

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

Acceptance of Monthly Financial Statements

Date 1/20/98

The Board of Directors at its 1/20/98 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

Statement of Condition as of 12/31/97

|             |                     |
|-------------|---------------------|
| Assets:     | <u>\$ 9,656,852</u> |
| Liabilities | <u>\$ 6,054,402</u> |
| Equity      | <u>\$ 3,602,450</u> |

2 Income Statement as of 12/31/97

|                |                   |
|----------------|-------------------|
| Total Revenues | <u>\$ 752,225</u> |
| Total Expenses | <u>\$ 87,172</u>  |
| Net Revenue    | <u>\$ 665,053</u> |

Wendell Ingraham  
Wendell Ingraham, President

01-20-98  
Date Signed

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

### **Regular Meeting -- December 11, 1997, 3:00 pm** BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:00 pm on Thursday, December 11, 1997, in the BSOA Conference Room. President Wendell Ingraham, Secretary Dee Rothschiller, and Directors Stewart Peacock (arrived at 4:00 pm), Jack Crowther, **Packy** Cronin, and Bill Neece were present. Director Skip Radick was not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs, Jim Muscat and Marlene Kennedy; Lone Peak Lookout writer **Scotty** Fletcher (arrived at 3:37 pm); and Melissa Cronin as a member of the public.

With no public comment, President Ingraham called the meeting to order at 3:17 pm.

#### **APPROVAL OF MINUTES**

The minutes of the November 25, 1997, Regular Meeting were reviewed and approved as amended, changing the Secretary signature line to Dee Rothschiller. ***Director Rothschiller moved to approve the minutes. Director Neece seconded the motion. Motion carried, 5 yeas to 0 no votes with President Ingraham voting.***

#### **FINANCIAL REPORT**

Sewer Operations November Financial Reports: Dutton reviewed the sewer operations financial reports. President **Ingraham** noted the need to track/accrue the sewer permit fees for allocated SFES. Future permit fee accruals are to be booked once the Board approves a sewer application. President **Ingraham** requested that staff comment quarterly on the status of budget line items if the line items fall into a negative situation. The Board discussed the current procedure and other options for collecting delinquent accounts.

***Director Crowther moved to approve the Sewer Operations November Financial Reports. Director Rothschiller seconded the motion. Motion passed, 5 yeas to 0 no votes with President Ingraham voting.***

#### Water Operations November Financial Reports:

Dutton reviewed the water operations financial reports. Edwards noted that the Board may have to set policy to insure compatible telemetry prior to accepting water systems from new developments.

***Director Crowther moved to accept the Water Operations November Financial Reports. Director Rothschiller seconded the motion. Motion passed, 5 yeas to 0 no votes with President Ingraham voting.***

#### Water Operations Draft Budget:

Edwards reviewed the draft water operations budget provided in the Board packet. As proposed, the SFE rate would go from the current \$7.95 per SFE per month to \$17.50 per SFE per month if the draft budget is adopted. Edwards recommended hiring Matt Williams, a water rights attorney, to clean up the LMS water rights. Dutton reported that the water operations billing data base should be converted to the Black Mountain software in January and that staff plan to do the April billing on the new system. Line item 7010 is for hiring a certified operator primarily as water operations field personnel. The line item for 7347 is based on the

assumption that the District will lay the water line to the property boundary lines. The Board requested that Edwards will discuss the funding of fire hydrant replacement with Bob Stober, Big Sky Fire Department. The Board discussed using the \$250,000 April 1998 Boyne settlement payment for some of the water operations costs.

Edwards recommended getting the switch overs for manual power done and to also have a generator to provide emergency power in a power outage. The Board authorized Edwards to expend monies to provide for the backup power.

In regards to metering for new construction, the Board recommended that the user should cover the costs. For retrofitting, the Board discussed splitting the costs, by either having the owner buy the meter and the District cover the cost of installation, or by doing the opposite.

FY 96-97 Audit Adootion:

***Director Neece moved to adopt the FY 96-97 Audit and Financial Report. Director Crowther seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Ingraham voting.***

Accounts Pavable Policy:

Dutton distributed the proposed accounts payable policy requesting the Board to consider it for adoption at their January 1998 meeting.

**OPERATOR'S REPORT**

Monthlv Flow Reports: The Board discussed the flow reports distributed by Burroughs. Edwards recommended that for more accurate flows, the Meadow flume needs to be replaced, possibly costing around \$30,000.

***Director Peacock motioned to authorize the replacement of the meadow flume, spending up to \$30,000. Director Cronin seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Ingraham voting.***

Extensions: Burroughs reported on the sewer extensions. **Craik Creek** sewer extension has been completed, as-builts have been submitted, and a walk through has been done. The necessary paperwork to transfer ownership to the District will be prepared by District staff. **Southfork** sewer extension has been completed and a walk through has been done. As **builts** still need to be submitted. **Northfork Creek** sewer extension has been completed and a walk through has been done. As **builts** still need to be submitted. **Cascade** sewer extension is significantly complete with a walk through to be done. The water extension is finished, but they still need to do testing and fill the tank. Burroughs is not aware of a completion schedule.

Testing: Burroughs noted that the annual testing requirements will be done by December 31, 1997.

