

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – May 21, 2019
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, May 21, 2019, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice-President Tom Reeves, Treasurer Peter Manka (arrived at 8:14 am), and Directors Mike DuCuennois, and Brian Wheeler. Director William Shropshire participated via GoToMeeting (left at 11:09 am). Secretary Dick Fast was not present. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, Grant Burroughs, Peter Bedell, Vince Palafox, and Jake Porter.

Others present: Jon Olsen, Lone Mountain Land; Jana Bounds, Lone Peak Lookout; Bay Stephens, Explore Big Sky; Scott Buecker, Ryan Graf, Lance Lehigh and Donovan Voeller (via GoToMeeting), AE2S; Stacey Hellekson, Woodard & Curran; Matt Walker, Firelight HOA; Mace Mangold, WGM Group, Kristin Gardner, Gallatin River Task Force; Guy Alsentzer, Upper Missouri Waterkeeper; Ryan Hamilton, Town Center; and Alex Iskederian, Yellowstone Club (9:42 – 11:09 am).

PUBLIC FORUM

President Cronin called the meeting to order at 8:05 am with no public comment received. Conflict of interest declarations: Mike DuCuennois is an employee of Yellowstone Club. Brian Wheeler is an employee of Big Sky Resort/Boyne and they are building a new locker room plus Mountain Lodge East. Packy Cronin has a lawsuit against Lauren Bough and Eric Ossario.

CONSENT AGENDA

No comments were received on the minutes, or sewer and water operations. Smith reported that an updated copy of the 2019-2020 draft budget is in the board packet. A subcommittee of Vice President Reeves, and Secretary Fast, Edwards and Smith will work on the budget and present it to the board at the June meeting.

Director Reeves moved to approve the consent agenda with the minutes of April 16, 2019 as written. Director Wheeler seconded the motion. Motion unanimously passed.

COST OF SERVICES ANALYSIS (COSA)FOR RATES

Ryan Graf presented his draft findings on the COSA for both water and sewer classes. Knowing of the capital improvements for the next 5-10 years, Graf wants to ensure rate classes make it possible for the District to operate in a sustainable manner. (Director Manka arrived at 8:14). The differences and benefits on the use of both General Obligation and Revenue Bonds were explained and discussed. Graf clarified that he feels the District's current rate tiers are too large and its quarterly billing cycle is too long for effective consumer feedback for promoting conservation. Graf recommended a separate irrigation rate with possible dedicated irrigation meters. Single family homes only have one meter, where there are 170 dedicated irrigation meters for condominium and commercial complexes. User classes were discussed along with the disparity of the 199.5 mg water billed and the 265 mg pumped. Rate setting for the wholesale user class needs to be comparative to the District's residential rates with Smith recommending the wholesale class with approximately 218 YC residents being rolled into the residential class. Graf recommends additional user classes for the commercial category to set up the frame work for data collection in future rate setting. If supported by the board, the next step is for Graf to work on a new rate structure for the District. The initial five sewer user classes were reviewed.

Instituting a grease trap inspection charge was discussed as the new MBR system will be impacted by fats, oils and greases (FOG) that need to be taken care before reaching the plant. The board was in agreement with Graf's recommendation for separate commercial and high strength rates. Through an ordinance, the use of phosphorus could be stopped. With potable reuse an asset, a rate structure should be set now even if the District doesn't charge at this point. The District needs to set policy direction: 1) introduction of new user classes and rates, 2) adjustment of water tiers, and 3) consideration of potable reuse charge. The board needs to agree on what its goals are: 1) cost recouping, 2) conservation of water, 3) reduce BODs /phosphorous to the system, and 4) apply rate fairness to users. Graf will evaluate rate structures with more classes to show what rate changes would cost District customers. The board wants this information presented at the June meeting. If rates change more than 5%, a public hearing is required.

WATER MODELING

Lance Lehigh, Donovan Voeller (GoToMeeting) and Vince Palafox reviewed the modeling history, challenges to the current system, and provided an update on the GIS water modeling project that is now being field verified. The heart of the analysis was to look at fire flows to enable the District to be more proactive in dealing with growth. All of this data culminates into the District being in a proactive position to deal with growth and be able to use the data for facility planning and operations and management. A big effort of doing the model is to be able to eventually decrease the high pressure in the mountain system. Meters are being implemented on PRVs to enable water distribution monitoring and isolate leak detection. (Alex Iskadarian arrived at 9:42.) Muscat said the modeling being done by Lehigh and Donovan is quite thorough and quite complete. *The board would like a budget line item for annual updates.* (Discussion ended at 9:57.)

ORDINANCE 19-1001: Release 200 SFEs for Permitting (2nd Reading)

Ray Armstrong's letter of May 17, 2019, verified sewer storage capacity to release an additional 200 SFEs, but questioned the District's disposal capacity. Armstrong's updated letter of May 20, 2019, was distributed where again he is comfortable with storage capacity for releasing SFEs, but has not seen any documentation supporting additional disposal capacity. Olson reported that Spanish Peaks (SP) is working with DEQ to expand SP's irrigation area. To validate disposal capacity, *Director DuCuennois will provide additional YC engineering information to Armstrong to review and verify disposal within the next 30 days.* The board will approve the ordinance once Armstrong provides a letter stating the District has disposal capacity. Edwards and DuCuennois will work with Armstrong to provide the needed data. The board will have a GoToMeeting on Friday to approve the second and third reading and to adopt the ordinance on third reading based on Armstrong's verification of disposal capacity.

