

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -December 16, 2003, 8:00 AM**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for Tuesday, December 16, 2003, in the WSD Community Room. President Skip Radick, Vice President Packy Cronin, and Directors Dick Fast, Bill Olson, and Dick Allgood were present along with Director William Shropshire who participated by telephone. Director Gary McRae was not present.

Others present were WSD staff Ron Edwards, Terry Smith, Grant Burroughs, and Jim Muscat; HKM representative Ray Armstrong; and District customer Harry Sjaardema.

President Radick called for public comment at 8: 10 AM.

**PUBLIC FORUM**

Mr. Sjaardema said that he was in attendance to participate in the discussion on the sewer rates. With no further public comment, President Radick called the meeting to order at 8:20AM.

**APPROVAL OF MINUTES**

*Director Allgood moved to approve the regular meeting minutes of November 17, 2003, as written. Director Cronin seconded the motion. Motion carried, 5 yea votes to 0 no votes without President Radick voting.*

**FINANCIAL REPORT**

Smith briefly discussed the financial status of the District, saying that there were no unusual items to report and that the District's operating position is favorable to date.

*Director Shropshire moved to accept the unaudited November financial reports as presented. Director Cronin seconded the motion. Motion carried, 5 yea votes to 0 no votes without President Radick voting*

Sewer Rates: A short discussion on sewer rates ensued with the Board emphasizing the need for a detailed analysis of the rates to make sure users are paying their fair share. Henry Sjaardema said full-time residents should not have to bear more than their fair share of the burden. Mr. Sjaardema reported that their use in the winter is higher, and their summer bill is not reflective of their actual use because of the winter averaging used and that he feels it is unfair to charge in this manner. The Board responded that they are trying to be fair to the entire body of customers by the rates that have been set. The Board wants a fairly simple rate structure to apply to all of the customers. Director Olson suggested looking at an option for metering irrigation for the residential customers. Edwards briefly discussed step charges that can be used for increasing water usages. Director Cronin discussed his personal water and sewer bill, where they are using the same amount of water each month.

*The Board directed the staff to continue the analysis of the rates so that they will be able to arrive at the most equitable rates for the District*

***FY 02-03 Audit: Director Cronin moved to approve the 7/1/02 through 6/30/03 Audited Financial Statements. The motion was seconded by Director Allgood. Motion carried, 5 yeas to 0 no votes without President Radick voting.***

### **SEWER OPERATIONS**

Burroughs reported that he has no new information for the Board since the filtration plant is shut down for the winter.

### **WATER OPERATIONS**

Based on preliminary reports, at this point, Muscat stated that the water production is exceeding the billed metered water volume. However, District staff will continue to pull all the data together. To be able to keep pace with future demand, Muscat commented that he would like to see more well-water supply in the Meadow. Muscat is also working on leak detection and will research the District purchasing a leak detection device. Edwards reported that the staff will be looking into rehabbing the existing wells to increase production without adding any new wells at this point in time. With the water improvements; the new 1 million gallon tank is on line, the old tanks are coming down, and the telemetry installation on the new tank is scheduled for January.

### **LONG TERM COMPLIANCE WORK PLAN**

Edwards provided an overview of the year-to-date sewer flows and water production. Edwards also reported on the construction progress of the wastewater project that is, overall, still about a month behind schedule. Edwards and Ray Armstrong discussed the compost process and the composting part of the overall project. Edwards noted that he plans to initially charge something for the finished compost product and, over time, the price will be set by the market demand.

Edwards and Armstrong presented and recommended approval of Bodell's Change Order #4.

***Director Cronin moved to approve Bode11 Change Order #4. Director Fast seconded the motion. Motion unanimously passed with 5 yeas votes. President Radick did not vote.***

Ray Armstrong distributed a construction progress report for the treatment plant. Bode11 should have the construction completed by April 23, 2004. Although there are no major outstanding issues, there may be a change order on pump station #2 because of its location change and road construction costs. Armstrong also stated that the telemetry for booster station #2 will be changed from phone to radio and that the radio cost will be about \$10,000.

Armstrong briefly discussed the Dispute Resolution Board and reported that the last meeting was cancelled because there were no disputes. The next meeting is scheduled for February, 2004.

Edwards discussed SMI's pending change order that is due to the forcemain re-alignment in the Yellowstone Club. The last minute re-alignment changes made toward the end of the job created some difficulties in construction that required more time and much deeper excavation. SMI's change order will also include some deducts and should remain on budget. Most of the Firelight Meadows area of the pipeline section has been restored, with the exception of a small section on the east end that needs seeding in the spring.

### **WATER FACILITIES PLAN**

Edwards reported that the area around the new water tank is now being backfilled. The blue tank and the old Hidden Village tank are being removed. Crews will continue to work as long as the weather permits.

Allied Change Order #8: Edwards stated the District has already approved an additional \$45,000 to the contract and Allied has billed up to that point. Edwards commented that, basically, Allied underestimated their engineering costs for a project of this scale. He noted that there have been changes in the design, but that should not have doubled the total engineering costs. The changes to the contracts, however, have caused additional engineering time. Edwards stated that the extent to which the changes caused the engineers costs to increase is under review. Director Fast reviewed the old minutes and the \$45,000 was what was agreed to with Allied.

*Director Shropshire moved to approve Change Order #8 from Allied. Director Cronin seconded the motion. Motion unanimously passed with 5 yeas votes. President Radick did not vote.*

### **WESTLAND AND TOWN CENTER**

Edwards presented an SFE Reallocation Application that Westland/TM submitted. They want to move SFE's from land they own in Section 1 to land they own in Section 3 1. Their request follows the District Ordinance for SFE Reallocations.

*Director Shropshire moved to approve the reallocation request by Westland/TM. The motion was seconded by Director Fast and unanimously passed with 5 yeas votes. President Radick did not vote.*

### **POND 1 RELOCATION**

Edwards noted that the Board requested that he look into the feasibility and costs of moving pond #1 to the north side of the Middlefork. President Radick stated that the unsightly entrance to Big Sky that is caused by the ponds has been an ongoing issue. Armstrong distributed a map showing the ponds and discussed the possibility of relocating storage pond #1 to the District owned area east of the new treatment plant site. Armstrong's preliminary study and map configuration showed that the pond could be moved. Armstrong discussed the options with the configuration. Armstrong estimated that the cost to relocate the pond would be 3 million dollars, plus another 3 million dollars to fill the existing pond. Overall, Armstrong estimated that the project would probably run into the 10 million dollar range. President Radick commented that a project of that cost is outside of what the voters in the District voted for on the current bond issue and exceeds the District's financial capacity to construct. *The Board directed Edwards and Armstrong to continue to looking at the various options to mitigate the ponds appearance at the entrance to Big Sky.*

### **ASPEN GROVES LOT SUBDIVISION**

An Aspen Groves resident, James Jones, has inquired about getting water and sewer service to his proposed subdivided lot in Aspen Groves. The Board doubted that Gallatin County would approve subdividing the lot and they want the owner to find out if the county will even consider it. *The Board directed Edwards to write a letter to Mr. Jones, requesting that he approach the subdivision issue with Gallatin County to determine if it is even feasible to subdivide the lot.* Edwards also discussed Table 3 .O- 1 which shows the overall SFE allocation for the subdivision.

### **LOW DOG ROAD PROJECT**

Edwards reported that the District received a \$30,000 payment from Madison County in early December for their share of the Low Dog Road paving.

### **SEWER & WATER PERMITS**

Edwards presented two permit applications in the Town Center for Tamarack Court, LLC, that total 6.4 SFE.

*Director Cronin moved to approve the permit application from Tamarack Court, LLC, for 6.4 SFEs. Director Allgood seconded the motion. Motion unanimously passed with 4 yea votes. President Radick did not vote and Director Shropshire was not present at this point in the meeting.*

### **LEGAL**

The Board briefly discussed the correspondence concerning the Westland/TM vacant lot billing for the availability of sewer and water service in the Town Center. They are disputing the vacant lot charges for their development. The Board noted that the billing has been consistent with the current ordinance and how other developments have been billed. Edwards reported that Westland/TM is in the process of re-platting the Town Center to a fewer number of lots. The Board said that if Westland would like to change the existing lots that is their business, but regardless of any change, any past due fees would have to be paid.

### **GENERAL CORRESPONDENCE**

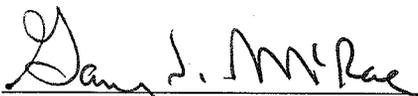
The Board asked that any updates on the Annual Christmas Dinner be sent via email.

### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Thursday, January 15, 2004, at 8:00 AM in the WSD office.

### **ADJOURNMENT**

*Director Fast moved to adjourn the meeting at 11:30 am. Director Cronin seconded the motion. Motion passed, 4 yea votes to 0 no votes.*

  
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Gary McRae, Secretary

BIG SKY WATER & SEWER DISTRICT NO. 363

**Regular Meeting Minutes – November 17, 2003**

WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 9:00 AM on Monday, November 17, 2003, in the WSD Community Room. Board members present were outgoing Secretary Dee Rothschiller and Directors Packy Cronin, Gary McRae, Dick Fast and Dick Allgood. WSD staff present were Ron Edwards, Marlene Kennedy, Terry Smith, and Jim Muscat. Others present were Lone Peak Lookout Editor Marcus Hibdon; Morrison & Maierle engineers Mat Ekstrom and Jon Olsen; and District customer Ron Downer. Board members not present were President Skip Radick, Director William Shropshire, and outgoing Directors Dick Wiggins and Wendell Ingraham. In the absence of President Radick, Director Cronin chaired the meeting from 9:20-10:25 and Director McRae chaired the meeting from 10:25-11:42

**PUBLIC FORUM**

Director Cronin called for public comment at 9:20 AM. Ron Downer addressed the Board regarding his third quarter sewer bill, which went from \$139 for second quarter to \$779 for third quarter and questioned the new sewer rate structure with such a high variable rate. Downer realizes that, with his large family, they do use a large amount of water and had expected the water charge to increase but did not expect an increase of that magnitude for the sewer. When the District sent notice on the proposed sewer rate, Downer did not know how the new rates were going to translate into dollars on his account and he did not comment, but would have if he had known the dollars involved. Downer reviewed Big Sky's rates and compared them to the surrounding communities whose rates would range from \$2 1 to \$10 1 for sewer charges per quarter for the amount of water he used. Downer asked that the Board leave his rate at the previous charges before the rate change with metering. Director Cronin explained the history of the rate change and how the new rate was selected, noting that the Board will continue to review the rates to find the most equitable rate for all customers. Downer asked if he could delay paying the sewer bill of \$779 until the Board addresses the rates. Director Cronin recommended that Downer discuss the issue with Edwards and Smith to find a way to stay off the delinquent list. The Board delayed further discussion of the rate issue until later in the meeting.

With no further public comment, Director Cronin called the meeting to order at 9:43 AM.

**MEETING MINUTES**

*Director Rothschiller moved to approve the minutes of August 19, 2003, as corrected. Director Allgood seconded the motion. Motion passed, 5 yea votes to 0 no votes.*

**FINANCIALS**

The Board amended the agenda to accommodate the auditor, Marjorie Knaub.

Draft Audit: Knaub distributed and briefly reviewed the draft audit report. Knaub reported that there were no problems with the financial reports and there were no weaknesses on internal control. The District debt is reported at about 8 million and the assets are at about 10 million. The "Communication With Audit Committee" document will not be included in the audit but was prepared for the Board and staff. One audit adjustment was made primarily for the Boyne payment. *Knaub asked that the Board and staff read through the report and comment to her so that a final draft can be prepared for and reviewed at the December meeting.* Knaub will finalize the report after the December meeting and file it with the State by December 31.

Boyne Payment: Smith reported that the District has not received the Boyne settlement payment, but they have been invoiced on the interest. *Director Cronin asked Edwards about filing a lien on this default and Edwards is to follow up on the issue.*

October Financials: Smith briefly reviewed the revenues and expenses, noting that all categories are favorable. The additional insurance coverage has been obtained.

***Director Rothschilder moved to approve the October financials as presented. Director McRae seconded the motion. Motion passed, 5 yea votes to 0 no votes.***

Rate Information: Smith reported on a recent conference he attended that covered rate setting. Smith will be discussing the information with Edwards and then they will prepare a presentation for the Board. Director Allgood recommended that the Board continue to review the rate structure as more usage information is available. Edwards recommended reviewing the rate information quarterly, and noted the required procedure for a rate change. *Using data the District has to date on water use, cost to produce, and cost to treat; the Board directed Smith to prepare a report on rate options for the January meeting.*

### **ANNEXATION-SPANISH PEAKS BOUNDARY ADJUSTMENT**

The Board amended the agenda to accommodate Morrison-Maierle engineers.

Mat Ekstrom and Jon Olsen presented a map that showed preliminary District boundary adjustments needed to provide sewer service for the entire Spanish Peaks area. Ekstrom & Olsen were not certain of the exact boundary expansion needs, but said the expansion would not include a request for additional SFEs. The property is owned by Spanish Peaks, LLC--Blixseth, Dolan and a third owner that the engineers have not met. Edwards stated that the YC agreement provides a total of 1900 SFEs (900 for Lone Moose, 1000 for Spanish Peaks). According to Edwards, the possible advantage of including more Spanish Peaks area is if the District has the ability to irrigate on their new golf course. Ekstrom and Olsen stated that most of the lots in the development would be designed for use of the District's central sewer collection system, but that a few larger parcels may warrant individual septic systems. Additionally, annexation of Lacotti's property may also be requested. Edwards stated the sewer line would have to run through Lacotti's property for alignment and he would like to have that area included just to clean up the District boundary by avoiding an island situation. *The Board recommended that the engineers figure out exactly what area they want to bring into the District and follow the ordinance to petition for annexation*

Director Cronin left the meeting at 10:25 AM with Director McRae then chairing the meeting.

### **SEWER OPERATIONS**

Edwards reported that the total flows are running on par with where we were one year ago, but that the mountain flow has increased 4.5%. The Meadow Village flume provides the total flow data, combining the mountain and meadow areas. The aerator lines have been installed and we are starting to fill pond #1 again. The new plant will treat those waters next spring.

### **WATER OPERATIONS**

Regarding the Mountain water system and the positive coliform test, Muscat reported that it was isolated to the Shoshone system. The Shoshone system was flushed and the re-sampled site came back clean. *Muscat will be tracking the Shoshone water shut down to try to find out if they have a proper backflow system.* Edwards reported that the combined water production, for the three systems, is up 15-20 percent. Edwards said the water production is 4-5 times higher than the sewer flows and that will be taken into account when reviewing the rates.

### **LONG TERM COMPLIANCE WORK PLAN**

Edwards reported that the contractor, Bodell, is about 4 weeks behind their original schedule, but they will be working during the winter. SMI is shut down for the winter with about 100 feet of pipeline to complete next spring. Edwards said a "T" has been installed for future service to the Spanish Peaks area, but he is unaware of what kind of storage they are planning. The total contract is approximately \$14.9 million, and 68% has been paid to date.

Edwards recommended approving HKM's change order for designing the access road through the BSOA park area, which replaced the deleted bridge access route.

***Director Rothschiller moved to approve HKM's change order #3 for \$6,063.23. Director Allgood seconded the motion. Motion approved, 4 yeas to 0 no votes.***

Edwards told board members to contact him if they want to arrange a tour of the new facility.

### **WATER FACILITIES**

Edwards reported that the new 1 million gallon tank has been tested and chlorinated. With the construction schedule about 1 week off the original schedule, the tank should be completed by the end of December. Tanks to be removed are: the Hidden Village blue tank, the Westfork tank, and the small tank above Hidden Village. The total contract is about \$2.3 million, and 77% has been paid out.

### **BOARD OF DIRECTORS**

Elected by acclamation, Directors Cronin, Allgood, and Fast signed Oath of Office forms.