**SRF BOND RESOLUTION 97-01, First Reading:**

Edwards distributed the debt service schedule prepared by the Department of Natural Resources (DNRC). Under the District's Bylaws, three readings are required unless the readings arc

suspended. Edwards recommended that the Board suspend the readings and adopt the resolution at this meeting. This District will close on this SRF loan at the next Board meeting.

*Director Neece moved to suspend the three readings of SRF Bond Resolution 97-01 entitled "RESOLUTION RELATING TO THE WASTEWATER SYSTEM; CREATING SPECIAL FUNDS AND ACCOUNTS FOR THE ADMINISTRATION OF MONEY DERIVED THEREFROM AND DEFINING THE TERMS AND MANNER OF PAYMENT OF \$417,000 GENERAL OBLIGATION BOND (DNRC REVOLVING LOAN PROGRAM), SERIES 1998" and to adopt the Resolution. Director Rothschiller seconded the motion. Motion passed, 6 yea votes to 0 no votes with a roll call vote as follows: Neece-yea; Cronin-yea; Peacock-yea; Crowther-yea; Rothschiller-yea; Ingraham-yea.*

President **Ingraham** signed the letter of commitment of \$417,000.

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

Edwards revisited the proposed scheduling for submitting the plan to DEQ as outlined in the manager's report. Edwards and MSE-HKM will send the plan to DEQ on the tentative date of December 19, 1997.

#### **IAWP PROGRESS REPORT**

Filter Package: Edwards reported on his recent meeting with John Brown. Brown will draft a letter to set a 40-day deadline to have the filter at Big Sky. Edwards reviewed the key dates as submitted by MSE-HKM with the drop dead date of February 24, 1997. If Williams does not comply, the worst case situation would be for the District to get the filters directly from US Filter and **find** another installer.

#### **BOYNE SETTLEMENT**

C&H has the surveying work done on the Spur Road land and golf course storage (pond 5). Wheat will prepare the Quit Claim deeds once the surveying information is submitted to him. SRF monies for water system will require a facilities plan which Edwards has prepared a Request For Proposal (**RFP**). The plan will evaluate the water supply and storage. Edwards also discussed several options for water service line installations for new developments. Edwards recommended advertising the RFP for the facilities plan.

*Director Crowther moved to authorize the advertising of the RFP to get proposals. Director Rothschiller seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Ingraham voting.*

Edwards recommended getting the water rights work done.

*Director Peacock moved to hire Matt Williams to complete the water rights work. Director Crowther seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Ingraham voting.*

Edwards recommended advertising for another operator, primarily for water operations.

*Director Rothschiller moved to authorize the advertising for a new operator for the water system. Director Neece seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Ingraham voting.*

#### **LEGAL ISSUES**

Mike Koppala, Fireman's Fund, will be **the** District's representative regarding the complaints filed by Log Condominiums Inc. and Paul and Janet Cronin. Cok, Wheat and Brown have sent the court a "Counsel Transfer Notice". Edwards will schedule **Maxon** Davis of Hatley, **Haffeman & Tighe**, PC of Great Falls, to attend the January meeting.

#### **ORDINANCE 97-1003: Allocation of SFEs for Sewer Permitting**

The Board discussed the draft Ordinance 97-1003 provided in the Board packet. The draft ordinance released an additional 200 SFEs for sewer permitting for new and remodeling construction.

The Board recommended not adopting **the** ordinance until the District works with MSE-HKM on resolving **the** new SFE calculations compared to their original 1,000 SFEs proposed. **MSE-HKM** will be invited to the next meeting to explain **the** SFE load calculations.

*Director Rothschiller moved to adopt the first reading of Ordinance 97-1003. Director Crowther seconded the motion. Motion passed, 5 yea votes to the 1 no vote cast by Director Neece.*

#### **OTHER BUSINESS**

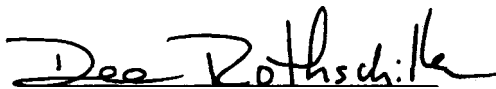
Edwards reported that Bob Schapp, Lone Mountain Ranch, requested more SFEs for employee housing. Edwards noted that there is no commitment according to Table 3.0-1 which was adopted. Edwards has written to Schapp, but the District has not received a response.

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, January 20, 1997, at 3:00 pm in the BSOA office.

#### **ADJOURNMENT**

*Director Cronin moved to adjourn the meeting at 5:35 pm*



Dee Rothschiller, Secretary

**Acceptance of Monthly Financial Statements****Date 12/11/97**

The Board of Directors at its **12/11/97** Board meeting reviewed and accepted the financial statements as follows (**amounts** are rounded to the nearest dollar):

**I Statement of Condition as of 11/30/97**

|             |                     |
|-------------|---------------------|
| Assets:     | <u>\$ 9,007,300</u> |
| Liabilities | <u>\$ 6,063,272</u> |
| Equity      | <u>\$ 2,944,028</u> |

**2 Income Statement as of 1/30/97**

|                |                          |
|----------------|--------------------------|
| Total Revenues | <u>\$ 22,557</u>         |
| Total Expenses | <u>\$ 27,934</u>         |
| Net Revenue    | <u><u>\$ (5,377)</u></u> |

*Wendell O. Yagcham*  
President

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

Regular Meeting -- November 25, 1997, 3:00 pm  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:00 pm on Tuesday, November 25, 1997, in the BSOA **Conference** Room. Vice President Harry Meabon, Secretary Bill Neece, Directors Dee Rothschiller and Wendell **Ingraham** and newly elected Directors Paul A. (**Packy**) Cronin and John H. (Jack) Crowther were present. Directors Skip Radick and Stewart Peacock and President Bill Ogle were not present.