YELLOWSTONE CLUB AGREEMENT

Spanish Peaks Golf Course Storage & Irrigation Project: Alex Iskaderian's letter dated May 17, 2019, discussed a process for measuring and monitoring SFE flows under the YC Agreement. The letter states: 1) The District will estimate flow using 65 gpd. 2) Within one year Spanish Peaks have state of the art flow meters installed. 3) Once 15 mgly is measured the flow meters will be used to calculate the actual gpd per SFE with adjustments to the 65 gpd as necessary. 4) If in any given year (Nov 1-Oct 31) SP generates more than 42,560,000 gallons, SP pays a \$1,000,000 penalty, and provides additional storage and capacity. 5) The district is under no obligation to issue any additional SFE capacity letters if SP has an overage in any year.

6) Section 33 will be part of the land area approved for SFEs in exhibit F in the agreement. 7) Any assignee to SP assets assumes SP's obligations under the letter. Director DuCuennois stated that the District needs to clean up a mistake which was already permitting SFEs in Section 33. Secretary Fast's emailed comments were read. The District is still waiting for Montage's flow data. The board discussed the letter. The Spanish Peaks Resort Phase 3C subdivision pre-application was reviewed. President Cronin believes SP's Section 33 (not in the original agreement) expands the service area beyond Exhibit F and needs to be encompassed in the 1,000 SFEs. With the District still waiting on YC's completion of storage and disposal, it is premature to sell future capacity based on obligations that have not been met and then also be asked to expand the service area. President Cronin stated that the District needs to look at the ramifications of SP's estimated flow now against what is yet to happen with use and occupancy in the future. As part of the committee, Directors Wheeler and Shropshire feel that the District has an obligation of 42,560 million gallons per year and based on the data presented in committee meetings believes the 65 gpd is reasonable. If Iskederian's letter is approved, Section 33 will be added to the service area. It was noted that Boyne sold Section 33 to Spanish Peaks without any SFEs. Board members questioned the sunset period of 5 years on item 4 in the letter as it would be problematic in the future. The language needs to be very clear. No board action was taken on the letter. The board wants the following: 1) more detailed board review, 2) legal counsel review, 3) provide any input to Edwards within the next 2 weeks, and 4) consensus in moving forward by the board. Director Shropshire reported that the subcommittee has met three times with SP and recommended that the board have a special board meeting with legal counsel in attendance. (Shropshire & Iskaderian left the meeting at 11:09)

CAPITAL IMPROVEMENTS PLAN PROJECTS UPDATE

Cascade Wells 5 & 6: Nothing new to report.

Wastewater Treatment Plant Upgrade: Scott Buecker reviewed the cost estimate update of the three potential alternatives and site layouts. The three bids for Phase 1, the membrane equipment package, range from \$1.3-\$1.99 million. The original budget allowed \$2.4 million. *AE2S is working on a value analysis of the bids and will provide a recommendation for board approval in June.* The board has to make a decision on the tech memo at the June 18 meeting, or an earlier special meeting. Retrofitting the existing SBR increases costs from \$23.8 to \$33.5 million and will require future bio solids upgrades at \$6.8 million for Phase 1. Buecker preferred Alternative 3, a new process basin, at an estimate of \$27.2 million without a bio solids project. This alternative allows the existing treatment plant to be kept on line during construction and future O&M costs also are decreased. This alternative also provides for future expansion. Ryan Graf spoke on financing options. As requested, *Edwards will distribute Buecker's memo to the board. Buecker will need board pre-procurement approval at the June meeting.* The board suggested a special meeting, or subcommittee, to address the WWTP upgrades. Buecker will send an email with to subcommittee volunteers, Vice President Reeves and Director DuCuennois. Presenting an update to the resort tax board in July and August on this project and the potential escalation of costs and the expanded treatment levels was discussed.

Guy Altsentzer spoke on the controversial discussion on SFEs and capacity. He feels the District can slow down the process and make informed decisions with legal support. He wants the District to build in higher levels of treatment and supported Alternative 3.

DEVELOPMENTS AND SUBDIVISIONS

Town Center Block 4: The water main extension is for the area south of the new Wilson Hotel.

Mountain: Boyne has begun remodeling the mountain mall has plans to build a new ski locker building between Powder Ridge Phase 2 and Beaverhead Condominiums.

BSCO LAND EXCHANGE

The boundary line adjustment has been approved by Gallatin County. President Cronin needs to sign the Quit Claim Deed for the land exchange. Mindy Cummings will take care of recording the COS and Quit Claim Deed.

RESORT TAX

The District submitted a resort tax application for \$500,000 for three projects: 1) \$245,000 for the groundwater study for indirect potable recharge of treated effluent, 2) \$250,000 for design upgrades to the wastewater treatment plant, and 3) \$5,000 replace flooring in community meeting room and public bathrooms and replace meeting room chairs.

SEWER & WATER PERMITS & CORRESPONDENCE

Approximately 30 SFEs were permitted since the April board meeting with .07 SFEs remaining.

NEW DEVELOPMENTS & SUBDIVISIONS

Mountain Lodge East: Located between the old Mountain Lodge and Hill Condominiums, Boyne will be building new employee housing with 65 rooms. The new lodge will be built in 3 phases with 24 rooms for 72 employees in Phase 1.

Spanish Peaks Resort Phase 3: Near the new SP Lodge project, Phase 3 is for 19 condominium units on a 10.85 acre lot. SP is requesting preliminary plat approval from Gallatin County and has asked the District for comment as part of subdivision application process. .

GENERAL CORRESPONDENCE

There was no general correspondence requiring board action.

University of Nebraska Tour WSD Facilities: University water professionals will tour District facilities in the fall and are in Big Sky to set up the tour.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, June 18, 2019, at 8:00 am. Director Shropshire will be in attendance at the June meeting.

ADJOURNMENT

Director Manka moved to adjourn the meeting at 11:50 am. Vice President Reeves seconded the motion. Motion unanimously passed.


Dick Fast, Secretary

6/18/19