***Director Fast moved to elect Skip Radick President, Packy Cronin Vice President, and Gary McCrae Secretary. Director Rothschiller seconded the motion. Motion passed, 4 yeas to 0 no votes.***

Edwards reviewed the process of the board vacancy appointment by Madison County Commissioners. Paul Heil has written to the Commissioners for appointment and Bill Olson is also interested in the appointment. The appointment criteria requires that the person be a property owner, or a resident of Madison County. The Board discussed the advantage of having a full-time resident on the Board.

***Director Rothschiller moved to recommend to the Madison County Commissioners that Bill Olson be the Madison County appointment to the Board. Director Fast seconded the motion. Motion unanimously passed, 4 yeas to 0 no votes. Edwards will write a letter to Madison County Commissioners notifying them of the Board's decision.***

Edwards informed new board members that many District historical and key documents are available through the office.

### **PROPOSED DEVELOPMENTS & SUBDIVISIONS**

Grev Goose Condominiums, Cascade Tracts 12A and 12B: Edwards has written Madison County Planning informing them that the property can be served with a limit of 15.0 SFEs as noted in District Table 3.1.

### **PERMITS**

One permit application was received, but it did not require board action. Edwards explained to the new board members the permitting process, how the permit fees are used, and how SFEs are released by the Board for permitting.

### **GENERAL CORRESPONDENCE**

There was no correspondence requiring board action. In regards to Henley's request for flow data, the District flow tested the hydrant in Aspen Groves and provided the data to Henley so that he could complete his fire district permit application, The water USC at Broadwater Condo #187 has decreased significantly.

### **THIRD QUARTER SEWER CHARGES**

Smith distributed a spreadsheet that showed a list of customers whose bills were higher than the charges previously calculated by SFEs. Smith said that the Board could limit the maximum increase by a specific percent and then the District could absorb that difference through operating reserve. Edwards commented that the Board could do an adjustment on a temporary basis. Smith reported that there are 177 customers who used less than 9,000 gallons of water in third quarter, but because of using a winter average billing system, they had higher sewer bills than they would have had by billing by actual use. Edwards pointed out that the Board tried to create an equitable, simple way of billing through the use of the recently adopted system, but that the Board could create several ways of billing. The Board discussed phasing in the rate increase with a one-time credit to customers with high sewer charges in third quarter.

*Director Rothschiller moved to give a one-time credit to the customers whose sewer bills were 50% higher than the sewer charge previously based on SFEs, and to also credit customers whose accounts were charged 3<sup>rd</sup> quarter sewer on a winter time average whose actual water usage was less than the average. Director Fast seconded the motion. Motion passed, 4 yeas to 0 no votes. Smith and Edwards will send a letter explaining the one-time credit and how future bills will be calculated*

### **APPRECIATION DINNER**

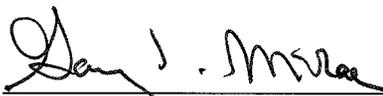
Director Rothschiller asked that the Board consider having the annual appreciation dinner at By Word of Mouth. The Board agreed to a tentative date of Friday, January 9, 2004. Kennedy will contact the restaurant to make arrangements.

### **NEXT MEETING**

The next Board meeting is tentatively scheduled for December 16, 2003, at 8:00 AM.

### **ADJOURNMENT**

*Director Allgood moved to adjourn the meeting at 11:42 AM. Director Fast seconded the motion. Motion passed, meeting adjourned.*



Gary McRae, Secretary

## **BIG SKY WATER & SEWER DISTRICT NO. 363**

### **Regular Meeting Minutes – October 20, 2003**

WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 8:00 AM on Monday, October 20, 2003, in the WSD Community Room. Board members present were President Skip Radick and Secretary Dee Rothschiller and Directors Packy Cronin, Gary McRae, Wendell Ingraham, and William Shropshire. Vice President Dick Wiggins was not present. WSD staff present were Ron Edwards, Marlene Kennedy, Terry Smith, and Grant Burroughs. Others present were Dick Allgood, Dick Fast, Curly Shea, and Joe Hurella.

#### **PUBLIC FORUM**

President Radick called for public comment at 8:12 AM. Dick Allgood asked that the Board review the sewer variable rate of \$18.96 as he feels it is too inflated as compared to the \$1.89 water variable rate. Additionally, the way the sewer charge was being calculated for this last quarter unfairly charges those who use less water during the summer. Edwards explained that many accounts saw a reduction in charges, where some saw an increase. Edwards also noted that a user class can be created to bill accounts on actual usage year round. Allgood also noted that with some buildings not being able to be metered down to the unit, the billing is not equitable with the commercial accounts as they have gone from around \$400-\$600 a quarter to \$95 a quarter (i.e. Dante's). The Board commented that they did not intend for the new sewer rate billing to be a hardship on any single entity. Edwards noted that there are some buildings that cannot be individually metered due to the old plumbing. The Board discussed having a policy where buildings with commercial units are required to have the units individually metered. Curley Shea reported that he was attending the meeting to hear how the District calculated the bills as he had sticker shock when receiving his bill, which was almost twice as much as previously paid. The Board will consider making a change in commercial billing to actual usage on a year round basis. President Radick commented this is the first time for billing on a metered volume for sewer charges, and major billing changes from this point in time will only go up if there is a rate change. Edwards said that it might be possible to set up accounts so they have a choice on billing on an average use, or actual use. Joe Hurella, representing Hummers, asked if there was a consideration for the water that is consumed.

With no further public comment, President Radick called the meeting to order at 8:40 AM.

#### **MEETING MINUTES**

*Director Shropshire moved to approve the minutes of September 1, 2003, as written. Director Rothschiller seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Radick voting. Director Ingraham abstained from voting as he was not present for that meeting.*

#### **FINANCIALS**

Smith briefly reviewed the financials. Smith reported that, according to Boyne sources, Boyne will be making their annual payment in November. Director Ingraham asked why the District does not file a lien on their property. Director Shropshire stated that he believes that the law allows a lien plus interest of 10%. President Radick reminded members the necessity of having a good working relationship with Boyne in the past few years, which has been helpful to the District in accomplishing what it has. *Director Ingraham asked that a lien be filed if Boyne's annual payment is not received by November 17, 2003.* Edwards distributed a draft letter from John Brown to Stephen Barrett that addresses the Boyne annual payment. *Edwards is to revise and send the letter as discussed. Edwards is to also discuss the lien filing issue with legal*

*counsel, John Brown.* The Board wants it made clear to Boyne that, in the future, a lien will be filed on April 2 if the payment is not made by April 1 as the settlement funds are to be used to offset the principal on the debt service. *Director Ingraham asked that Edwards look into the builders' risk policies and make sure that the District is covered.*

***Director Rothschiller moved to approve the September financials as presented. Director McRae seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Radick voting.***

President Radick asked if the Board wanted to consider a change in the sewer rate on commercial accounts on actual usage per public comment. Smith asked the Board to also consider making condominium accounts a separate rate class. *The Board asked Smith to do a revenue projection on the data and then they will review the information prior to considering a rate change at the November meeting.* Edwards asked if the Board would like a broad adjustment on accounts. The Board recommended waiting to act on this until Smith can present some data at the November meeting.

#### **SEWER OPERATIONS**

Burroughs reported that the bypass on the aeration pond is being completed. The filters are still running and Burroughs expects to shut them down today. A liner was ripped last week and Burroughs will be getting it fixed, possibly by a company in Belgrade if they can meet District specifications.

#### **WATER OPERATIONS**

Edwards reported that the Shoshone test site, on the Mountain water system, tested positive on total coliform bacteria and the State Department of Environmental Quality issued a health advisory notice which must be published in the local newspaper. According to Edwards, the District will have to sample five times next month and Muscat will resample as mandated when he returns.

Responding to Board inquiry about the Silvertip development water service agreement, Edwards reported that he has notified Bob Berlin, Silvertip Development, that the agreement for providing water will terminate in October of 2004.

#### **LONG TERM COMPLIANCE WORK PLAN**

Edwards reported that the pipeline crossing the Middlefork and Southfork is complete and the Yellow Mule crossing will be done soon. The SBR building construction is behind, but the other buildings will be enclosed before winter. SMI will be working on cleaning up in YC and along Ousel Falls Road and this will take about five days. Paul Pariser, Firelight Meadows, has agreed to give the District topsoil for the restoration along Ousel Falls Road. *Director Cronin reminded Edwards to not forget the restoration work by Hall's house.*

Edwards reviewed and recommended Bodell's change order request of \$12,175.79.

***Director McRae moved to approve the change order of \$12,175.79 as requested. Director Ingraham seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Radick voting.***

### **WATER FACILITIES**

Edwards reported that an inspection of the tank will be done today and then a leak test will be done. Providing there are no leaks, backfilling can start next week, and the tank could be on line in November. The plan is still to remove the Westfork and HV tanks this year. Edwards said the contractor is about one week off their original schedule, but feels the project has gone well. The landscaping around the tank will occur next spring and he has met with McMeekins and hopes to get their landscaping by the house done this year. The Board commented that the booster station landscaping by Spur Road and Looking Glass Road looks great. Edwards reported that irrigation for the booster station landscaping will need to be irrigated and that work will be done next year. Edwards met with Scott Smith and Edwards recommended approving the change order of \$45,000 for Allied's extra engineering work to design the tank to be buried.

***Director Cronin moved to approve Allied Engineering's change order of \$45,000 Director Shropshire seconded the motion. Motion passed, 6 yeas votes to 0 no votes with President Radick voting.***

Edwards did not recommend approving change order #1 from Chief Construction. Edwards recommended approving change orders #2 for \$9,052.82, #3 for \$2,931.00, #4 for \$2,941.00, #5 for \$1,348.00, and #6 for \$1,023.65.

***Director Shropshire moved to approve the Chief Construction's change orders #2 through #6 as recommended by the manager. Director McRae seconded the motion. Motion passed, 6 yeas votes to 0 no votes with President Radick voting.***

### **LOW DOG ROAD PROJECT**

Edwards reported that the project to replace the water and sewer lines along Low Dog Road is done. HKM has requested additional money for inspection services and Edwards explained that they were not able to double up on the inspection with the treatment plant in the first summer as planned. Additionally, the contract time was originally based on 60 days and Big X took about 120 days. HKM has requested change orders of \$10,860.27 and \$19,620.59. Edwards recommended that the District approve the request for \$10,860.27 and delay acting on the other request until receiving additional information on liquidated damages and how that will be applied to the request from Big X for additional contract days..

***Director Shropshire moved to approve the change order for \$10,860.27. Director Rothschilder seconded the motion. Motion passed, 6 yeas votes to 0 no votes with President Radick voting.***

Through the use of the contingency or reserve funds, Director Ingraham suggested eliminating the ponds on the highway and moving them to the location by the new treatment plant. This would enhance the highway corridor appearance and consolidate security by bringing the operations closer together. Director Ingraham also asked the Board to consider moving the office to the same location. President Radick commented that the Board needs to find out what we have to work with financially and then the Board will consider all options. *The Board asked Edwards to have engineers look into the possibility of relocating the ponds*

**BOARD VACANCIES**

*Director Rothschiller moved to approve the appointment of the new board members, Dick Fast, Dick Allgood, and Packy Cronin, effective the November meeting. Director Shropshire seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Radick voting.*

President Radick and the other Board members thanked Directors Rothschiller and Ingraham for their dedicated service to the community and presented a plaque to each. The vacancy created by the resignation of Dick Wiggins will be a Madison County appointment.

**PERMITTING**

No permits required Board action.

**CORRESPONDENCE**

The Board asked that the District staff consider doing a newsletter in the winter.

**NEXT MEETING**

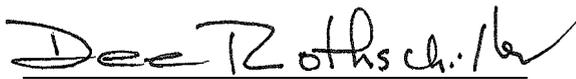
The next Board meeting is tentatively scheduled for Monday, November 17, 2003, at 9:00 AM.

**EXECUTIVE SESSION**

**The Board adjourned to executive session at 9:52 AM to discuss employee compensation.**

**ADJOURNMENT**

The board adjourned the meeting after executive session. Edwards then lead a tour of the construction sites.



Dee Rothschiller, Secretary

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

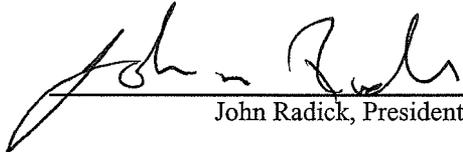
**Acceptance of Monthly Financial Statements**

Date 12/10/2003

The Board of Directors at its 12/16/2003 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>11/30/2003</b>
Assets:	<u>\$ 37,884,753</u>
Liabilities	<u>\$ 16,311,711</u>
Equity	<u>\$ 21,573,042</u>

2 Income Statement as of	<b>11/30/2003</b>
Total Revenues	<u>\$ 952,376</u>
Total Expenses	<u>\$ (548,407)</u>
Net Revenues	<u><u>\$ 403,968</u></u>

  
\_\_\_\_\_  
John Radick, President

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

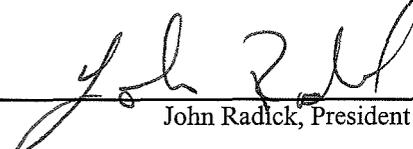
**Acceptance of Monthly Financial Statements**

Date 1/17/2003

The Board of Directors at its 1/17/2003 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>10/31/2003</b>
Assets:	<u>\$ 37,606,983</u>
Liabilities	<u>\$ 16,085,715</u>
Equity	<u>\$ 21,521,269</u>

2 Income Statement as of	<b>10/31/2003</b>
Total Revenues	<u>\$ 795,301</u>
Total Expenses	<u>\$ (444,106)</u>
Net Revenues	<u>\$ 351,195</u>

  
\_\_\_\_\_  
John Radick, President

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

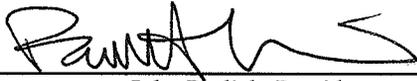
**Acceptance of Monthly Financial Statements**

Date 12/10/2003

The Board of Directors at its 11/17/2003 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>10/31/2003</b>
Assets:	<u>\$ 37,606,983</u>
Liabilities	<u>\$ 16,085,715</u>
Equity	<u>\$ 21,521,269</u>

2 Income Statement as of	<b>10/31/2003</b>
Total Revenues	<u>\$ 795,301</u>
Total Expenses	<u>\$ (444,106)</u>
Net Revenues	<u><u>\$ 351,195</u></u>

  
\_\_\_\_\_  
John Radick, President  
Packy Comin, Vice

BIG SKY WATER & SEWER DISTRICT NO. 363  
**Regular Meeting Minutes – September 17, 2003**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 7:30 AM on Wednesday, September 17, 2003, in the WSD Community Room, Board members present were President Skip Radick and Secretary Dee Rothschiller and Directors Gary McRae, William Shropshire (participating via telephone), and Packy Cronin (arrived at 7:57 AM). Vice President Dick Wiggins and Director Wendell Ingraham were not present. WSD staff present were Ron Edwards, Marlene Kennedy, and Terry Smith. Future board member Dick Allgood was also present.

**PUBLIC FORUM**

With no public comment, President Radick called the meeting to order at 7:45 AM.

**MEETING MINUTES**

Director Rothschiller noted that since she was not at the August meeting she would not make a motion to approve the minutes. *Director McRae moved to approve the minutes of August 19, 2003, as written. Director Shropshire seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Radick voting.*

**FINANCIALS**

August Financial Reports: Smith briefly reviewed the financials, reporting that Boyne still has not made their annual payment and there is no new information as to when we will get paid. Edwards said he met with John Brown but has not seen a demand letter to Boyne as the Board requested at the August meeting. The Board directed *Edwards to follow up with Brown regarding letter.* Smith explained the \$3,500 work of repair work required on Burroughs truck. Smith notified Lone Moose Meadows owners that their property will be added to the water and sewer quarterly billing. The \$1,200 monthly payment by LMM will go away now that the system has been accepted into the District. The delinquent balances are basically inline with previous years with the exception of Westland/TM vacant lot charges in the Town Center. Westland TM does not feel they should pay on vacant lots and have not done so for these new accounts. Westland/TM has been notified of the delinquent accounts and they will be handled the same way as any other delinquent account with the amount added to the tax rolls. Edwards noted that under the original court order, Westland/TM was exempt from these user fees until June, 2001.