Others present were WSD staff Ron Edwards, Bill **Dutton**, and Marlene Kennedy; Lone Peak Lookout writer **Scotty** Fletcher; MSE-HKM representatives Ray Armstrong and Robert **Seamans**; and Melissa Cronin as a member of the public.

Vice President Meabon called for public comment at **3:48** pm. With no public comment Meabon called the meeting to order serving as chair until the new president was elected.

### BOARD ORGANIZATION

Oath of Office: Director Rothschiller read the Oath of **Office** into the record for seating the two new board members, Paul A. (**Packy**) Cronin and John H. (Jack) Crowther, that were elected on November 4. *The Oath read "I do solemnly swear that I will support, protect, and defend the Constitution of the United States, and the Constitution of the State of Montana, and that I will discharge the duties of my office with fidelity so help me God."* Directors Cronin and Crowther signed the Oath of Office and Director Rothschiller notarized the documents.

Election of Officers: *Director Neece nominated Wendell **Ingraham** to serve as President of the Big Sky County Water & Sewer District No. 363. Director Rothschiller seconded the nomination. With no further nominations, Director Neece moved to close the nominations. Director Rothschiller seconded the motion. Motion passed unanimously via voice vote, 5 yea votes to 0 no votes without Vice-President Meabon voting. Voting record as follows: Neece-yea; Ingraham-yea; Cronin--yea; Crowther--yea; Rothschiller-yea.*

*Director Rothschiller moved to nominate Bill Neece as Vice President. Director Crowther seconded the nomination. With no further nominations, Director Rothschiller moved to close the nominations. President **Ingraham** seconded the motion. Motion passed unanimously via voice vote, 5 yea votes to 0 no votes with President **Ingraham** voting. Voting record as follows: Neece--yea; Ingraham-yea; Cronin-yea; Crowther--yea; Rothschiller-yea.*

*Director Neece nominated Dee Roth&tiller as Secretary-Treasurer. Director Crowther seconded the nomination. with no further nominations, Director Neece moved to close the nominations. Director Crowther seconded the motion. Motion passed unanimously via voice vote, 5 yea votes to 0 no votes with President **Ingraham** voting. Voting record as follows: Neece--yea; Ingraham-yea; Cronin--yea; Crowther-yea; Rothschiller-yea.*

Committee Formulation & Assignments: The Board decided to not form any committees at this time. If District staff needs assistance on special projects, President **Ingraham** will

ask for volunteers. Board members favored shorter meetings and requested a board packet that could essentially be pre-reviewed and then approved at the meeting without unnecessary lengthy discussions.

#### APPROVAL OF MINUTES

*Director Neece moved to approve the October 23, 1997, Regular Meeting minutes as written. Director Rothschiller seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ingraham voting.*

*Director Rothschiller moved to approve the November 7, 1997, Special Meeting minutes as written. President fngraham seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ingraham voting.*

At the request of the Board, future minutes will be an abbreviated outline of the meeting, with concentration on action items.

#### FINANCIAL REPORT

Sewer Services October Financial Reports: Bill Dutton reviewed the Sewer Operations Statement of Conditions ending October 31, 1997. The Board directed Dutton to send a letter to **Gallatin** County asking for payment of the resort tax draw that was requested in June. The reports showed that the District is under budget. Dutton will add a column for cumulative totals on the State Revolving Loan report.

*Director Rothschiller moved to approve the sewer operations October financials. Director Crowther seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.*

Water Services October Financial Reports: Dutton noted that nontangible assets were removed from the Water Operations Statement of Conditions. The contract amount for Blue Grouse Well was added since the District is responsible, under the settlement agreement, for reimbursing Boyne on the costs for this well. Edwards reported that PSC ruled on the transfer yesterday and the **financials** will be updated to reflect the transfer.

LMS Draft Budget: Edwards noted that prior to the next board meeting, a water operations draft budget will be distributed and he would like the Board to be prepared to review and comment on the draft budget at that meeting.

FY 96-97 Draft Audit: Todd Williamson, Joseph Eve & Co., distributed and reviewed the second draft of the audit. Williamson said that after the audit is approved by the Board, Joseph Eve & Co. will submit the **final** audit to the State. Dutton will work with Williamson to add a note to the audit that the Boyne **settlement/LMS** transfer was approved by PSC. Edwards and Dutton will review the draft audit one more time and Board members are to submit any comments to Edwards. The Board recommended that next year's audit be scheduled a month earlier.

Bank Account Signatures: Dutton requested that at least three board members be authorized to sign on the bank account. According to Montana Code, any three board



members can be on the signature card, not just the **officers**.

