where the 304 SFEs permitted are averaging 50 gpd per SFE for the 1st quarter. The Summit Hotel's 1st quarter use is approximately 135 gpd per SFE. With an average 40% occupancy, the Summit Hotel's use is 66.75 gpd per SFEs. Using the 40 gpd provided by SP, they are looking at an 80% increase in SFEs. Based on Edwards estimated projections, SP has exceeded the 1,000 SFEs for build out on the capacity letters that have already been written. President Cronin does not want any additional capacity letter issued until Montage is built and there is a trend line. Iskadian stated that they have a couple of project areas they need capacity letters for. At the board's request, *Alex Iskadian will provide the year round occupancy rates on the Deer Valley Montage resort that the board previously requested. Iskadian will also summarize their position and what has been discussed in the two subcommittee meetings and present their information in writing to the District.* The board also discussed complications with the capacity letter written for Phase 8A (Section 33) where it was for land never originally in the SP development plans. The board will delay any decision, waiting for Iskadian's *summary that will also address the Phase 8A issue.* Director Shropshire suggested that the subcommittee

consider Iskadarian's letter and report to the board. Iskadarian stated that he wants to continue working cooperatively with the board.

SP, Lone Moose, Town Center and Westfork all have agreements based on gallons of flows and SFEs. It was reported that Lone Moose Meadows and Town Center have already asked how many additional SFEs they will get using gallons.

BSCO LAND EXCHANGE

Ciara Wolfe thanked the board for their cooperation and timeliness in keeping the project moving forward. Mindy Cummings has facilitated completing the paperwork with filing the subdivision exemption claim application with Gallatin County for BSCO and the District.

2019 LEGISLATIVE SESSION

An update was given on SB241 that allows a 1% increase in resort tax for infrastructure. The bill passed in the senate March 18, 2019. (Director Wheeler left the meeting at 11:42 pm)

RESORT TAX APPLICATION

The deadline for submittal of resort tax applications is April 29, 2019. Edwards will submit an application for \$400,000-\$500,000 for some of the engineering work, the groundwater study, and for replacement of carpet and chairs in the meeting room. Edwards reported that he is on the community visioning strategy advisory committee funded by the resort tax. Director Shropshire asked how much more the District can be involved in and still focus on and complete its work. He is concerned about Edwards committing time on too many outside District activities which takes his time and focus away from the District. *The board recommended Edwards look into hiring an assistant to handle his routine operations.* Steve Johnson stated that he feels there is a benefit to the District having a seat at the community visioning table.

NEW DEVELOPMENTS & SUBDIVISIONS

Town Center, Block 4: A meeting was held with TD&H engineers for sewer and water main extensions for a multi-family development planned for this property.

Montana Club, Phase II: A request for a capacity letter was received.

SEWER & WATER PERMITS & CORRESPONDENCE

There are 36 SFEs remaining for permitting. *Edwards will prepare an ordinance to release additional SFEs.*

GENERAL CORRESPONDENCE

There was no general correspondence requiring board action.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, April 16, 2019, at 8:00 am.

ADJOURNMENT

Director Shropshire moved to adjourn the meeting at 11:56 am. Secretary Fast seconded the motion. Motion unanimously passed.


Dick Fast, Secretary

3-19-19. min (Board Approved 4/16/19)