*Director Shropshire moved to approve the August financials as presented. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Radick voting.*

Tax Levy: Edwards discussed the debt service **payments for paying** the bond loans and the mill rates. The certified values have been received from both Gallatin and Madison Counties and the manager's report included tables showing taxable values, debt service revenue, and projected tax based on assessed market value. This debt will be on the tax rolls this year. There are no prepayment penalties and Edwards said if PIC income is high, we can pay down the debt.

*Director Cronin arrived at 7:57 AM.*

## **SEWER/WATER OPERATIONS**

Grant Burroughs and Jim Muscat were not available to make their operator reports.

### **LONG TERM COMPLIANCE WORK PLAN**

Edwards reported that the contractor is still two to three weeks behind on the construction schedule and their push is to try to get the roofs on and shingled before the winter weather arrives. Bodell has had a little problem with their subcontractor and may have to get a new sub. Edwards reported that the road through the park will be paved next spring and the road will be tapered so access to the cross walk is easier. The pump house next to the Spur Road and Looking Glass will be bermed and landscaped. The new wastewater treatment plant start up is planned for April, 2004. The pipeline alignments have finally been received from Yellowstone Club and the contractor is on the home stretch with about 3,000 feet of pipe to finish, with an estimate of about two weeks of work left. Edwards does not expect any additional costs with the delay in receiving YC pipeline alignment. There is a little more cleanup to complete and Edwards will meet with Paul Pariser of Firelight Meadows today to address his concerns. Director Cronin asked that the ditch near Hall's house be cleaned up and graded for proper drainage. According to Edwards, Pump Co. is constructing the pond for Yellowstone Club, but Edwards does not expect the pond to be completed in time for plant start up in April. The District has paid out about 56% of the contracts to date.

### **WATER FACILITES**

Edwards reported that construction is proceeding well and the contractor is working on the tank roof and then they will work on the shock-crete, with that being the last of the concrete work. Edwards met with Ryans about a week ago and they are pretty content with the work thus far, except for a little additional landscape. At the end of October, the tank will be filled which will probably take about a week. Leak tests and chlorination will then need to be performed before the backfilling can be complete. If needed, *Edwards will run notices in the paper about the chlorination.* The schedule is to backfill in October and November with a December 18 completion date. Weather permitting, the old tanks will be removed this year. The height of the new tank will allow the pressure to be boosted for Westfork, South Fork, and Town Center. Scott Smith was not able to attend the meeting and asked that the change order be tabled until the next meeting. Edwards reviewed Allied's change order request as presented in the board packet. Edwards did not agree with point 1, agreed with point 2 and point 3, and did not agree with point 4. Director Cronin would like to know what change orders may come from the contractors in relation to Allied's change order. Edwards explained that many times the utilities will not make a locate for design work and that is what happened with the work for Chief Construction. *President Radick directed Edwards to meet with Smith and then come to the Board with any items of contention. Edwards will have Allied submit a report of work and cost to date. The Board expressed concern with the huge increase over the contract and Edwards is to express this concern to Smith. Edwards will meet with Smith before the October meeting and get some total numbers.*

***Director McRae moved to allow Edwards to meet with Smith and negotiate the figures on Allied's change order request and to present the figures to the Board at the October meeting. Director Rothschiller seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Radick voting.***

Edwards discussed the change orders with Todd Texley/Chief Construction, some of which was denied. Edwards is still working with Chief on the tank and line abandonment and this work may switch to AM Wells.

### **LOW DOG ROAD PROJECT**

Edwards reported that the water and sewer line work is done and the road is paved. There is still a little clean up work along the road. Ted Kaufman, Madison County Commissioner, has been notified that the project is complete and Madison County will cost share on the paving, about \$40,000.

Big X has put in a change order request due to the work on the services, the engineers denied it, but Edwards will side with the contractor on the issue. Edwards said a final walk through and a close out meeting needs to be done. Liquidated damages will be an issue.

### **PROPOSED DEVELOPMENTS & SUBDIVISIONS**

Spanish Peaks Club/Meadow Village: A pre-con meeting is scheduled for Thursday at 11:30 AM. Spanish Peaks has a little extension work on the sewer and water lines to do.

Lone Sky/Mountain Village Lots 20 & 21: Construction is planned to start this year. There is a lack of accurate as-builts which has caused an issue with the location of the water and sewer in regards to the road realignment done a few years ago. Edwards has an issue with this, and the water and sewer lines were in the road right of way prior to the road realignment. Edwards will take the stance that the District will not incur any costs to move any water and sewer lines.

### **LEGAL ISSUES**

Hall Litigation: Commenting on the correspondence in the Board packet, Edwards said that the District has never agreed to anything, other than the District would accept payment of PIC funds within one year. John Brown is going to make a chronological list of discussions and correspondence that have occurred.

### **BOARD VACANCIES**

Edwards reported that there were three candidates filing for the three board positions. Dick Fast, Packy Cronin, and Dick Allgood were the only applicants, and they can be appointed by acclamation in November without an election. Director Dick Wiggins has notified Madison County that a new appointment for his position will be needed. Edwards said the Board could address this at the November meeting. Radick thanked Algood for stepping up to serve on the Water & Sewer District Board.

### **PERMITS**

With the slow down in permitting, Edwards reported that we have sufficient SFEs for permitting for the remainder of the year.

**RESOLUTION 03-03: GENERAL OBLIGATION BOND FOR \$6,500,000**

Edwards summarized the General Obligation Bond, noting that the lower interest rate of 3.4% will work to our advantage.

*Director Cronin moved to approve Resolution 03-03: General Obligation Bond for \$6,500,000 for the second loan on the sewer improvements and to waive the three readings, if required.*

*Director McRae seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Radick voting.*

**GENERAL CORRESPONDENCE**

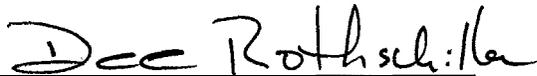
Edwards explained the reason for the letter to Taylor Middleton/Boyne that included information on the Yellowstone Club Agreement and water right.

**NEXT MEETING**

The next Board meeting is tentatively scheduled for October 21, 2003, at 8:00 AM.

**ADJOURNMENT**

*Director McRae moved and Director Cronin seconded the motion to adjourn the meeting at 8:55 AM.*



Dee Rothschiller, Secretary

09-17-03. min (board approved 10/20/03)

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

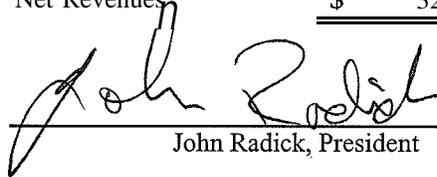
**Acceptance of Monthly Financial Statements**

Date 10/20/2003

The Board of Directors at its 10/20/2003 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>9/30/2003</b>
Assets:	<u>\$ 36,131,089</u>
Liabilities	<u>\$ 14,638,366</u>
Equity	<u>\$ 2 1,492,724</u>

2 Income Statement as of	<b>9/30/2003</b>
Total Revenues	<u>\$ 648,747</u>
Total Expenses	<u>\$ (326,097)</u>
Net Revenues	<u><u>\$ 322,650</u></u>

  
\_\_\_\_\_  
John Radick, President

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

**Acceptance of Monthly Financial Statements**

Date 9/11/2003

The Board of Directors at its 9/17/2003 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	8/31/2003
Assets:	<u>\$ 34,453,129</u>
Liabilities	<u>\$ 13,084,941</u>
Equity	<u>\$ 21,368,188</u>

2 Income Statement as of	8/31/2003
Total Revenues	<u>\$ 438,815</u>
Total Expenses	<u>\$ (239,702)</u>
Net Revenues	<u>\$ 199,114</u>

  
\_\_\_\_\_  
John Radick, President

BIG SKY WATER & SEWER DISTRICT NO. 363  
**Regular Meeting Minutes – August 19, 2003**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 7:30 AM on Tuesday, August 19, 2003, in the WSD Community Room. Board members present were President Skip Radick and Vice President Dick Wiggins and Directors Packy Cronin, Gary McRae, and William Shropshire (participating via telephone). Secretary Dee Rothschilder and Director Wendell Ingraham were not present. WSD staff present were Ron Edwards, Marlene Kennedy, Terry Smith, Grant Burroughs, and Jim Muscat. Others present were HKM Engineering representative Ray Armstrong and Dick Algood and Dick Fast from the public.

**PUBLIC FORUM**

President Radick called for public comment at 7:39 AM. Dick Algood expressed his concern with the new sewer rate and asked the Board to think about a more reasonable rate. Algood reported that he did not receive the public hearing notice, and he would have commented if he would have had an opportunity. After reviewing the new FY budget, Algood commented that the current established sewer rate indicates that there is too much money coming in. Smith said there is potential that there may be more collected than needed to cover the budget. President Radick said if there is a surplus this fiscal year, that amount will be factored into next year's budget. President Radick felt that the Board did their best at adopting an equitable fee. Edwards reported that a mail notice was sent to all billing accounts and, in addition, a public hearing notice was published in the Lone Peak Lookout and the Madisonian. Edwards noted that the Board can revisit the budget at any time. With no further public comment, President Radick called the meeting to order at 7:48 AM.

**MEETING MINUTES**

*Director Wiggins moved to approve the minutes of July 15, 2003, as written. Director McRae seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Radick voting.*

**FINANCIALS**

Smith briefly reviewed the financials, and reported that nothing was out of the ordinary. The Boyne payment has not been received, and the District has not yet sent a letter to Boyne. According to Edwards, John Brown was asked to send a letter to Boyne that lets them know they are in default. Edwards has not seen the letter. *The Board directed Edwards to follow up and make sure the letter is sent out so that the District is on record that they want Boyne to pay with interest and to keep current on this annual payment.* Smith reported that there are a few accounts that will need to be sent to the counties for collection.

*Director Shropshire moved to approve the July financials as presented. Director Cronin seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Radick voting.*

Smith discussed the new liability insurance that has an \$8 million coverage and asked if the Board wanted an additional \$5 or \$10 million coverage at a cost of about \$1,000 per million. The District is already overbudget on this expense by \$1,000, \$50,000 was budgeted and \$5 1,000 has been spent. Smith said the Board would have to amend the budget to increase the line item for insurance. *The Board directed Smith to get an additional \$5 million coverage and to check with other Districts on the coverage they carry.*

***Director Wiggins moved to authorize Smith to obtain an additional \$5 million liability coverage. Director Cronin seconded the motion. Motion passed, 5 yeas to 0 no votes with President Radick voting.***

### **SEWER OPERATIONS**

Burroughs reported that everything is working fine and the District is a little ahead of schedule in pond draw down. Everything is set up to go to fresh water to the golf course if we need to. Burroughs noted that the summer flows are a little lower than last year. President Radick reported that there are some holes along the outfall line. Burroughs said those areas have been washed out due to run off and they can be filled. Edwards believes that the District will start pumping to the Yellowstone Club next year and subsequent years just to make sure everything is working even though the flows will not warrant the pumping.

### **WATER OPERATIONS**

Muscat reported that the District will be fixing more leaks, but all are expected to be small leaks. Water restrictions are in place and we have not been policing since water meters are in place and people will pay for what they use. There are a few more meter pits to install. The fix at Park Condos has prevented the District from running out of water. Director Cronin asked if there was something the District can do to expedite the irrigation repairs at the Gallatin Building. Director Wiggins asked if we are allowing too much watering and asked how the designated times were decided upon. Edwards reported with the new water system on line, that next year the District can revisit the restrictions and make changes. Muscat said that the new tank will only provide the District with four additional days of storage. The Board will revisit the restriction policy next spring. Director Wiggins would like the District to require xeroscaping or limiting the sod area, as he believes we will have a water supply problem. *The Board directed Edwards to send BSOA Architectural Committee a letter asking them to address the landscaping issue and to reinforce water conservation as the problem has not gone away,*

### **LONG TERM COMPLIANCE WORK PLAN**

Edwards reported that we are a couple of weeks off our schedule and it is planned to be substantially complete by the end of March. The biggest problem now is trying to get the final road grades from Yellowstone Club so that the pipeline work can continue. The District doesn't want to install pipeline without knowing what the final road grades are. YC has been contacted and knows that the District needs the information. Edwards reported that Bob Sumpter hopes their engineers, Morrison-Mariele, have the information in the next couple of weeks. Edwards will call Sumpter and try to get a commitment of time. YC has hired a contractor to work on their storage, which is about 10% done. They will not have storage done in time for us to test the pipeline. YC's timeline is to have their storage ponds done the end of next summer. Ray Armstrong reviewed Bodell's change order and the costs associated with deducting for the bridge that was deleted and the addition of the new access road for a total change order of \$258,022. The engineers felt comfortable with the change order costs presented and have reviewed all the costs. The District needs to sign the change order

***Director McRae moved to approve Bodell's change order #2 for \$258,022 as a contract credit back to the District for the deletion of the bridge and including the new access road. Director Shropshire seconded the motion. Motion passed, 5 yeas to 0 no votes with President Radick voting.***

Armstrong and Edwards explained all the extra work that SMI had due to the pipeline realignment and the relocation of the pump station. Armstrong believes, in the end, there will be a deduction because the pipeline length has decreased.

***Director McRae moved to approve SMI's change order #2 for \$108,350 for the extra work involved in the change of the pump station location and the line relocation. Director Wiggins seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Radick voting.***

#### **AMEND AGENDA**

***Director Cronin moved to amend the agenda to address the Hall Litigation. Director McRae seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Radick voting.***

#### **LEGAL ISSUES**

**Hall Litigation:** John Brown reviewed the history of the litigation and the Board's directive from January. Keith Strong called last week to say that Hall wants the issue settled. Boyne now has proposed to pay half the fees by the end of this year and to pay the rest within a reasonable time. Brown asked for authority to try to tie this up. President Radick said we are not obligated to do this and the main reason to agree is to get the fees paid more quickly. *The Board gave Brown the authority to work out an agreement with Boyne that follows the original proposal from the District that Boyne has to pay all the surcharge fees within one year from the date of an agreement.*

**Bovne's Annual Payment:** Edwards discussed the lack of receiving Boyne's annual payment. *The Board asked that Brown send a letter this week to Boyne saying they are in default and payment is due with interest. Edwards will review the letter prior to it being sent.*

#### **WATER FACILITIES**

Edwards reported that everything is proceeding well on the tank and line. Edwards recommended approving the change order from Allied that covers the extra engineering work to design the tank to be buried.

***Director Shropshire moved to approve Allied Engineering's change order #4 for \$21,000 for redesign of the "buried" tank structure. Director Cronin seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Radick voting.***

#### **LOW DOG ROAD PROJECT**

Edwards reported that the line is done and Big X is prepping the road for paving. JTL may be able to pave in early September. Manholes are sticking up about 15" now and traffic does need to maneuver around them. Meetings for liquidated damages and change orders for the inspectors will be held when this project is done.

#### **METERING**

Edwards reported that about 14 meters need to be installed and then the metering will be done. It has taken about 3 summers, and Edwards felt the plumbers, Fry Bros., have done outstanding work.

### **PROPOSED DEVELOPMENTS & SUBDIVISIONS**

Lone Sky: Edwards reported that the Lone Sky Condominium project for Mountain Village, Lots 20 and 21, may start this fall if approved by Madison County. There are 47.1 SFEs existing and 24.1 SFEs that were re-allocated by Boyne just prior to the property selling.

Spanish Peaks Club, Phase I, in the Meadow Village is to start later this summer.

Upper Cascade. Gaston has been hired by Boyne to design a booster station for about 60 lots in "The Knob" area. District Engineer, Ray Armstrong, is reviewing Gaston's plans and the District will be making comments to Gaston. Edwards is not aware of their construction schedule.

### **BOARD VACANCIES**

Dick Fast has submitted his application for election to the WSD Board and Packy Cronin will submit his application for re-election. One more application is needed to fill the three positions. If there are not enough applicants, the Board can fill the third seat through appointment. Director Wiggins announced that his house may be selling and a new appointment from Madison County will be needed when the sale occurs.

### **PERMITS**

Edwards reported that 4.8 SFEs were issued last month. The permit applications are slowing down coming into the end of the building season. Once the new plant is online, there will not be a problem with permitting.