*Director Neece moved to authorize the following individuals to sign on the bank account: Wendell Ingraham, Dee Rothschilder, Jack Crowther, Stewart Peacock and Ron Edwards. Director Cronin seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.*

Accounts Payable Approval: Dutton requested that the Board change their accounts payable policy to be in compliance with Montana Codes specific to county water and sewer districts. The code states that any three members of the board can approve accounts payable, not just officers of the board. At the request of the Board, staff are to prepare a new accounts payable policy for Board approval and signature.

Snowcrest Excess Flow Billing: Responding to Board inquiry, Dutton stated that Boyne has paid the bill for excess flow from the Snowcrest building.

Office Lease: The Board discussed the office space lease and noted that there are only two years left on the lease. Since Director Crowther is serving on a BSOA committee to explore **office** space for the association, he was asked to communicate with BSOA at their December 18 meeting. Director Crowther will then report to the WSD.

#### **OPERATOR'S REPORT**

Edwards reviewed the operator's report that was provided in the board packet and provided an update on the use of the new telemetry equipment for the water system.

#### **LONE MOUNTAIN SPRINGS TRANSFER**

PSC Hearing Report: Edwards reported that Mona Jamison attended a PSC meeting on 11/24/97 and reported that the PSC signed the LMS transfer order. Edwards has been advised that the order will take full effect in 20 days after **PSC's** signing the transfer. Jamison will verify the effective date. Edwards is working on a water ordinance for operations, which will have to go through a public hearing. Edwards would also like to **finish** the RFP for a water study and advertise it. A public hearing on the water operations budget will have to be held and Edwards estimated it will probably be after the 1st of the year.

#### **IAWP REPORT**

SRF Loan: Anna Miller said the District could get another SRF loan for \$417,000 and still stay below the \$500,000 annual debt service payment. Edwards said another bond resolution will have to be done and he will prepare a bond resolution for \$417,000 for the first reading.

Construction Report: Edwards reviewed the payments for construction and engineering contracts.

**Williams Brothers/Treatment Plant:** Ray Armstrong, MSE-HKM, provided an update on the **filter** system. US Filter received a letter from Barry Curtis of Williams Brothers last week that proposed US Filter ship the filter and the District withhold \$47,000 from

Williams' contract. Then the dispute could be mediated or litigated later. US filter reported to MSE-HKM that their response would be that US Filter will not ship the filter until the credit for the irrigation controls is resolved. Robert Seaman, MSE-HKM, suggested sending a letter to Williams stating what the District's expectations are for completion dates and that the District needs to know the critical date to start installation. Edwards recommended sending Williams a letter stating that the filter has to be shipped by the first week in December and that the 40 day clock for damages will start within 10 days from the date of the letter. Director **Neece** requested to see itemized costs **from** Williams for the filter control panel. The Board agreed with Edwards' recommendation. Edwards is to consult with legal counsel Mike Wheat and then write a letter to Williams.

Ray Armstrong reported that the purchase order for the third filter has been issued and US filter is building the filter.

**Change Orders: Treatment Plant--Edwards** reported that the District has been waiting for information **from** the Fire District on their required fire suppression system for the treatment plant. The Board directed Edwards to write a letter to Stober to notify the Fire District that the District will approve a change order for **fire** suppression according to the State's requirements since the District has not heard **from** the Fire District. Ray Armstrong, MSE-HKM, said the State's requirement would require a change order for a sprinkler system in the chemical storage room.

**Landscaping & Site Grading--Edwards** reported that the estimated costs for these improvements will be covered in the additional \$417,000 SRF loan.

**Storage--Edwards asked MSE-HKM** to come up with a plan for more permanent storage to get rid of the trailers.

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

**Ray Armstrong, MSE-HKM**, distributed and reviewed the revised draft of the LTCWP. Edwards asked that estimates be made with inflated cost estimates since construction would not occur until 1999. Edwards recommended that the table **7.1.10-2** be modified to be similar to the first draft. A bond election needs to be included in the schedule table. Edwards recommended that the District investigate getting an emergency discharge plan. MSE-HKM will submit the **draft** LTCWP to WQB on December 17. Board responses or comments are to be submitted to Armstrong or Edwards by December 12. Armstrong estimated that the **final** LTCWP will be submitted to the State in March 1998.

#### **SEWER CONNECTION PERMITS**

A summary and copies of the application permits were provided in the manager's report.

1. Jefferson Building/Snowy River Co--Westfork, Lot 3, Block 2, RLE 19313: They have had a permit since 1993, prior to the moratorium. Board action is not required. Fee is not applicable since they paid a permit fee in 1993.
2. Corcoran--Westfork, Lot 13, Block 6, RLE 19331: Remodel fee is \$50 as it doesn't require a sewer lateral.

*Director Neece moved to approve the sewer permit application for Corcoran remodel as submitted and fees as noted by District staff. Director Rothschiller seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Ingraham voting.*

Edwards noted that the District has now allocated 202.5 **SFEs**, which is over the initial 200 **SFEs** allocated by the Board's partial **lift** of the moratorium. Edwards will prepare a resolution to address an additional allocation of **SFEs** to last for a couple more years. **Edwards** will consult MSE-HKM engineers for SFE capacity.