### **REQUEST FOR WATER SERVICE**

Edwards reviewed Torter's original request and reported that Torter has drilled a new well but he is still interested in connecting to the District's water system as he has four other lots that he would like to develop. If the District allowed this, Edwards said the line would become a public main by serving all the lots and that could cause a lot of problems. Edwards and Director McRae reported on a Lone Moose well that Torter might want to develop. President Radick said the District boundary has only been expanded in the past because it has been a benefit for the District, and it would not be the District's responsibility to serve Torter's lots. *The Board directed Edwards to write a letter to Torter that says the District is not interested in expanding the boundary and that he may want to explore the development of the Lone Moose well.*

Edwards reported that he has also had conversations with Walter Blessey, who recently asked for the District for water service. Blessey's property is quite a ways from the District's water line and Blessey will be drilling a well.

### **NEW DEVELOPMENTS**

Spanish Peaks Resort, Phase I: Edwards reported that the Phase I PUD is within the area that the District has agreed to provide sewer service to. Morrison-Mairele has said they will be developing their own water system. The sewer pipeline has to go through Jerry Locati's property and Locati has called the District a couple of times this week asking to be served by the District. *Locati has asked to be on the agenda for the next board meeting.*

**GENERAL CORRESPONDENCE**

Sjaardema (Account #29008200): Edwards explained that Sjaardema has asked to be billed each quarter on sewer on the actual usage. Smith reported that we do have the ability to set up a rate code to allow for this type of billing and it would not take much staff effort to do so. The commercial accounts are already set up to bill on actual usage year round. The Board was reluctant to have a special billing for only one account and will revisit this issue after the District has had time to institute the current billing system.

Beltramo (Account #RKE19182): According to Beltramo's letter, an unauthorized person used his property and left the water running. This occurred during the winter and will affect his sewer bill. After discussion, the Board agreed to amend the ordinance to allow for billing changes for unusual circumstances.

Reichstetter Letter: The letter to Craig Reichstetter discusses the SFEs available to the property he has at the entrance to Westfork.

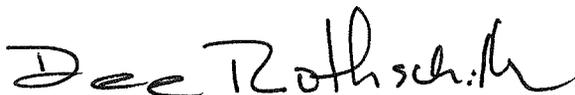
BSOA Annual Meeting: The Board authorized Edwards to vote the BSOA ballot.

**NEXT MEETING**

The next Board meeting is tentatively scheduled for September 16, 2003, at 7:30 AM.

**ADJOURNMENT**

*Director Wiggins moved to adjourn the meeting at 9:20 AM. Director Cronin seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Radick voting.*

  
Dee Rothschild, Secretary

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

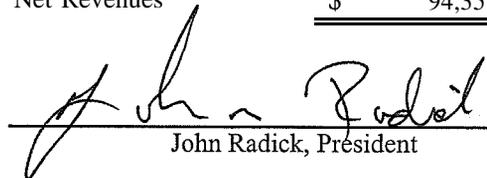
**Acceptance of Monthly Financial Statements**

Date 7/10/2003

The Board of Directors at its 8/19/2003 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	7/31/2003
Assets:	<u>\$ 3 1,790,496</u>
Liabilities	<u>\$ 11,689,536</u>
Equity	<u>\$ 20,100,960</u>

2 Income Statement as of	7/31/2003
Total Revenues	<u>\$ 205,321</u>
Total Expenses	<u>\$ (110,970)</u>
Net Revenues	<u>\$ 94,351</u>

  
\_\_\_\_\_  
John Radick, President

BIG SKY WATER & SEWER DISTRICT NO. 363  
**Regular Meeting Minutes -July 15, 2003, 7:30 AM**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 7:30 AM on Tuesday, July 15, 2003, in the WSD Community Room. Board members present were President Skip Radick, Vice President Dick Wiggins, and Secretary Dee Rothschiller; along with Directors Packy Cronin and William Shropshire (participating via telephone). Directors Gary McCrae and Wendell Ingraham were not present. WSD staff present were Ron Edwards, Marlene Kennedy, Terry Smith, Grant Burroughs, and Jim Muscat. Others present were Lone Peak Lookout writer Marcus Hibdon and Meadow Village Commercial Center representatives Jerry Scott and Al Malinowski.

**PUBLIC FORUM**

With no public comment, President Radick called the meeting to order at 7:42 AM.

**MEETING MINUTES**

*Director Shropshire moved to approve the minutes of June 24, 2003, as written. Director Rothschiller seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Radick voting.*

**PARKING LOT USE**

Edwards reviewed the history of the parking lot issue, going back to 1998 until present, and also noting that the parking lot was finished 3 years ago. In review of written information, Edwards could not find hours of restrictive use as a directive from the Board. Edwards recommended restricting parking overnight and making only the west 10 parking spaces available. Exhibits were provided in the Manager's report and Edwards requested that the Board make a final decision on the parking issue. The request for the District to provide parking was originally initiated by Curly Shea as he was concerned about the visibility of his business when the District built its office building. President Radick pointed out that an incentive for the District was for the Meadow Center to help pay the cost of the paving. According to Edwards, the prorated share to Meadow Center of \$6,650 has not been paid. Jerry Scott commented that in order for them to get Curly Shea to sign the RID, he wanted parking from the District and that is why the parking is an issue. Director Cronin asked if there is a strong motivation to follow through with the agreement. Scott responded that he doesn't personally have a strong motivation; but because of Shea, they want the parking., Scott said the District has the right to include allowed parking spaces and time usage. President Radick believes the new version of the agreement covers the Board's concerns and he asked the Board to look at the agreement and take action on it. As stated at previous meetings, Edwards said that the Board will not waiver on its requirement of indemnification. Without Scott knowing what Shea's intended future use of his building will be, President Radick wants the District to be prepared for any type of business to go in there. Directors Rothschiller and Cronin recalled that the entire essence of the agreement was based on the understanding that the parking use was to be only after 5:00 PM. Scott said he can take the draft easement to Shea so that Shea can use the document to clarify the restricted use with any prospective buyers. Scott will also talk to Shea about his tenants using bathrooms other than the Districts.

*Director Cronin moved to approve the Parking Lot Easement, as written and without any exhibits. Director Shropshire seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Radick voting.*

### **FINANCIALS**

Smith reviewed the financials, noting that revenues and expenses are basically on target. Sewer revenues have offset the decrease in water revenue. In June, the water operations truck was traded in and replaced. The Boyne annual payment, which was due April 1, has not been received. *The Board directed Edwards to have Brown prepare a letter saying they are in default and the District will be charging interest.* Letters to other delinquent customers were sent out with a payment deadline of July 15. The Town Center has not paid their vacant lot fees. Edwards reported that the Town Center only had free fees until 2001 and he does not know their intent. Their balance can be put on the tax roles since a letter was sent. The Board said no one should get special treatment if payments are not being made.

*Director Rothschilder moved to approve the financials as presented. Director Cronin seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Radick voting.*

### **SEWER OPERATIONS**

Burroughs reported that the ponds are dropping and we are 3 feet ahead of last year for draw down. Burroughs has to have the ponds at 1 foot by October 1 and he sees no problem with accomplishing this as the filters are running good, and production is maxed out. Burroughs may have to switch the golf course irrigation to fresh water later, but hopes to avoid that. If there were ever a big increase in flows, Burroughs believes we could track severe I & I in a couple of days.

The issues in Burroughs' letter to Boyne are being addressed. All the cleanouts are being TV'd. Burroughs recommended future cleanouts be put in by the builder when the building construction is done. JTL is digging up a manhole in Town Center as the frame was knocked off center during paving.

### **WATER OPERATIONS**

Edwards reported that the leak at Park Condos had probably been there for 3 years. It was under a garage, the owner had a sump pump, and at the time of repair it was leaking approximately 122,400 gallons a day. Muscat reported that the leak was repaired around July 9 and the tanks are now filling up. Muscat feels the well production will go down.

### **LONG TERM COMPLIANCE WORK PLAN**

Edwards summarized the progress and there have not been any problem areas to report. The most noteworthy item is the deletion of the bridge and the negotiations are at approximately \$250,000. Edwards plans to have that finalized by the next meeting. Regarding the pipeline, SMI will complete the rest of the project up to the Yellowstone Club. SMI is currently working by the E-Z. Bode11 will do the construction of the second pump station. Yellowstone Club has awarded a contract to start building the water storage. The road alignment is an issue with YC and the upper routing is being worked on. Edwards has sent a letter to Sumpter on their plans. Edwards will be working with the engineers and SMI on the credit back for the shortening on the line. The fence material cannot be matched to the existing sage-green color. Edwards recommended going with the grey color.

***Director Wiggins moved to approve the grey color for the fencing. Director Rothschiller seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Radick voting.***

### **WATER FACILITES**

Edwards reported that the tank excavation is complete and DYK will arrive this week to oversee the framing of the tank. There have not been any problems to report. There was a 3-day delay in the piping, as there was a problem with the drawings. There have been a few calls from Hidden Village owners with complaints on the small trucks. Edwards is talking to the contractors about this issue.

Edwards reviewed the letter from Sukin and reported that AM Welles did videotape the road prior to construction. AM Welles is bringing in some till for the pot holes. Director Cronin said the Board needs to respond to the letter as Sukin is writing as an individual not on behalf of the association. *The Board directed Edwards to respond to Sukin's letter, making it short and simple and informing him that the District has been working with the HV board.*

### **METERING**

Edwards reported that we have a few more meter pits to complete, 4 in Silverbow and 1 for Kircher's house. A letter was sent to Stillwater on their frost-free hydrants. The metering will be complete this summer with about 1,400 meters installed. Edwards recommended that the District send a hardball letter to Greywolf Condo owners and other owners that remain to be metered. The letter will state a metering deadline, or the water will be shut off. *The Board directed Edwards to send a letter as discussed within the next couple of weeks.*

### **LOW DOG ROAD PROJECT**

Edwards reported that the upper 400 feet is a tough section and that the contractor, Big X, is asking for an extension. Edwards agrees with some of the request and would approve a 5-day extension. The project was supposed to be started on June 9, and was delayed three weeks and then a home foundation was being put in. Because of this, Edwards asked the contractor to delay start up until after the July 4<sup>th</sup> holiday. Toepffers have requested a schedule of completion.

### **PERMITS**

Edwards reported that the District should have enough SFEs for permitting for the rest of the summer.

### **BOARD VACANCIES**

The Board members will be talking to people in the community about volunteering for a board position. Application forms are available at the District office.

### **GENERAL CORRESPONDENCE**

Big Sky Western Bank's correspondence on the letter of credit was regarding the Boyne Cascade project.

Director Rothschiller relayed a complaint received from Taylor Middleton about all the District's messes around Big Sky. Edwards will take care of the snowmobiles at the District lot, but all the other complaints are due to construction and will be corrected when the construction is complete.

*The Board directed Edwards to write a letter to the editor in July or August on why the construction is happening, including a history of the how and why with the Yellowstone Club*

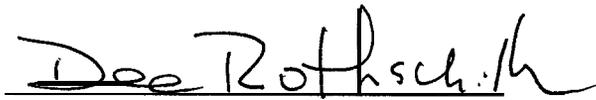
*construction and how it protects the Gallatin River.* Marcus Hibdon announced that in addition to Edwards' letter to the editor, he will do a progress section for the Lone Peak Lookout for Labor Day.

**NEXT MEETING**

The Board will meet on August 19 and a District picnic will be at either Wiggins' or Radick's home. Director Rothschiller and Kennedy will work on the details.

**ADJOURNMENT**

*Director Cronin moved to adjourn the meeting at 9:02 AM. Director Rothschiller seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Radick voting.*



Dee Rothschiller, Secretary

07- 15-03. min (Board Approved 8/19/03)

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

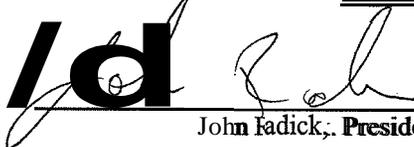
**Acceptance of Monthly Financial Statements**

Date 7/10/2003

The Board of Directors at its 7/15/2003 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>6/30/2003</b>
Assets:	<u>\$ 31,010,080</u>
Liabilities	<u>\$ 10,987,545</u>
Equity	<u>\$ 20,022,534</u>

2 Income Statement as of	<b>6/30/2003</b>
Total Revenues	<u>\$ 3,010,392</u>
Total Expenses	<u>\$ (1,601,674)</u>
Net Revenues	<u>\$ 1,408,718</u>

  
\_\_\_\_\_  
John Fadick, President

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363  
**Regular Meeting-June 24, 2003, 7:30 AM**  
**Sewer Rate Hearing & Budget Hearing: FY 2003-2004, June 24, 2003, 9:00 AM**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular, meeting for 7:30 AM and public hearings at 9:00 AM on Tuesday, June 24, 2003, in the WSD Community Room. President Skip Radick, Vice President Dick Wiggins, Secretary Dee Rothschiller and Director Gary McRae were present.

WSD staff in attendance were Ron Edwards, Marlene Kennedy, and Terry Smith. Bob Torter attended the public forum. Kirk Dige and Robert Eaton attended the public hearing.

**PUBLIC FORUM**

President Radick called for public comment at 7:40 AM. Bob Torter explained that his well, which is outside of the District with 5 other lots in that development, has gone dry. Torter said that he has been told that it would be easier to run the District's line to his property than it would be to create a community system for 5 lots. Edwards said that we have one other instance where we sell District water outside of the District. President Radick explained that, historically, we have not changed the District boundary and we do not want to open the flood gates, setting a precedent. President Radick said there are many properties outside of the District and the Board is reluctant to open up extension of the boundaries. Director Wiggins commented that if we did agree to provide water to Torter, our first commitment is to serve the customers within the current District boundary and if there was a water shortage Torter would not be served. Edwards explained that water is a fixed commodity and if we start expanding to other property it can jeopardize our commitment to serve customers in our existing boundaries. President Radick asked Torter to submit a formal proposal to the Board with engineer cost estimates, etc., for annexing or serving his property. Torter would like to tie into Lone Moose Meadow's water system since they will probably build fewer units than their original master plan. Edwards explained that, technically, Lone Moose Meadows' water system is still their system but he doesn't think they would enter into an agreement with Torter without District approval since they are close to transferring the system.

With no further public comment, President Radick called the meeting to order at 7:58 AM

**APPROVAL OF MINUTES**

*Director McRae moved to approve the minutes of May 20, 2003, as written. Director Wiggins seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Radick voting.*

**PARKING LOT AGREEMENT**

The Board asked where the District is with the parking lot agreement. Edwards responded that he has not had time to review the file. However, there is a problem with the Board's directive from a previous meeting that would restrict the time that the lot could be used by the Meadow Center/First Place Edwards said that this specified time of use needs to be spelled out in the agreement with the Meadow Center. Director Rothschiller noted that the original agreement was for First Place to use the parking after 5:00 pm and expressed concern that there may not be enough parking for District meetings if the use of the First Place is changed to a day time business. President Radick feels it may be difficult to not honor the original verbal agreement

and does not feel that the Board should rescind the verbal agreement. Director Wiggins doesn't feel that the District should enter into the agreement. Edwards reported that the approximately \$6,000 that Meadow Center was to pay the District has never been paid. The liability issue with the District receiving indemnification has not been completed. *President Radick directed Edwards to have the document with changes (snow plowing, etc) presented at the next meeting along with inviting Jerry Scott/Meadow Center to the meeting to discuss the parking with a plan of action, or assemblance of agreement to cover board concerns.*

### **FINANCIAL REPORTS**

Smith reviewed the financials noting that the summary breaks out the donated capital assets. Overall, the District is on target with revenues and expenses.

*Director Wiggins moved to approve the May financial reports as presented. Director McRae seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Radick voting.*

As a result of the budget meeting, Smith said that the PIC funds need a District policy in place to dedicate the funds and presented a draft policy for board approval. Smith noted that the new policy does not change the ordinance.