### **DEQ's BIG SKY ENVIRONMENTAL STUDY**

Edwards reviewed the scope of **DEQs** study and noted the estimated cost at \$245,000. The DEQ would like a commitment of funding from the District. At prior public meetings held by DEQ, the District supported the study and discussed funding up to \$200,000. The Board did not come to a consensus on District funding. The Board recommended that Edwards write letters to potential **interested/benefitting** parties to solicit support and to set up personal meetings to ask for contributions for this study.

Director Neece requested that the staff schedule a newsletter to get this information plus the LMS transfer and other pertinent information out to our rate payers.

### **LEGAL ISSUES**

**Log Condos Inc./Cronins:** Edwards received notice that the **Firemans** Fund insurance company will cover the litigation costs for the suits filed by Log Condos Inc. and Cronins. The insurance company has appointed Max Davis of Great Falls to represent the District.

**Boyne Settlement:** Salvagni **signed** an "Order to Dismiss" that the District, Boyne and BSOA signed into.

### **OTHER BUSINESS**

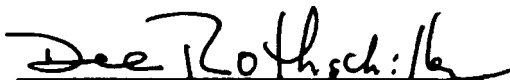
**Westlands PUD:** Edwards reported on his meeting of November 20 with **Simkins**. **Simkins** has planned a development with 1,050 **SFEs** when built out. The Board recommended that Edwards stay in touch with Simkins on this and keep the Board informed.

### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Thursday, December , 1997, at 3:00 pm in the BSOA **office**.

### **ADJOURNMENT**

*Director Rothschiller moved to adjourn the meeting at 7:10 pm.*



Dee **Rothschiller**, Secretary

**Acceptance of Monthly Financial Statements**Date **1/25/97**

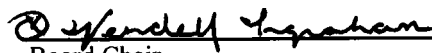
**The** Board of Directors at its **11/25/97** Board meeting reviewed and accepted the financial statments as follows (amounts are rounded to the nearest dollar):

Statement of Condition as of **10/31/97**

|             |                     |
|-------------|---------------------|
| Assets:     | <b>\$ 8,964,739</b> |
| Liabilities | <b>\$ 6,015,334</b> |
| Equity      | <b>\$ 2,949,405</b> |

2 Income Statement as of **10/31/97**

|                |                    |
|----------------|--------------------|
| Total Revenues | <b>\$ 33,247</b>   |
| Total Expenses | <b>\$ 99,827</b>   |
| Net Revenue    | <b>\$ (66,580)</b> |

  
Board Chair

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

Special Meeting/Canvass Votes -- November 7, 1997, 10:00 am  
WSD Office

On Friday, November 7, 1997, the Big Sky County Water & Sewer District No. 363 canvassed the votes cast in the November 4, 1997 election for two directors for the District. Secretary Bill Neece, and Directors Skip Radick, Dee Rothschilder, and Wendell **Ingraham** (arrived at **10:15** am) were present. President Bill Ogle and Directors Harry Meabon and Stewart Peacock were not present.

**Others** present were WSD staff Ron Edwards and Marlene Kennedy; and Jack Crowther.

President Ogle called the District office at 10: 15 am to check that a quorum was present for board canvassing. President Ogle did not attend the special meeting or participate via telephone since there was a quorum present.

### BOARD CANVASSING

Board members canvassed the votes cast in the November 4 election of two directors for the Big Sky County Water & Sewer District No. 363. The confirmed tally for the election of two board members was as follows: John H. (Jack) Crowther--181, Paul A. **(Packy) Cronin**-- 153, and Brian Wheeler--96. To certify the canvass of votes as true, the four board members signed the Canvass of Votes Cast form which will be returned to the **Gallatin** County Election Office.

### NEXT MEETING

To accommodate **Packy** Cronin, who will be out of town until November 19, the regular board meeting for November was rescheduled to Tuesday, November 25, 1997, at 3:00 pm. The two new directors, John H. (Jack) Crowther and Paul A. **(Packy) Cronin** will be sworn in at the next meeting. Edwards distributed a partial board packet to be discussed at the regular board meeting.

### ADJOURNMENT

The meeting was adjourned at **10:40 am**.



W. F. Neece, Secretary

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

Regular Meeting -- October 23, 1997, 3:00 pm  
WSD Office

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:00 pm on Thursday, October 23, 1997, in the WSD office. President Bill Ogle, Secretary Bill Neece (arrived at 3:30 pm), and Directors Harry Meabon, Wendell Ingraham, Stewart Peacock and Skip Radick were present. Director Dee Rothschilder was present for the discussion of the Sewer Rate Ordinance 97-1002 and for the remainder of the meeting beginning with the **financial** reports.

**Others** present were WSD staff Ron Edwards, Bill Dutton, Jim Muscat and Marlene Kennedy; MSE-HKM representatives Jim Potts and Robert **Seamans**.

There being no public comment President Ogle called the meeting to order at 3:1 pm.