*Director Wiggins moved to approve the Accounting Policy for the Plant Investment Funds to be Applied to SRF Loan #C301084-03 as presented. Director McRae seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Radick voting.*

### **OPERATORS REPORTS**

Sewer Operations: Edwards reported that the flows have dropped back to what the staff consider normal. Burroughs found a broken pipe in Cascade and it will be fixed. I & I from the services on Low Dog Road will be fixed with the new line. With draw down, the ponds are 1% feet ahead of last year. Burroughs' graphs indicated that the levels jumped way up in May, where mountain flow peaks were 350,000 gallons a clay. DEQ sent a letter to Burroughs on certification requirements to run the new treatment plant and he will sit for the Class I-C test in September.

Water Operations: Edwards reviewed Muscat's production data, noting that the Meadow, Mountain and Aspen Groves productions are up from last year. The leak detection company reported that they have found at least three leaks totaling about 40 gpm. They found a leak in the Park Condo complex and the District will install a pit meter to help identify where the leak is. Edwards reported that on Friday, June 13, Blue Grouse Booster station had a fire. The structure is fine, but there was a lot of smoke damage inside. For just the electrical, Edwards estimates the damage is probably about \$5,000. A small pump was temporarily wired and the large pump will soon be back on line. Once the new water tank is on line, the Blue Grouse station will go away. Edwards will be sending the fire department a thank you letter for their quick response. Edwards also reported that Gallatin County did a sanitary survey on the Aspen Groves system and found no deficiencies.

### **LONG TERM COMPLIANCE WORK PLAN**

Edwards said that the project is changing rapidly, but that there was nothing significant to point out. The only issue has been the "hod carrier" wage. Todd Teegarden, DEQ, gave the District his construction report and there were no significant findings and the construction appears to be going well. Bodell is gaining on their construction schedule, and are now about 4 weeks

behind. Bodell still needs to submit the change orders for the deletion of the bridge and the addition of the road access. The Towsley pipeline crew laid 23,000 feet of pipe in six weeks and SMI will be finishing up the job including patching the road cuts they did. The manager's report provided a diagram of where the pipe is complete and the contract summaries. With the change made in the booster station, SMI is giving the District a price. Overall, Edwards feels the District is ahead by shortening the route, but a change order may be coming in. The Big E-Z easement has been signed and the District has it. The semi-annual compliance report was sent to DEQ by Edwards. Edwards also reported that the District has received the Army Corp of Engineers permits. The Board commended the pipeline crew for their restoration work. Edwards has been very happy with all the contract work so far.

Edwards distributed a color rendering of the treatment plant administration building and asked the Board for comment. The Board asked that the door color match the building. Edwards reviewed the fence color issue and has decided that a gray PVC coated chain link is as close as they could come to matching the existing fence.

President Radick asked if the District can get rid of the "Little Lone Mountain" when the project is done. Edwards noted that Westland has first right to the material, but the District will need to force the issue of getting rid of the dirt with a deadline. *The Board directed Edwards to give the Westland/Simkins a deadline to get rid of the dirt.* President Radick would like the District to berm up/landscape the new treatment plant.

### **WATER FACILITIES PROJECT**

Edwards reported that the water bond for approximately 1.9 million is being finalized for approving the SRF loan. The contractor, A.M. Welles, is working on the tank and is on schedule. President Radick reported that Aspen Groves and Hidden Village had a meeting on the road and forming an RID. Their engineers stated that the running of the construction trucks on this route is like 100 trips in a car. President Radick and Director Rothschiller stated that the District should consider a monetary compensation to HV at the end of the project. Edwards reported that the McMeekins will be in Big Sky around July 4. Chief Construction is putting in the water line and they are mobilizing. Edwards noted that he is working on a water line easement and if it doesn't work out, the line will be put in on the section line. Edwards will attend the next Big Sky Owners Association Architectural meeting for approval on the booster station.

### **METERING**

Edwards reported that there are about 70 meters that remain to be installed and Fry Brothers will be here for the next three weeks to finish up. Edwards will schedule the metering of Lone Moose Meadows units.

### **LOW DOG ROAD**

Edwards reported that Big X mobilized last week. The estimated completion date was the end of July, but mobilization was delayed two weeks. The contract was started June 9 and the last two weeks are potential liquidated damages.

### **RESORT TAX**

Edwards reported that the District received their resort tax funding request of \$74,000.

**PUBLIC HEARINGS: FY 2003-2004 Budget & Sewer Rate**

At 9:04 am, President Radick called the Public Hearings to order with Kirk Dige and Robert Eaton from the public in attendance.

Sewer Rate Hearing: Eaton commented that when the District went to the meter system he thought you would pay for what you use and felt that the base rate and gallons should be lower and the variable rate should be higher to encourage people to conserve water. President Radick commented that the District feels the current base rate was an effort to make water charges equitable. Edwards noted that, with the current billing system, the District can easily adjust the rate with possibly a seasonal increase in the water rate in the summer. Edwards also noted that the District did not want to penalize the people who live here full time.

Smith reported that the proposed new rates were published in several newspapers and notices were mailed out to approximately 1,700 customers. Charges for vacant lots and water have not changed, and the quarterly sewer rate is proposed at \$50.94 as the base rate for up to 9,000 gallons of water and \$18.96 for the variable rate per 1,000 gallons over the 9,000 gallons of water. The District has not received any comments. The base rate was set using the last 6 months worth of data. Smith will need to work with Black Mountain to make sure the billing works.

*Director Rothschiller moved to approve the new quarterly sewer rate as presented at \$50.94 for the base rate with 9,000 gallons and \$18.96 per 1,000 gallons over the 9,000 gallons. Director McRae seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Radick voting.*

FY 2004-2004 Budget Hearing: Smith distributed and reviewed the FY 2003-2004 draft budget, reporting that there were no big changes from last fiscal year's budget other than the change with a metered based sewer rate. Edwards noted that the most significant change is the depreciation. Smith said with the changes in operating revenues, there will be a \$55,000 negative that can be covered with operating reserves that have been accumulated from previous years. No new plant operating expenses were included in the budget. Edwards noted that new operating costs will probably begin next fiscal year.

*Director Wiggins moved to accept the FY 2003-2004 budget as presented. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Radick voting.*

**BOYNE SETTLEMENT PAYMENT**

District staff reported that Boyne did not make their payment in April, per the settlement agreement. *President Radick asked that, on behalf of the Board, a letter be sent to Boyne saying that they are in violation of the agreement.* According to Edwards, John Brown is to work on the letter.

**SILVERTIP DEVELOPMENT**

A letter was sent to Berlin last fall that rescinded the agreement and the District has until October 2004, to move the line. Edwards is planning on working on moving the water line in the summer of 2004, that is unless some other entity can turn the project around.

**BOARD VACANCIES:**

The positions held by Directors Rothschiller, Ingraham, and Cronin will expire in November 2003. Director Wiggins also announced that he will be putting his house on the market but will continue to serve on the board until his house sells. *Edwards will advertise the board vacancies in the paper.*

**CASCADE COVENANT AMENDMENT**

*Director Rothschiller moved to authorize Edwards to sign the ballot on behalf of the District and to vote in favor of the Cascade Covenant Amendment. Director Wiggins seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Radick voting.*

**GENERAL ISSUES**

Director Rothschiller said that the work to restore the berm separating the District and Meadow Center parking lots should be billed to Meadow Center. Edwards noted that the rocks have been moved as requested by Doug Bing and Edwards has sent a letter to Bing saying that if the fence is damaged they will be billed for repair.

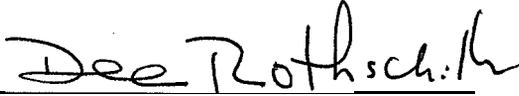
Edwards announced that Tara Taffe has been hired to help District staff through the summer.

**EXECUTIVE SESSION**

*Director Rothschiller move to go into executive session to discuss employee compensation. Director McRae seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Radick voting.*

**ADJOURNMENT**

The meeting was adjourned after the executive session.

  
\_\_\_\_\_  
Dee Rothschiller, Secretary

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

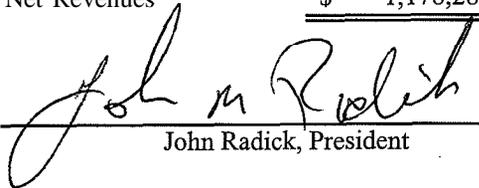
**Acceptance of Monthly Financial Statements**

Date 6/24/2003

The Board of Directors at its 6/24/2003 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>5/31/2003</b>
Assets:	<u>\$ 30,738,163</u>
Liabilities	<u>\$ 10,946,064</u>
Equity	<u>\$ 19,792,099</u>

2 Income Statement as of	<b>5/31/2003</b>
Total Revenues	<u>\$ 2,562,475</u>
Total Expenses	<u>\$ (1,384,192)</u>
Net Revenues	<u>\$ 1,178,283</u>

  
\_\_\_\_\_  
John Radick, President

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- May 20, 2003, 9:00 AM**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 9:00 AM on Tuesday, May 20, 2003, in the WSD Community Room. Director Cronin chaired the meeting with Secretary Dee Rothschiller and Director Gary McRae present. Vice President Dick Wiggins (participated from 9:00-10:02 & for the Yellowstone Operating Agreement) and Director William Shropshire participated via conference call. President Skip Radick and Director Wendell Ingraham were not present.

Others present were WSD staff Ron Edwards, Marlene Kennedy, Terry Smith, Grant Burroughs, and Jim Muscat; Lone Peak Lookout writer Marcus Hibdon; Skycrest Condominiums representatives PJ Mayland and Joan Hoff; and Yellowstone Club representative Bob Sumpter (arrived at 10:25 AM).

With no public comment, Director Cronin called the meeting to order at 9: 18 AM.

**APPROVAL OF, MINUTES**

*Director McRae moved to approve the regular meeting minutes of April 14 2003, as written. Director Rothschiller seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Radick voting.*

**FINANCIAL REPORT**

Smith noted that the District is on target with income and, overall, operating expenses were 11% over budget.

*Director Rothschiller moved to accept the unaudited April financial reports as presented. Director McRae seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Radick voting.*

Smith reviewed the District's current health insurance costs and explained that our rates through United Health Care will increase. Smith presented a quote from John Alden and the *Board directed Smith to also get a quote from Blue Cross/Blue Shield.* The budget committee will review the health insurance coverage and the possibility of changing providers. Smith reported on deferring asset depreciation and has discussed this change with the auditor and Carl Anderson is also reviewing the life of the assets.

**SEWER RATE ANALYSIS**

Working with the past 6 months of water use data from 820 accounts made up of condominium, single family, and commercial categories; Carl Anderson of HKM Engineering distributed a table that presented 5 sewer rate alternatives. Current revenues and operating costs of the existing system were used in preparing the rate alternatives. The base rate per month ranged from \$15.07 to \$28.41 and the variable rate ranged from \$7.59 to \$20.86, with alternative 5 providing the lowest base rate and the highest variable rate. Anderson advised the Board to review the rate once the new plant goes on line. Also, the water use was lower than what was estimated on

Anderson's previous report to the Board that used 100 accounts for estimates. Edwards explained that the .7 SFE unit water rate did increase with the metered billing and reminded the Board members to take a close look at setting the sewer rate. Edwards suggested setting the rate for the next fiscal year to begin July 1, 2003. The rate change will require a hearing as outlined in the manager's report. Anderson recommended Alternative #4 which is a 50/50 split. Edwards and Director Shropshire also expressed their preference for Alternative #4, saying those who use the water and sewer pay for it with this alternative. (Wiggins left the meeting at 10:02.)

Edwards said he was comfortable with the data that the District has on the 6-month period, and in a normal ski season Edwards would expect the flows to be higher in December and January. The Board decided to vote on a proposed rate without holding a special meeting for further discussion. Edwards noted that the District must have a public hearing for the budget and rate change, and he would like to hold the hearings for both issues at the same time

*Director Shropshire moved to approve Alternative #4 as the rate to be proposed for the public hearing. Director McRae seconded the motion. Director Cronin called for comment, reminding the Board that we also do not want to penalize people who live here full time and give the absentee owner a free ride. Motion passed, 4 yeas votes to 0 no votes with Director Cronin voting.*

#### **OPERATORS REPORTS**

Sewer Operations: Edwards reported that total flows are up 14% and that the mountain flow is up because of the open services on Low Dog Road due to that project needing to be completed. Edwards also anticipates the mountain flows to increase with spring run off.

Water Operations: The water production is up almost 30% from last year, and staff suspect there is a leak on the mountain. **Mountain Well 7-Morrison-Maierele** submitted a cost estimate of \$98,830 to do the work. The increase in the cost is due to it being a public project. Edwards asked the Board to move to go to bid. Director Cronin asked that YC/Bob Sumpter be included in the paper trail for the project so that they are aware of their share of funding the project. Edwards plans on delaying the project until a few other District projects are near completion. **Skycrest Water Line Replacement-Edwards** explained the project, saying that the area for water line replacement serves the Alpenglow/Maus project and it is also a great opportunity to replace the existing 6" Skycrest line with an 8" line at the same time since they will be replacing their parking paving. Muscat commented that the existing line was substandard and needed to be replaced. Edwards reported that Steve Kuhn, Skycrest Association, asked that the water route not deviate from the original route as opposed to the reroute the District proposed. Edwards noted that the District does have a prescriptive easement for the existing line, but there is a 15' easement in the covenant along the property line. Director Cronin commented that the District needs to do the job legally and within their rights. Director Shropshire asked if the directive is from one person from Skycrest or the Skycrest board. Edwards said since the email from Steve Kuhn said "we", he can only assume that it is the board. Edwards and Muscat want to avoid delays.

*Director McRae moved to finish the water Line replacement job within the road right of way, in the prescriptive easement. Director Rothschiller seconded the motion. Director Cronin called for discussion. Motion passed, 4 yea votes to 0 no votes. Edwards said that he will follow up with a recorded water line easement with Skycrest if they want one.*

#### **LONG TERM COMPLIANCE WORK PLAN STATUS REPORT**

Edwards reviewed the week by week summaries provided in the board packet, reporting that SMI has laid about 9,000 feet of pipe and has been doing a good job. The Big E-Z easement will be finalized, with Edwards agreeing to pay the approximately \$300 in legal fees. Carl Anderson reported that an Army Corps of Engineers representative is here today to look at the wetland area of the pipeline route. The force main pipeline route easement originally had a 10' easement recorded. To accommodate construction needs, however, Edwards presented an easement document and construction license that would provide a 20' easement for most of the area along the section line with the exception of the Tamarack Court land.

*Director McRae moved to approve Edwards signing both the license and easement documents made with Westland TM. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with Director Cronin voting.*

Sumpter asked when the force main pipeline will get to the YC and requested that Chris Poole call 995-4242 for contractor package to review.

#### **WATER FACILITIES PLAN**

Project Bids: Edwards reported that AM Wells and Johnston Excavating were the low bids on the water improvement projects. Johnston asked that their bid be thrown out and the District honored their request.

*Director McRae moved to proceed with awarding bids to AM Wells for the water tank and Chief Construction for the pipeline work. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with Director Cronin voting.*

Water Tank Easement: Edwards reported that the easement document has been signed with McMeekins-Ryans and a check for \$50,000 will be sent to them. Edwards is trying to get permission to use the Scott land for access to the water tank site and he has written Scott a letter. According to Edwards, AM Wells is relying on this access and if the District cannot get the permission, then the District may not be able to sign a contract. Directors Cronin and McRae said the project should proceed as bid as AM Wells knew the Hidden Village access was a done deal when they bid the project.

Contracts & Notices to Proceed: Edwards asked for authorization to sign contracts when they come in.

*Director McRae moved to allow the General Manager to execute the water project contract documents and notices to proceed on an as needed basis. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with Director Cronin voting.*

Project Schedule: Smith reported that based on the contracts and funds, the District should have the funds available to complete the projects, including Low Dog Road.

#### **AMEND AGENDA**

*Director Shropshire moved to amend the agenda to address items IV. F and V. B. Director McRae seconded the motion. Motion passed, 4 yea votes to 0 no votes with Director Cronin voting.*

#### **PARKING LOT AGREEMENT**

Edwards explained that the directive from the Board at the April meeting was in conflict and signing the agreement as is would not do what the Board asked. Edwards distributed a parking lot easement with areas highlighted that needed change, such as the number of parking spaces, and time allowed for parking. The Board discussed the parking issue and tabled the easement issue. *Edwards will review the file prior to the next meeting to see if there are any legal obligations for the District to provide parking on District property to the Meadow Center.*

#### **HIDDEN VILLAGE ROAD IMPACTS**

Edwards reviewed the potential impacts the water improvement construction would have on the Hidden Village Road and noted that at the April meeting the Board asked him to look into possible compensation for "inconvenience." Edwards commented that all HV roads are substandard and in bad shape already. Directors Cronin and McRae said that compensating I-IV would set a bad precedence for replacing roads for inconvenience and the District needs to go into it with confidence since it is a public road and that issue has gone before the Supreme Court for resolve. Edwards noted that he is not aware of an RID in Hidden Village.

#### **WATER METERING PROJECT**

Edwards reported that Fry Brothers has started metering again, and they are currently working at Silverbow. Edwards stated that he has decided to go with a radio read system in Silverbow due to the construction in that complex. Edwards expects the metering project to be done this summer.

#### **LOW DOG ROAD PROJECT**

Edwards reported on his meeting with Dave Huff, Big X. Huff would like to start on June 9 to finish replacing the remaining 400 feet of water and sewer lines. Huff presented an aggressive schedule with paving to be done by the end of July.

#### **PROPOSED DEVELOPMENTS & SUBDIVISIONS**

The Knob/Area 13 : Per Board directive at the April meeting, Edwards sent a letter to the engineer asking that the system be redesigned for a gravity feed system.

#### **NEW DEVELOPMENTS/SUBDIVISIONS**

Yellowstone Club, Phase 3A. Big Sky Ridge Subdivision: To clarify information, Edwards reported that he has requested more information from Yellowstone Club. Edwards asked Sumpter if the Phase 3 /Big Sky Ridge is planned to be part of the existing water system and if it is, the agreement needs to be amended. Sumpter asked if it mattered. Edwards said if it is different than the agreement, it needs to be a matter of record and acknowledged in writing, still

limiting the total number of gallons per the original agreement. Sumpter would look it as a capacity issue and use the existing system if the capacity allows it. *Edwards will work with YC on this issue and comment as requested by the county.*

#### **RESOLUTION 03-02**

Edwards briefly explained the resolution which approves \$1,966,000 General Obligation Bond (DNRC Drinking Water Revolving Loan Program), Series 2003.

*Director Rothschiller moved to approve Resolution 03-02, GEO Bond for \$1,966,000 for water system improvements. Director McRae seconded the motion. Motion unanimously passed via roll call vote with Directors McRae, Rothschiller, Shropshire and Cronin voting yes. .*

#### **YELLOWSTONE CLUB OPERATING AGREEMENT**

With Bob Sumpter present to answer any questions regarding Yellowstone Club's request, Edwards explained their water operating request. This agreement basically covers YC with a certified operator for testing and start-up monitoring until they have a certified operator. Glen Wood needs to apply to get his operator in training status and then he will be taking his water operation test this September. The Board asked if staff had the time to handle this request. Muscat explained that staff are already busy, and the District will need to spend quite a few hours the first six months to get the water operations set up as a public system. Edwards recommended that the 90-day termination clause in the agreement be shortened. The Board asked that Muscat be compensated for this extra task. Sumpter said they would reimburse the District at cost, plus and it would be up to the District to compensate District staff. Muscat said the District needs to get an understanding of the YC system. Edwards asked Sumpter to simplify the property access to YC and test homes.

*Director McRae moved to approve Yellowstone Club's Water Facilities Management Agreement with a 30-day termination and that the operator be reimbursed for his time. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Cronin voting.*

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

Edwards asked that Spanish Peaks be sent a letter to remind them of their due date of paying permit fees.

#### **GENERAL CORRESPONDENCE**

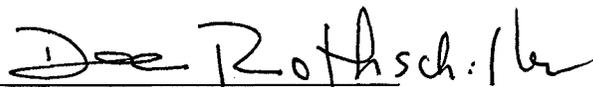
Edwards noted the upcoming Resort Tax meeting and the Greening Conference. The District received a letter commending the work of Nic Wellenstein, and Edwards recommended increasing Wellenstein's salary to \$33,000 retroactive to January 1, 2003. The Board will address Wellenstein's salary and other staff salary at the next meeting.

**NEXT MEETING**

The next Board meeting will be scheduled after Board members check their schedules. Director Wiggins will return on June 12.

**ADJOURNMENT**

*Director McRae moved to adjourn the meeting at 11:50 AM.*



Dee Rothschild, Secretary

Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716

**Acceptance of Monthly Financial Statements**

Date 5/13/2003

The Board of Directors at its 5/20/2003 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>4/30/2003</b>
Assets:	<u>\$ 30,375,936</u>
Liabilities	<u>\$ 10,801,253</u>
Equity	<u>\$ 19,574,683</u>

2 Income Statement as of	<b>4/30/2003</b>
Total Revenues	<u>\$ 5,090,831</u>
Total Expenses	<u>\$ (1,268,741)</u>
Net Revenues	<u><u>\$ 3,822,089</u></u>

  
\_\_\_\_\_  
Paul Cronin, Director

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- April 14, 2003, 9:00 AM**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 9:00 AM on Monday, April 14, 2003, in the WSD Community Room. Director Packy Cronin chaired the meeting with Secretary Dee Rothschiller and Directors Gary McRae and William Shropshire present. Vice President Dick Wiggins participated via conference call. President Skip Radick and Director Wendell Ingraham were not present.

Others present were WSD staff Ron Edwards, Marlene Kennedy, Grant Burroughs, and Terry Smith (**via conference call**); and Allied Engineering representative Scott Smith.

With no public comment, Director Cronin called the meeting to order at 9:03 AM.

**APPROVAL OF MINUTES**

*Director Rothschiller moved to approve the regular meeting minutes of March 24, 2003, as written. Director Shropshire seconded the motion. Motion carried, 5 yea votes to 0 no votes with Director Cronin voting.*

**FINANCIAL REPORT**

Smith briefly reviewed the financials, reporting that revenue for water operations is 7 3/4% below budget, but overall we are on target with revenue and expenses. Quarterly water revenues were also reported with changes since metering and Smith is to present a more detailed report at next month's meeting.

*Director Rothschiller moved to accept the unaudited March financial reports as presented. Director Shropshire seconded the motion. Motion carried, 5 yea votes to 0 no votes with Director Cronin voting.*

**OPERATORS REPORTS**

Sewer Operations: Edwards reported that, overall, sewer flows are down approximately 200,000 gallons from last year.

Water Operations: Edwards reported that water production in the Meadow is up about 36% and that District staff will continue to look for leaks.

**LONG TERM COMPLIANCE WORK PLAN STATUS REPORT**

The manager's report covered the LTCWP construction progress report and the contractor is approximately 4 weeks behind schedule with no significant problems worth reporting. On April 28, Snow Machines Inc. (SMI) will start work on the force main near the ponds. *Edwards, will provide news releases to the public.*

Pat Bouchard is working on the language on the easement document and Edwards does not anticipate any problems getting the easement finalized.

HKM is working on the pipeline realignment and they submitted a change order for \$10,100.

### **WATER FACILITIES PLAN**

Edwards reviewed the information and the options for the water improvements as outlined in the manager's report and as requested by the Board at the March meeting. The District has talked with three adjacent land owners, and no other parties are interested. Edwards does also not see eminent domain as an easy option and a legal opinion dated 1/31/95 was provided in the packet. Director McRae suggested a site in the Spanish Peaks area where they did test drilling and he believes that could connect to the tank in Aspen Groves. Edwards clarified that elevation is a big factor in location selection. Director Cronin expressed the need to explore all options if the McMeekins-Ryan option is not working. Scott Smith, Allied Engineering, discussed the reasons and benefits of the tank location on the McMeekins-Ryans property and commented on drawbacks of other sites. Smith also reviewed the redesign of the tank as worked on with DYK, the tank manufacturer. According to Edwards, McMeekins-Ryans have been sent a draft easement document, plus plans and specs and the District is now waiting to receive approval from them. If this redesign doesn't meet their approval, then there are no other options for McMeekins-Ryans. Responding to Board inquiry, Edwards reported that he felt the easement documents could be wrapped up in a week. Edwards reported that the Blue Grouse easement is done, and Boyne had a few comments on their easements. *The Board directed Edwards to write to McMeekins-Ryan with a deadline of April 30 to have all the easement documents signed.* Edwards didn't think that we needed to have the easement documents signed before the bid opening, only just before signing contracts.

*Director McRae moved to have Edwards notify McMeekins-Ryans of an April 30 deadline to have the easement documents signed. Director Rothschiller seconded the motion. Motion passed, 5 yea votes to 0 no votes with Director Cronin voting. The Board also directed Edwards to inform McMeekins-Ryan that the existing tank size will be increased to the maximum allowed size this year if the easement is not done.*

### **AMEND AGENDA**

*Director Rothschiller moved to amend the agenda, to address items V. B., C., and D. Director McRae seconded the motion. Motion passed, 5 yea votes to 0 no votes with Director Cronin voting.*

### **ORDINANCE 03-1001: RELEASE SFES FOR PERMITTING**

Ray Armstrong reported that 963 SFES have been permitted, and his last report indicated that another 250 could have been released. Armstrong stated that he feels comfortable with a total of 1,250 SFES to be released with the annual flows and golf course irrigation capacity as reported. Armstrong recommended watching the actual flows from the treatment plant and then make decisions on releasing additional SFES. After the treatment plant expansion is complete, then the District would be prepared for the 20-year plan. Director Rothschiller asked if releasing 250 SFES would be a problem for water. Edwards responded that it may be a problem in the Meadow Village area if the new tank is not constructed. Edwards reviewed the big projects planned for construction.

*Director Shropshire moved to waive the first and second reading of Ordinance 03-1001 for releasing 150 SFEs for permitting. Director Rothschiller seconded the motion. Motion passed, 5 yea votes to 0 no votes with Director Cronin voting.*

*Director Shropshire moved to approved Ordinance 03-1001 which releases 150 SFEs for permitting. Director Rothschiller seconded the motion. Motion passed, 5 yea votes to 0 no votes with Director Cronin voting.*

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

The Pines, Building H, Units 1-4: *Director McRae moved to conditionally approve The Pines, Building H, permit application for 6.40 SFEs and fees as calculated by District staff. Director Rothschiller seconded the motion. Motion passed, 5 yea votes to 0 no votes with Director Cronin voting.*

#### **GENERAL CORRESPONDENCE**

Jezeq (Stillwater 1017) Request for Rental Reimbursement:

Edwards provided a review of Jezeq's request of compensation of income loss resulting from a water line repair at Stillwater Condominiums this winter and recommended not approving the request due to precedence setting.

*Director Rothschiller moved to deny Jezeq's request for compensation. Director Shropshire seconded the motion. Motion passed, 5 yea votes to 0 no votes with Director Cronin voting.*

#### **PROPOSED DEVELOPMENTS & SUBDIVISIONS**

The Knob: Edwards explained the engineers' wastewater proposal for 24 units that included grinder pumps with a forcemain system to service the development. Although the system could work, Edwards stated that approving it raises a policy issue as the District currently maintains a gravity system. Edwards presented the following options: 1) The system falls outside of District responsibility and the owner would have to maintain and operate it prior to it dumping into the District's 8-inch main. 2) Totally deny the proposal and have the engineer redesign the system. 3) The District could accept the system as proposed.

Director Wiggins suggested that the District require the developer to follow District standards. Edwards stated the District needs to put together standards with all the specifics, but did not feel it needed to be prepared by the next meeting. *The Board directed Edwards to develop the standards. Edwards will write to the engineers stating that the District requests that they do a gravity system for The Knob development.*

### **PARKING LOT AGREEMENT**

Edwards reviewed the letter from Susan Swimley, that was provided in the board packet, outlining the Meadow Center's concern regarding the indemnification paragraph in the agreement. Edwards reported that John Brown is working with Swimley on this issue to get language that would work for both sides. *The Board directed Edwards to have Brown inform Swimley that the document stays as it is. The Board also directed Edwards to write a letter to the Meadow Center and Curly Shea/First Place summarizing the intent of the agreement which was to allow after hours parking. Edwards is to also include that if the District is not indemnified per the document as written, the parking privilege will be rescinded.* Edwards also informed the Board of Gallatin County's concern on the lack of a berm in the parking. The Board recommended leaving the parking area as is.

### **NEW DEVELOPMENTS & SUBDIVISIONS**

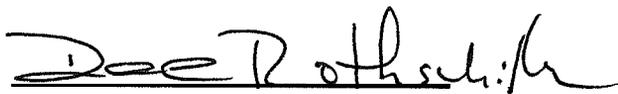
Spanish Peaks Golf Course PUD: Edwards briefly reported on the Spanish Peaks golf course development plan and the possibility of irrigation with District treated wastewater.

### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, May 20, 2003, or Thursday, May 22 at 9:00 AM in the WSD office. Director Shropshire will inform District staff which day he is available. Directors Wiggins, Radick, and Ingraham will not be able to attend the May meeting.

### **ADJOURNMENT**

*Director McRae moved to adjourn the meeting at 10:16 AM. Director Shropshire seconded the motion. Motion passed, 5 yea votes to 0 no votes with Director Cronin voting.*



Dee Rothschiller, Secretary

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- March 24, 2003, 9:00 AM**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 9:00 AM on Tuesday, March 24, 2003, in the WSD Community Room. President Skip Radick and Vice President Dick Wiggins along with Directors Packy Cronin, Wendell Ingraham, Gary McRae, and William Shropshire were present. Secretary Dee Rothschiller was not present.

Others present were WSD staff Ron Edwards, Marlene Kennedy, Terry Smith and Jim Muscat; Lone Peak Lookout writer Marcus Hibdon; Westland/TM representatives Bill Simkins and James Taylor; and Big Sky Community Corp representative Bill Olson. Participating via phone were legal counsel John Brown and HKM engineer Ray Armstrong.

With no public comment, President Radick called the meeting to order at 9:00 AM.

**AMEND AGENDA**

***Director Cronin moved to amend the agenda to address the LTCWP--Forcemain Route. Director Shropshire seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Radick voting.***

**LTCWP--FORCEMAIN ROUTE**

Edwards reviewed Westland/TM's previous request to move the pipeline route in Section 1 and the Boards' denial of the request at their February meeting. Edwards distributed the agreement dated December 17, 2002, "License to Install Utilities Across Westland/TM's Real Property," made between Westland and the District. John Brown reported that the license is useless without an easement and informed the Board of two options; fighting it out in court, or agreeing with Westland/TM's request to move the pipeline at their cost. President Radick stated that both sides' attorneys feel that the agreement does not give the District an easement. James Taylor reviewed what he thought was the history of the original agreement for the pipeline location and presented a new Town Center concept plan that does not include a linear park that the pipeline could follow. The new plan does, however, include a trail that runs through the proposed development. Not wanting the public to feel that Westland/TM's requested change creates an additional charge for pipeline, Taylor stated that the pipeline location was originally along the Ousel Falls route and that there are easements that run along Ousel Falls Road and the section line that could be used. Referencing the original PUD plan, Edwards reported that it had a linear park and the District approached Westland/TM to use the linear park for the pipeline route with the understanding that the District would build a trail on it. And, according to Bill Olson, this would have been about a \$3,500 savings to Westland/TM for the trail they had already agreed to build. President Radick explained that when the District approached Westland/TM, they did not have to change anything to agree to the pipeline route and now since Westland/TM has changed their development plan, they should pay the additional cost. Taylor stated that he does not feel that changing the pipeline location is an additional cost to the District since the District would have originally followed the Ousel Falls road and the reroute would have only saved the District money. According to Bill Simkins, they would not be willing to pay for additional pipeline costs but may be willing to pay for additional engineering costs. Director Ingraham claimed that the District should not cover any

additional costs due to Westland/TM's request. President Radick, with concurrence from Board members, said the District should not have to incur additional engineering costs because Westland/TM changed their development plan. Taylor contended that the encumbrance of the pipeline through the property devalues the land significantly. Ray Armstrong estimated re-engineering costs at \$7,000-10,000. Armstrong said the Ousel Falls route easement is narrow and could possibly cause additional restoration costs. The section line would be a better route, but there are some utilities already located there that might have to be relocated. The majority of the Board agreed that the two parties need to work together, splitting the re-engineering costs 50/50, and that a trail needs to be in Section 1. As directed by the Board, Armstrong is to start work effective today on the surveying and engineering a new route. Armstrong estimated that the drawings will be out to the contractor within a couple of weeks. *HKM, Edwards and John Brown will work on the necessary easements.*

***Director Cronin moved to authorize HKM Engineers to work on engineering to relocate the pipeline along the west side of Section 1 and to split the engineering cost 50/50 with Gallatin Peaks. During discussion, the Board agreed to Taylor's request that the District initially pay for the engineering and then bill Gallatin Peaks. Director Wiggins seconded the motion. The motion passed with 5 yeas and 1 no vote that was cast by Director Ingraham.***

The Board, Simkins, Taylor, and Olson discussed the necessity for a trail in Section 1.