### APPROVAL OF MINUTES

The minutes of the August 19, 1997, Regular Meeting were reviewed and approved as amended. *Director Meabon moved to approve the August 19, 1997, minutes as amended. Director Peacock seconded the motion. Motion carried, 4 yeas votes to 0 no votes without President Ogle voting. Director Neece was not present.*

The minutes of the September 16, 1997, Regular Meeting were reviewed and approved as amended. *Director Meabon moved to approve the September 16, 1997, minutes as amended. Director Ingraham seconded the motion. Motion carried, 4 yeas votes to 0 no votes without President Ogle voting. Director Neece was not present.*

The minutes of the October 7, 1997, Public Hearing on Sewer Rate Ordinance 97-1002 were reviewed and approved as amended. *Director Peacock moved to approve the October 7, 1997, Public Hearing minutes as amended. Director Neece seconded the motion. Motion carried, 5 yeas votes to 0 no votes without President Ogle voting.*

### PUBLIC SEWER SYSTEM RATE ORDINANCE 97-1002

Edwards discussed the Public Sewer System Rate Ordinance 97-1002 and asked the Board to consider phasing out the exemptions for the three original subdivisions. Edwards has discussed the phasing out with both Mona Jamison and Mike Wheat. Wheat suggested that the Board adopt the ordinance as it was presented at the public hearing and then work to amend it if the Board feels changes are needed. Director Meabon reviewed his suggested edits to the ordinance and recommended that the Board agree what the issues are, discuss the merits of the public comments and then address the managers recommendation.

The following individuals written comments, as submitted at the public hearing, were reviewed and considered by the Board.

Robert Sukin: The Board addressed Sukin's concerns on fees and felt that the fees as proposed in the ordinance covers the plant investment fee costs. The Board felt they adequately covered **Sukin's** issues and recommended staff respond to Sukin with an explanation of the SFE charge and Boyne surcharge.

Katie Gibson and Scott Bischke: The Board feels they have adequately covered the issue of fees.

No changes were made to the ordinance **from** these two letters. Edwards said he will respond in writing to their comments, explaining how the fees are applied. Director **Ingraham** requested that an explanation on inspections be included.

Ted Hanna: The Board interpreted Hanna's letter to say that everybody pays if the plant is replaced/repared. The letter was considered.

Once a rate ordinance is adopted, Edwards recommended putting together a brochure that explains the fee structure and how it is applied. Director **Ingraham** recommended putting in meters in the future and allocate costs accordingly. President Ogle noted a few hurdles in converting to metering.

The following individuals comments, as presented at the public hearing, were addressed by the Board.

Denise Tuohy: Tuohy basically commented that she needed more information to be able understand how the District came up with the \$3,500 per SFE plant investment fee. Edwards has **talked** with Tuohy and she will review the District's spread sheet. The Board considered her points and concerns.

Paul Cronins: Cronin is against the exemptions for the three original subdivisions and noted problems with semantics on "impact fee." The Board feels it has addressed the sewer expansion costs--not replacement costs as Cronin stated. According to legal counsel Mike Wheat, the Board is acting within the guidelines and parameters that exist within the Montana Codes. Director **Ingraham** noted the need to better define "plant investment" and believes that the phasing out of exemptions or limiting SFE exemptions should be examined, and then possibly lower the \$3,500 per SFE charge. President Ogle cautioned the Board to consider the position of individual positions of people who have owned lots for sometime and at the time of purchase believed the lots to be exempt. The Board realizes that individuals have a right to have different opinions on the proposed ordinance, and believes that Cronin's comments do not represent all of the Big Sky property owners. Edwards believes there is credit in Cronin's comments on the SFE exemptions and believes the Board should consider limiting exempt **SFEs** and/or phasing it out. President Ogle asked the Board to consider the promises made 20 years ago and how they will be paid for. President Ogle said if the Board is not going to act on the ordinance at this meeting, then the additional modifications as suggested by Edwards should be considered. Being told a reduction in **PIFs** can be made without a public hearing, Director Meabon recommended the Board consider adopting the ordinance as amended at this meeting.

*Director Meabon moved to adopt Public Sewer System Rate Ordinance 97-1002 as amended on third reading. Director Neece seconded the motion. President Ogle called for questions on Ordinance 97-1002. Motion carried via voice vote, 7 yea votes to 0 no votes as follows: Dee Rothchiller-yea; Skip Radick-yea; Stewart Peacock-yea; Wendell Ingraham--yea; Bill Neece--yea; Harry Meabon-yea; and Bill Ogle-yea. Adoption is conditional upon the Board reviewing Ordinance 97-1002 as amended on third reading.*

Director **Meabon** moved to modify the agenda to address items 5 (Blue Grouse Well Report) and 6 (Operator's Report) prior to item 4 (Financial Reports). Director Neece seconded the motion.

### **BLUE GROUSE WELL REPORT**

Jim Potts of MSE-HKM was invited to speak to the Board on his findings of the Blue Grouse Well as the District will be responsible. Potts distributed a report on the history of the well and briefly reviewed the drilling stages and quality and quantity of water from each production zone. The well is now drilled to 1250 feet, flows at 15 gpm, and it is not complete as screening is needed at **the** bottom of **well**. The well is on hold until the Board decides a course of action.

Edwards asked how difficult would it be to shoot the casing. Potts responded that Morrison-Maierle Inc. has it fairly well documented and the engineer could be contacted for further enlightenment. Potts recommended leaving the well in its current state until a decision can be made with information **from** an evaluation of the entire water system for additional drinking water sources and then determine if this well could be used as a backup water supply. Paperwork still has to be submitted to state agencies. Potts is not familiar with water rights and not using the well could void the water rights. Edwards will look into this. Potts proposed sand **fracking** the Blue Grouse Well and estimated costs between **\$20,000-\$40,000**. Potts estimates gain in production could be to 150 gpm, but it is really unknown as the recharge in the source has to be there. Responding to inquiry, Potts said it's possible the well **could** loose production.