#### **APPROVAL OF MINUTES**

***Director McCrae moved to approve the regular meeting minutes of February 18, 2003, as written. Director Shropshire seconded the motion. Motion carried, 5 yeas and 0 no votes with President Radick voting. Director Wiggins was not present for this vote.***

#### **FINANCIAL REPORT**

Smith briefly reviewed the financials, noting that the water revenue is down about \$40,000 due to overestimating our revenue for the year. The sewer revenue is up about 5% which is close to offsetting the water revenues. A capital improvement to the filter building was completed last week.

***Director Wiggins moved to accept the unaudited February financial reports as presented. Director Shropshire seconded the motion. Motion carried, 6 yeas and 0 no votes with President Radick voting.***

#### **OPERATORS REPORTS**

Sewer Operations: Edwards reported that, overall, the District is down about 250,000 gallons for the same period last year.

Water Operations: The meadow water production is up considerably from a year ago and the District will be checking the meter to make sure that it is not giving faulty readings. Muscat is concerned that the water use is too high compared to the sewer flows. Muscat still believes that there are some substantial leaks in either WestFork, or Meadow Village.

Rate Structure: Edwards reported that the water meter data for the *sewer rate study will be sent to Carl Anderson after the end of our 1st quarter billing March 31.*

Low Don Road: Edwards reported that the upper 400 feet of water and sewer lines still need to be completed and the contractor plans to startup again in June. He also reported that the District has received calls about the condition of Low Dog Rd. *The Board directed Edwards to inform the property owners that the road condition will be rough until construction can begin in the spring and to also inform the owners of the construction schedule.*

### **LONG TERM COMPLIANCE WORK PLAN STATUS REPORT**

Construction Report: The manager's report covered the progress on the treatment plant. Overall, we are about 4 weeks behind the project schedule and the construction manager feels that they will get back on schedule with the deletion of the bridge. Edwards noted that Westland/TM has entitlement to the pile of dirt and he would like to get that issue resolved so that we can get rid of the pile. *The Board directed Edwards to get that issue resolved.*

#### Bin EZ Easement:

Edwards has e-mailed Pat Bouchard, with Bouchard reporting that they have just finished a land sale that side tracked them and their intent is to grant an easement to the District. *The Board directed Edwards to inform the Big E-Z of an April deadline to get the easement done before construction commences.*

### **WATER FACILITIES PLAN**

Edwards reported that the McMeekins-Ryans have been sent another easement draft and that the project has been advertised for bid. According to Edwards, the District is bidding the project in anticipation of getting the easement. A pre-bid meeting, with approximately 17 people attending, was held on March 21, 2003. The access through Hidden Village will be difficult due to the narrow roads. The District needs to address the costs of road restoration in Hidden Village and the amount of money the District is willing to contribute. *The Board directed Edwards to get some cost estimates for road repair.* Edwards feels that the bid estimates for the tank will come in higher and the District may need to explore locating the tank higher due to difficult access to the current tank site. Bid opening is April 7, but that may be pushed back one week. If the District can't get the easement, the project may be delayed for one season and the Board may need to go a plan B, which may be even more difficult. Director Ingraham stated, that as a Board, easements need to be in place before we begin a project. *The Board directed Edwards to research and define our other options prior to the next Board meeting.* Director Ingraham, with other Board members in agreement, directed Edwards to have alternative plans ready if easements are not in place with the Big E-Z and McMeekins-Ryans by the next meeting. Director Shropshire also requested that the collateral costs (HV road, etc.) be prepared prior to the next meeting. According to Edwards, the District does have condemnation powers.

*The Board directed Edwards to inform McMeekins-Ryans of an April deadline to resolve the easement issue. The Board also directed Edwards to have engineers verify that the District*

*has the Sweetgrass Hills location alternative and the ability to increase the existing HV tank size. If the engineers verify the alternatives, Edwards and Radick will send a letter to the McMeekins-Ryans outlining the District's alternatives.*

### **PROPOSED DEVELOPMENTS & SUBDIVISIONS**

Lone Moose Meadows: LMM is finishing up the punch list and Edwards sent a draft conveyance agreement that should be completed within the next month.

### **LEGAL ISSUES**

Legal Services Agreement: Edwards explained that the attorney-client agreement provided by John Brown was an update from our agreement from the late 1980s and was requested earlier by the Board.

***Director Ingraham moved to approve the agreement as presented which outlined the scope of services and fees. Director Wiggins seconded the motion. Motion passed, 6 yeas votes to 0 no votes. with President Radick voting.***

### **NEW DEVELOPMENTS & SUBDIVISIONS**

The Knob: This Cascade property will be subdivided for 24 SFR condo buildings & skier locker facilities. The District is reviewing the sewer and water extension plans and the developer plans on starting the extension work this spring. A booster station will be needed for the water system.

Alpenglow: This property near Skycrest includes 60 units or 112 SFEs. The District is reviewing the sewer and water extension plans and the extension work is to be done this summer.

Lone Moose Meadows: Sewer and water extension plans have been submitted for District review and the developer would like to do the work this summer. LMM gets 48 total units for connection, including the existing 16 units, prior to YC having their work done as outlined in the agreement.

### **SFE CAPACITY**

Edwards reported that he is waiting for the engineer's report to enable the District to release additional SFEs. Director Ingraham suggested that Armstrong give the District a final capacity of SFEs under the interim action plan with certain assumptions. *President Radick directed Edwards to have Armstrong present a total number of SFEs for current capacity for the April meeting. The Board will release a number of additional SFEs at the next meeting.*

### **SEWER & WATER PERMITS**

Edwards reported that 59.27 SFEs remain for permitting.

Graetz Request: Edwards explained that Graetz applied for his permit last fall and the permit fees were due in January. Graetz now has requested an extension to pay the fees on May 15. Concerned with precedence setting, the Board rescinded the application from the date of the permit application with 180 day delay to reapply.

Spanish Peaks Club--Phase I: *Director Ingraham moved to conditionally approve the Spanish Peaks Club Phase I sewer permit application for 20.44 SFEs as submitted and with fees as noted by District staff. Director Cronin seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Radick voting.*

#### **RESORT TAX APPLICATIONS**

Edwards reported that the resort tax applications are due on April 9 and last year the water project was not funded. Edwards recommended that the District apply for water improvement funding of \$50,000- 100,000. Muscat informed the Board that the application now includes that other funding options must be reported on the application. President Radick remarked that we do not need to look beyond West Yellowstone for an example of what the resort tax was created for, and infrastructure is a priority. For this year's application, Muscat will, as a resort tax board member, ask what percent should the tourist dollars pay. Muscat strongly recommended separating the water and sewer requests, and to simplify the application. The Board expressed the need for the application to present a point that the entire community can relate to--that this money is for water storage for fire protection.

#### **GENERAL CORRESPONDENCE**

BSOA Land Acquisition: The Board discussed the memo that Edwards wrote to BSOA membership and the statement of 55 acres of land will be transferred from private to public interests for park and open space. ***The Board directed Edwards to clarify that the District's land has no formal restriction as open space with the BSOA.***

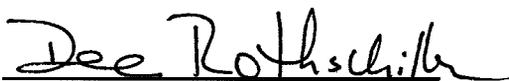
*Director Cronin moved to allow President Radick to vote in favor of the BSOA acquisition of the land. Director Shropshire seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Radick voting.*

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Monday, April 14, 2003, at 9:00 AM in the WSD office. President Radick and Vice President Wiggins will be out of town until June. Director McRae will not be available from April 17-27. Effective April 16, Director Cronin will be unavailable for a couple of weeks.

#### **ADJOURNMENT**

***Vice President Wiggins moved to adjourn the meeting at 11:30 AM.***

  
Dee Rothschilder, Secretary

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- February 18, 2003, 8:00 AM**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 8:00 AM on Tuesday, February 18, 2003, in the WSD Community Room. Board members present were President Skip Radick, Vice President Dick Wiggins, Secretary Dee Rothschiller, Director Packy Cronin and Director Gary McRae. Director William Shropshire participated via telephone beginning at 8: 14 AM. Director Wendell Ingraham was not present.

Others present were WSD staff Ron Edwards, Marlene Kennedy, Terry Smith and Grant Burroughs.

With no public comment, President Radick called the meeting to order at 8 :08 AM.

**APPROVAL OF MINUTES**

*Director Wiggins moved to approve the regular meeting minutes of January 21, 2003, as written. Director Rothschiller seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Radick voting.*

**FINANCIAL REPORT**

Smith reported that the earthquake insurance was renewed through a local company, Central Insurance, at a lower cost than Hoiness Labar quoted. In regards to the budget, water expenses were higher due to the new Cascade system assets and new depreciation expense for those assets.

*Director Rothschiller moved to accept the unaudited January financial reports as presented. Director McRae seconded the motion. Motion carried, 6 yea votes to 0 no votes with President Radick voting.*

Smith explained the 457 Deferred Compensation Plan being offered through MPERA and asked that the Board approve the MPERA standard resolution and agreement as presented. The Board approved the voluntary participation of its employees in the 457 Plan and authorized Smith to use regular work time to administer the voluntary deferred compensation plan. Smith also noted that the WSD, as the employer, may also contribute to the plan but that the resolution and agreement as presented did not ask for employer contribution.

*Director McRae moved to approve Resolution 03-01: Agreement for Participating in the Montana Public Employee's Retirement 457 Deferred Compensation Plan, as presented. Director Cronin seconded the motion. Motion carried, 6 yea votes to 0 no votes with President Radick voting.*

**OPERATORS REPORTS**

Sewer Operations: Burroughs reported that there was no news on the wastewater system. Following up on the sewer backup on the Mountain near Sioux Road, Edwards reported that the State did issue a warning letter over the sewer spill, but did not fine the District. A copy of the State's letter was provided in the Board packet.

Water Operations: Edwards reported that the January flows indicate a 33 % increase in the Meadow and that Muscat is looking for possible leaks. Muscat is reviewing drawings to see if a valve is open or if a line is faulty. Although leak detection is usually done in the summer, Muscat may bring in the leak detection crew early if we cannot locate the problem. The water on the mountain is down 5 % from last year. Edwards reported that the fire department waived the fire sprinkler requirements for the new Ring/Stoner building in the Meadow Village Commercial Center since the developer was able to prove that the fire flow tests were sufficient to meet the state requirements.

### **LONG TERM COMPLIANCE WORK PLAN STATUS REPORT**

Construction Report: A summary of the construction progress was provided in the manager's report. Edwards stated that the contractor has only been shut down for a couple of days due to winter weather and, overall, the project is about 3 weeks behind the original schedule. In Edwards' opinion, the contractor should get back on schedule with better weather and with deleting the bridge construction now that the land acquisition has been completed.

***Director Cronin moved to delete the bridge construction work from the contract. Director McRae seconded the motion. Motion passed, 6 yeas votes to 0 no votes with President Radick voting. Edwards will send written notification to the contractor regarding the bridge deletion.***

Color Selections: Edwards distributed two color renderings of the treatment building; zinc grey or weathered copper for the fascia and sandstone for the siding.

***Director Cronin moved to approve the zinc grey and sandstone color combination. Director Wiggins seconded the motion. Motion passed, 6 yeas votes to 0 no with President Radick voting.***

Edwards reviewed the fencing color options and recommended the grey color as the best choice of the four presented. Since there was no need for an immediate decision, the Board delayed any action on fencing color. The Board directed Edwards to continue to look into matching the existing sage colored fence.

Bin EZ Easement: Edwards reported on his conversation with Pat Bouchard and that Bouchard is working on getting the agreement approved. Bouchard could not tell Edwards if the \$2,500 compensation was going to be accepted. *President Radick asked that Edwards discuss with Bouchard the possibility of the Big EZ donating the easement instead of the \$2,500 compensation, or increasing the compensation.* Edwards will call Bouchard next week if he has not heard from him.

Land Acquisition: Edwards reported that the county approved the 33-acre COS and American Land Title handled the closing on February 7. *Edwards will have President Radick sign the easement access agreement on the remaining property.*

Access Road Alignment and Design: Edwards reported on the road alignment through the BSOA park and HKM's proposal to add some fill, which would lessen the grade coming down the hill. Board members supported the proposed alignment as presented and will address the issue of fill when a change order is submitted. *Edwards will send a letter to the BSOA Board explaining the road alignment and HKM's suggested improvements that BSOA may elect to have done at the same time as the road work. Edwards will also work with Bill Olsen.*

Forcemain Route Change: As notified by Westland/TM, Edwards reported that prospective new buyers have told Westland/TM that they want to reconfigure the development and that the forcemain pipeline needs to be moved to allow for the ability to re-plot the development without pipeline concerns. Edwards and Ray Armstrong looked at the feasibility of a realignment and presented an alternate route bordering Westfork, South Fork and the Town Center. Since the District already has a signed license with Westland/TM, Board members agreed that Westland/TM or the new buyer should incur any engineering and added pipeline expenses if the pipeline is realigned. Board members expressed concern about changing the alignment since it had included a trail on top of the pipeline and that the land owners in Westfork probably would not like the realignment. Board consensus was to not support moving the pipeline. However, Board members stated their willingness to work with Westland/TM within reasonable guidelines or parameters, but not at the expense of inconveniencing other property owners or eliminating the proposed trail. Board members suggested the possibility of locating the forcemain in the street.

Project Financing: Edwards explained that the change order no. 1 to the Bode11 contract was for an increase for moving the dirt and to change the water line from PVC to ductile iron.

### **WATER FACILITIES PLAN**

Edwards reported that the plans are done and will be submitted to DEQ. Allied Engineering has estimated a construction start date of May 1 even though the District is still working with McMeekins-Ryan on the access issue. Edwards will continue to work on the access issue, possibly trying to get access through the ski trail area as another alternative route. In 1993 there was a COS that showed a road easement through the lot, but with the property transfers Edwards is not sure if this is still viable. Edwards will be sending information to the McMeekins-Ryans to resolve their concerns, but so far have been reluctant to allow access to the site from the Gallatin Highlands road. There was an easement recorded through Hidden Village years ago, but Edwards would like to find additional routes due to the sharp turns and narrow road in that development. Edwards will contact Hidden Village Owners Association and let them know what is going on with the project and the District's need for access. The owners association may want to delay any road repairs until after the District's project is complete.

### **SECTION 1/UPLANDS RESIDENTIAL AREA--CONNECTION EXEMPTION**

The District received a letter from Westland/TM asking that the south half of section 1 area be exempt from connecting to the District sewer and water systems so they can make that disclosure to potential buyers. Edwards explained that by District ordinance requirements,

the property would be exempt from connection anyway unless the developer runs central water and sewer to it. In which case, then all the District rules and regulations would apply. The Board did not have any problems with the request and Edwards will respond to their letter.

### **SEWER & WATER PERMITS STATUS REPORT**

Edwards announced that the District will need to release additional SFEs to have sufficient SFEs available when the Spanish Peaks Club submits an application for their Meadow Village condominium project. Edwards will prepare a resolution to release additional SFEs for board approval at the March meeting.

### **BIG SKY CHAPEL PLANT INVESTMENT CHARGE DEFERRAL**

In response to the Big Sky Chapels request for a reduction in their plant investment charges, Edwards provided the history of the Chapel's plant investment deferment that the District Board agreed to when the Chapel was built. On behalf of the Chapel, Walter Ainsworth has asked the District to waive the fees, or to accept payments now instead of waiting until 2008 for payments. Smith presented a few present value scenarios on the debt. The Board discussed their concern of the precedent it would set if the Board changes such agreements made by previous boards. The Board agreed to allow the Chapel to start paying off their debt now, which would allow them to get it off their books prior to 2008. Or, the Chapel could approach the Board in 2008 and stick with their original agreement.

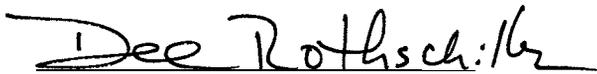
*Director Cronin moved that the District follow the original agreement but allow the Chapel to come to the District with an alternative payment plan to get to the original payment date of 2008. Director Wiggins seconded the motion. Motion passed, 6 yeas votes to 0 no votes with President Radick voting.*

### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, March 25, 2003, at 8:00 AM in the WSD office.

### **ADJOURNMENT**

*Director Rothschiller moved to adjourn the meeting at 9:28 AM. Director Wiggins seconded the motion. Motion passed, 6 yeas votes to 0 no votes.*



Dee Rothschiller, Secretary

C:\02-18-03.min (Board Approved 3/24/03)

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

**Acceptance of Monthly Financial Statements**

Date 4/11/2003

The Board of Directors at its 4/14/2003 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	3/31/2003
Assets:	<u>\$ 30,156,692</u>
Liabilities	<u>\$ 10,835,875</u>
Equity	<u>\$ 19,320,818</u>

2 Income Statement as of	3/31/2003
Total Revenues	<u>\$ 2,058,321</u>
Total Expenses	<u>\$ (1,150,678)</u>
Net Revenues	<u>\$ 907,643</u>

  
\_\_\_\_\_  
Paul Cronin, Director

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

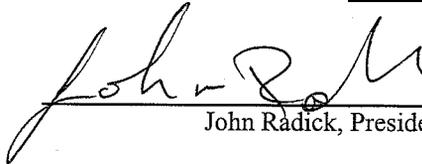
**Acceptance of Monthly Financial Statements**

Date 3/24/2003

The Board of Directors at its 312412003 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>2/28/2003</b>
Assets:	<u>\$ 29,256,933</u>
Liabilities	<u>\$ 9,980,264</u>
Equity	<u>\$ 19,276,668</u>

2 Income Statement as of	<b>2/28/2003</b>
Total Revenues	<u>\$ 1,905,326</u>
Total Expenses	<u>\$ (1,041,832)</u>
Net Revenues	<u>\$ 863,493</u>

  
\_\_\_\_\_  
John Radick, President

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

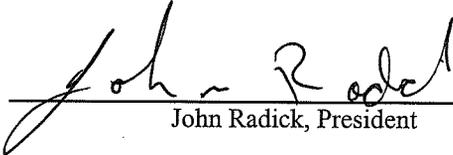
**Acceptance of Monthly Financial Statements**

Date 2/11/2003

The Board of Directors at its 2/18/2003 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	1/31/2003
Assets:	<u>\$ 29,225,264</u>
Liabilities	<u>\$ 9,947,015</u>
Equity	<u>\$ 19,278,249</u>

2 Income Statement as of	1/31/2003
Total Revenues	<u>\$ 1,762,960</u>
Total Expenses	<u>\$ (932, 886)</u>
Net Revenues	<u>\$ 830, 074</u>

  
\_\_\_\_\_  
John Radick, President

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

**Acceptance of Monthly Financial Statements**

Date 1/13/2003

The Board of Directors at its 1/21/2003 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	12/31/2002
Assets:	<u>\$ 29,146,850</u>
Liabilities	<u>\$ 9,930,152</u>
Equity	<u>\$ 19,216,698</u>

2 Income Statement as of	12/31/2002
Total Revenues	<u>\$ 1,614,504</u>
Total Expenses	<u>\$ (810,981)</u>
Net Revenues	<u><u>\$ 803,523</u></u>

  
Dick Wiggins, Vice President

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- January 21, 2003, 7:30 AM**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 7:30 AM on Tuesday, January 21, 2003, in the WSD Community Room. Vice President Dick Wiggins chaired the meeting with the following board members present: Secretary Dee Rothschiller and Directors Gary McRae, William Shropshire, and Wendell Ingraham (arrived at 8:35 AM). President Skip Radick and Director Packy Cronin were not present.

Others present were WSD staff Ron Edwards and Marlene Kennedy and Lone Peak Lookout writer Marcus Hibdon. Participating via telephone were legal counsel John Brown and HKM engineer Carl Anderson.

With no public comment, Vice President Wiggins called the meeting to order at 7:55 AM.

**APPROVAL OF MINUTES**

*Director McRae moved to approve the regular meeting minutes of December 17, 2002, as written. Director Rothschiller seconded the motion. Motion carried, 4 yea votes to 0 no votes with Vice President Wiggins voting.*

*Director Shropshire moved to approve the special meeting minutes of January 16, 2003, as written. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Wiggins voting.*

**FINANCIAL REPORT**

Edwards briefly reviewed the financials, noting that the water revenues have dropped off due to lower water usage. Water operating expenses are approximately 2.3 % over budget due to underestimating depreciation, well repairs, and booster station repairs. Overall, the budget projections are on target. The District is working on insurance coverage and Smith will provide a report at a later meeting.

*Director Rothschiller moved to accept the unaudited December financial reports as presented. Director McRae seconded the motion. Motion carried, 4 yea votes to 0 no votes with Vice President Wiggins voting.*

**OPERATORS REPORTS**

Sewer Operations: Edwards reported that the dam compliance reporting has been done for the storage ponds and that there were no significant findings. A copy of the full report is available at the District office for review. Edwards reported on a sewer backup in Cascade Subdivision that was caused by an old piece of PVC pipe lodged in the line. The problem has been fixed. A spill report was filed with the State and the State will probably issue a violation letter. Year end flow summaries show that the flows were up 1.5 % . Edwards believes that there are still I & I problems due to the high flows in March 2002, when not many people were here.

Water Operations: Water production has increased 19 % in the Meadow Village, 9.7 % in Mountain Village, and 36.5 % in Aspen Groves.

### **LONG TERM COMPLIANCE WORK PLAN STATUS REPORT**

Edwards reported that, overall, he is happy with the construction progress but we are 2-3 weeks behind schedule. Edwards distributed color charts for the perimeter fencing and metal sides for the compost building. Edwards has asked the architects for input on selecting the color of the building, so as to match other District buildings. Regarding the fencing color, Edwards will talk to Bode11 to see if they can match the District's existing fence color.

HKM engineers and Edwards met with the Army Corp of Engineers on January 13, 2003, to explain that the force main project is the District's project, and not the Yellowstone Club's. Overall, Edwards felt that the meeting had gone well. EPA's issues were the location of the pipe through the road which crossed the Yellow Mule Creek and the compliance issue with YC. Now that the line location has been changed, EPA does not have a problem with the project. The Army Corp of Engineers still wants additional wetland delineation and the District will try to delineate as much as possible with aerial photos.

Edwards sent a letter to the Big E-Z requesting a decision on the easement access and has not yet received a written response. Pat Bouchard has told Edwards that he would like to work with the District and negotiate the easement within the \$2,5000 compensation originally discussed. If the easement can be negotiated, it will save the District about 1,500 feet of pipe. The savings by shortening the pipeline could be used to further negotiate an easement price. *Director Wiggins will also talk to Martha Johnson regarding the easement issue.*

The Dispute Review Board members met on January 9 to get a feel for the project. With no issues up for consideration at this time, the next meeting will probably be in June when the second contractor gets started.

Regarding project financing, Edwards sent letters to the counties describing the project and requesting that they begin the process of certifying the tax roll. Edwards will meet with Madison County this week to start preparing a certified list for the tax roll. Edwards will set up a meeting with Gallatin County to do the same.

### **LEGAL ISSUES**

Hall Litigation: Participating via phone, John Brown reported that he has a meeting set up with Steve Barrett tomorrow. Brown reported that Boyne still wants to exchange Teton Tract SFE surcharges for Skycrest's unencumbered SFEs. Edwards noted that the Board wants SFE surcharges paid before using unencumbered SFEs, realizing the monies up front. Boyne recently used unencumbered SFEs to develop more Powder Ridge cabins. Edwards reiterated the Board's concerns regarding the draft agreement that was reviewed a few months ago. Edwards also reviewed Boyne's SFE allocations, noting that 1225 SFEs can be used for new development. Brown recommended that the Board look at the SFE exchange as not as giving something up, but as getting something and making sure the surcharge SFEs are paid up front. Director Ingraham suggested that Boyne pay the surcharge on the Teton Tract and then the lawsuit would go away. Brown believes that is what Boyne is trying to do. Edwards said there are two ways to settle the lawsuit: 1) Boyne pays the surcharge, or 2) transfer 64 unencumbered SFEs to Teton Tract. Director Ingraham stated that the District

should not be trying to settle the divorce lawsuit for Hall and Boyne/Kircher. ***The Board was in agreement to offering Boyne one year to pay the surcharge to the District, or Sarah Hall, to make the lawsuit go away. John Brown is to look at our hold harmless agreement in the settlement and to also check into having Boyne pay our legal fees on the Hall lawsuit per the 1997 Settlement Agreement.***

Parking Lot Easement: Edwards distributed the parking lot easement that was drafted by Brown. The Board reviewed and approved the agreement and Brown will have Susan Swimley review and, hopefully, approve it.

***Director Rothschiller moved to approve the parking lot easement as drafted. Director McRae seconded the motion. Motion passed, 5 yeas votes to 0 no votes with Vice President Wiggins voting.***

### **PROPOSED DEVELOPMENTS & SUBDIVISIONS**

Lone Moose Meadows: Edwards reported that LMM is still working on some punch list items.

Boyne SFE Allocation: Edwards stated that there is still an issue with Broadwater Tract 9 and, according to Edwards, the SFEs should be at 38 instead of 72 and will remain at 38 unless Boyne's engineers can prove it should be another figure. Once everything is finalized, Edwards would like to present one amendment to the ordinance with the amended Table 3.0-1. *Edwards will be working on a revised Boyne property list where the surcharge applies.*

### **PROPOSED SEWER RATES**

Participating via telephone, HKM engineer Carl Anderson reviewed the new draft spreadsheet that presented five rate alternatives using the existing O&M budget. Anderson suggested using alternative two or three. Edwards noted that the water meter data was from November 2001 through March 2002 and that sewer bills would have to be adjusted every year based on 6 month winter averages. Edwards noted that by the end of March 2003, there would be a more complete picture on usage. ***Board members were in agreement that the District needs more water use data prior to setting a new sewer rate as the intent of metering was to charge the high user more than the low user. The Board recommended waiting until after March 2003 to set new sewer rates so that the 1st quarter water data is available per class, condo, single family, commercial, etc. Anderson asked that the District also try to get the occupancy figures from the Mountain Inn and Boyne. Edwards and Anderson will work on rate structures in different classes. Director Ingraham asked if the Board should look at different rate structures. Director Shropshire believes that there should not be a differentiation in rate for different classes. Anderson reported that Billings bases their rates on tap size. Anderson and Edwards recalled that the Board had decided to go with one rate since the cost of treatment is the same. Edwards will prepare a summary of rates from other communities. The Board recommended logging any billing complaints to see if there is a pattern. Edwards will prepare a table with different users with the rate work in March. The Board will also revisit the vacant lot charge.***

**NEW DEVELOPMENTS**

*Cascade: Boyne is requesting a plat change to reduce the number of lots. Edwards will write to the county, saying the District is not affected by the change and the development will be limited to the allocated SFEs. The Board recommended copying appropriate District correspondence to BSOA, or others that have some sort of overview.*

Tract 11: The Board briefly discussed the proposed development plans for Tract 11.

**SEWER & WATER PERMITS**

Edwards reported that 73.8 SFEs remain for permitting.

**GENERAL CORRESPONDENCE**

No general correspondence required Board action.

**NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, February 18, 2003, at 8:00 AM in the WSD office.

**ADJOURNMENT**

*Director Rothschiller moved to adjourn the meeting at 9:50 AM. Director McRae seconded the motion. Motion passed, 5 yea votes to 0 no votes.*



Dee Rothschiller, Secretary

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Special Meeting -- January 16, 2003, 8:00 AM**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting for 8:00 AM on Thursday, January 16, 2003, in the WSD Community Room. Board members present were President Skip Radick, Vice President Dick Wiggins, Secretary Dee Rothschiller, Director Packy Cronin, and Director Gary McRae. Director William Shropshire participated via telephone. Director Wendell Ingraham was not present.

Others present were WSD staff Ron Edwards, Marlene Kennedy, and Jim Muscat; and Lone Peak Lookout writer Marcus Hibdon. Legal Counsel John Brown participated via telephone.

**PUBLIC FORUM**

With no public comment, President Radick called the meeting to order at 8: 15 AM.

**LAND ACQUISITION**

John Brown commented on the land acquisition in Section 31, noting that 10 SFEs will remain with the property for future public facilities if needed and that the access easement is acceptable as written. Director Rothschiller reported that BSOA has reviewed the agreement and approves of the document. Edwards announced that the parcel of land is 32.96 acres, larger than the District originally thought. According to Edwards, the Certificate of Survey has been filed with the County and they should have it approved within 30 days. Edwards recommended that the Board execute the agreement today, even though the closing cannot occur until after the County approves the COS. Edwards confirmed that the money was available for the purchase of the land and explained the money distribution plan as approved by Westland/TM.

***Director Cronin moved to accept the "Agreement to Sell and Purchase Real Property and Extinguish Cost Share Obligations Regarding Bridge" as prepared. Director Rothschiller seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Radick voting.*** Per the Board's request, Brown will review the title policy prior to closing.

Edwards distributed an agreement to terminate the cost share obligation for bridge construction made between Westland/TM and the District.

***Director Rothschiller moved to approve the "Agreement to Terminate Bridge Construction and Cost-Share Obligations," subject to John Brown's review and approval. Director McRae seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Radick voting.*** President Radick will sign the agreement today, if it is reviewed and approved by legal counsel.

On behalf of the WSD, President Radick offered that the District send BSOA a letter supporting their efforts to acquire the remaining Westland/TM land in Section 31 for the community park area. Director Rothschiller stated that BSOA would appreciate a letter of support from the District.

**SFE REALLOCATION**

Edwards reviewed Westland/TMs reallocation application and recommended Board approval as submitted. According to District ordinance, and as acknowledged during Board discussion, Westland/TM has the right to reallocate SFEs to any property Westland/TM owns.

***Director McRae moved to approve Westland/TM's application to reallocate 325 SFEs from Section 31 to undesignated Town Center and Section 1 lands as requested. Director Wiggins seconded motion. Motion passed, 6 yea votes to 0 no votes with President Radick voting.***

**LONG TERM COMPLIANCE WORK PLAN: BIG E-Z EASEMENT**

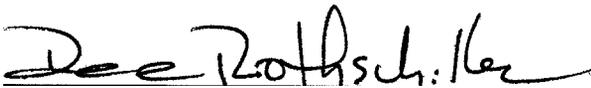
Edwards reported that the Big E-Z is still working on providing an easement to the District. The Big E-Z may ask for monetary consideration and the District had previously offered **\$2,500.**

**NEXT MEETING**

The next Board meeting is scheduled for Tuesday, January 21, 2003, at 7:30 AM in the WSD office. President Radick will be out of town until mid February and Director Cronin will not be able to attend the January meeting.

**ADJOURNMENT**

***Director Shropshire moved to adjourn the meeting at 8:40 am.***



Dee Rothschilder, Secretary