Potts asked the Board if there is anything that they would like MSE-I-KM to do on this well. The Board recommended that the well should sit as it is for now and the Board will make a reentry decision at a later date. Director Meabon said if there is no urgency from DNRC to abandon the well, **then** the Board should wait for a water study to be done before a decision is made. Director Meabon suggested that the Board should consider drilling shallow wells and buying water rights from MPC. Edwards noted that a well cannot be depreciate until it is made beneficial.

Edwards asked what the procedure is for abandoning well heads. Potts responded that a licensed driller would have to be hired and that they would then follow a set of guidelines specified by the State.

### **LONG TERM COMPLIANCE WORK PLAN/INTERIM ACTION WORK PLAN**

Robert **Seamans** of MSE-HKM provided updates on the long term plan and the filters.



**Filters:** The filters have not been shipped and a dispute has arisen over a cost deduction in the control panel that was to run the irrigation system that was previously installed.

**Williams** Brothers valued the panel at about \$47,000 and US Filter valued it around \$3,000. Edwards suggested that the District send Williams Brothers a letter saying the time clock starts ticking at a certain date and then liquidated damages will occur. **Seamans** noted that the agreement states the delivery date of equipment as a start date to set the 40 day completion date. Director Meabon asked how the filter was ordered, partial or full.

**Seamans** said that Williams ordered the filters via purchase order with the change but a deduct amount was not specified. MSE-HKM has asked for a copy of the purchase order but has not received it--they will try to get a copy from US Filter. Director Meabon asked if the District could buy directly from the vendor. Edwards said he would have to check with SRF to **find** out if the District can buy direct. **Seamans** said that MSE-I-KM has not received any backup in regards to the monetary dispute. Edwards recommended contacting legal counsel to find out if Williams Brothers is in breach of the agreement. Edwards suggested to MSE-I-KM to get the filters and then have Williams Brothers settle the dispute in the ordering of the third filter. **Seamans** suggested that the District could supply the amount of money in dispute to get the filters shipped and then deal with Williams. Edwards commented that the District does not have the \$47,000 dollars to pay US Filter. President Ogle thinks there are some schedule terms in the agreement that need to be looked at and recommended that Edwards contact Mike Wheat to **find** out the District's legal standing on the issue.

**Seamans** reported that the third filter has not been ordered yet

**Long Term Compliance Work Plan:** **Seamans** reported that the final revisions are close to being finished with exception of obtaining snowmaking costs. The document should be delivered to the District next Thursday for final comments and incorporation of chapters being **finalized** by Mona Jamison and Director Meabon. The proposed date of November 21 to submit the LTCWP to the State may actually be in early December. And, the proposed public hearing date in November would also be moved back a couple of weeks.

**Snowmaking:** The soils work on snowmaking sites--Section 32 and Section 33 (south of the mountain site), benches above 8,000 feet that have no planned development--may be done as soon as next week. Edwards noted the sites have a potential to use **60- 100 million** gallons. Edwards reported that yesterday's meeting with Delta went well and distributed Delta's report to the Board. The bottom line is that Edwards thinks it will work. The State of Idaho has signed off on Island Park going full scale--using 12 million gallons--and this should help the reception in Helena. Edwards said he has a new snowfluent video available if anyone is interested.

## **OPERATOR'S REPORT**

**Flow:** Jim Muscat reviewed the flow reports that were provided in the Board packet and answered questions from the Board. Edwards distributed a report on the total capacity volumes of ponds 1 and 3 and explained how the calculations were made. Edwards estimated 65 million gallons of flow for 1997 and the estimated capacity of the ponds

covers the need with a 20% safety factor--about 16 million gallons of extra capacity. For a little more accuracy Edwards has to apply an evaporation factor. District staff will take monthly measurements.

Aerators: Muscat reported that six aerators are working and two are being repaired.

Cascade: Muscat reported that the tank is in and chlorinated. The Tract 5 main line in and tested. Cascade will be pressure tested and chlorinated at the same time.

Telemetry: Muscat reported that the installation of telemetry is going well and should be online by Tuesday or Wednesday after a few bugs are worked out.

Water hookups: Muscat is unclear of authority in water operations and recommended that the Board look into setting policies and procedures for who pays for what, quality control, etc--setting up application procedures like the sewer application. In some instances there is no lateral or curb stops and who pays for it. The district is currently paying for it. Muscat estimated the cost per installation at about \$3,000 with 12 hours of labor, backhoe, parts. The Board suggested the **staff** design a system and forms as needed and then ask for Board approval individually. Edwards has talked to **Bozeman** and thinks the District should adopt procedures/policies similar to theirs.

Snowmaking: Muscat has been working with Delta and Ray Armstrong, MSE-HKM, to find acceptable flat sites that happen to be near Big Horn ski run.

Inspections: President Ogle asked if is system inspections are being done at the Mountain with all the renovations and construction to make sure no backflushing occurs, making sure there is oversight. Edwards suggested the operators contact **Halpin** and do walk throughs.

It was reported that Boyne is installing a snowmaking water line and District staff were requested to look into Boyne's water supply,

## FINANCIAL REPORTS

Sewer Operations: Dutton reviewed the balance sheet noting a new, but similar format. Billing for third quarter (July-September) that was done in October was included. The MOU interest transfer will be done once the funds from third quarter billing are received. When questioned why Boyne accumulated more interest than the District, Dutton recalculated and explained the difference, noting the figures were right. Edwards didn't feel the District needed to set aside District interest as this issue is settled. Director Meabon and President Ogle requested the staff to book the MOU interest differential in the event we loose.

Overall the budget looks good. The budget versus actual expenses indicates 25% below budget overall.

***Director Meabon moved to accept the financials. Director Rothschiller seconded the motion. Motion carried, 6 yea votes to 0 no votes without President Ogle voting.***

**Water Operations/LMS:** Dutton reported that LMS vendors were sent a notice on who is eligible to charge on account. An inventory has been done as much as possible, including taking pictures and recording serial numbers as applicable. Dutton reviewed the LMS income statement. The Board wants to pay off the tract charges in one year. Dutton explained that Tom **Halpin** entered into agreements with condo associations for a three-year payback through normal billing. The Board said to strike stock--taking it off assets. President Ogle requested that a cash flow statement be done. Dutton will review the last few years and do a statement. President Ogle noted that tank assets can only be in the depreciation schedule if it is a beneficial use. Edwards will get a depreciation life for the new tanks from **Gaston**. Dutton is to check on the accuracy of the SFE water charge for condos using the sewer **SFEs** and adding the tract **SFEs**.

Edwards presented the water operations preliminary budget which showed an increase of **107%--going** from \$7.95 per SFE per month to \$16.43 per SFE per month. Director Peacock asked where that rate puts us compared to water rates in the rest of the state. Director Meabon asked if there was a plan with metering. Edwards plans to put one meter for each condo association and then individually meter commercial. Meter installation is **already** required on new residential. President Ogle asked when would water rates raise. Edwards responded that it would be December at the earliest. The District has to wait for approval of the LMS transfer from PSC, hold a public hearing, then set rates.

President Ogle suggested the staff prepare a press release as the public needs to know what is going on with the water with **PSCs** delay.

Edwards asked that if any board member have comments to get them to him.

**Resort Tax Request:** Dutton requested a motion from the Board for a resort tax draw request for \$250,000 for December. The counties informed Dutton that the Board could give pre-approval for the resort tax draw. Dutton routed a form for all Board members to sign.

***Director Radick moved to approve the 8th resort tax draw for \$250,000. Director Ingraham seconded the motion. Motion carried, 6 yea votes to 0 no votes without President Ogle voting.***

**Addia** Edwards reported that the District received the draft audit but that staff have not had ample time to review it.

## **LONE MOUNTAIN SPRINGS**

**LMS Transfer:** Edwards reported on the PSC hearing held on October 1 regarding the LMS transfer. Copies of **the** filed briefs were provided in **the** Board packet. Edwards anticipates PSC will rule before the end of November. If it is a contested case hearing, it

will probably take at least six months to complete.

**Aspen Groves Water System:** A letter from Terry Threlkeld dated March 23, 1993, has been found that makes a commitment by LMS to accept the Aspen Groves system. A letter from Tom **Halpin** dated November 13, 1996, also make a commitment by LMS to Aspen Groves. Edwards believes that these letters constitute a commitment that the District must assume with the transfer. Edwards recommended that before the District agrees to take on the ownership and maintenance of Aspen Groves that compatible telemetry equipment be installed and a water system dedication agreement be filed. Aspen Groves would be responsible for the engineering designs. Skip Radick noted that nothing was specifically specified in the acceptance plan, and these requirements would be a change to the original conditions. Director Meabon asked if Threlkeld's letter stands as a condition or do we toss it out. Skip Radick said the District has to look at both letters, neither stand alone. President Ogle said the obligations are LMS, and if there is a change in conditions to Threlkeld's letter, the differences must be resolved. Skip Radick noted that the system is for **fixed** use for fire protection and no one can tap into it for anything but fire protection. Skip Radick said it is wise to clear up any grey areas and then come back and discuss differences and figure out an agreement. Edwards reiterated that the telemetry must be compatible. Edwards and Radick will work out the Aspen Groves transfer agreement.

#### **IAWP REPORT**

Edwards reported that certificates of completion have been issued for Huppert Brothers for golf course irrigation system and **VanDyke** Construction for the storage ponds.

Edwards noted that the District is over the 5.5 million agreement with DEQ with the change order for the third filter. The projected debt service total is 5.684 million with an annual payment of approximately **\$475,000**. This will still be covered by the annual resort tax allocation. The projected total does not include any landscaping or the fire suppression for the treatment plant. Dam Safety would not allow any trees within 20 feet of the dam as the root systems may jeopardize the structural integrity of the embankment. Edwards said Per Hjalmarsson at C&H suggested an artist rendering of possible landscape solutions using grasses and shrubs. Edwards suggested borrowing another .5 million to cover any additional costs and will talk to DNR to stay within the annual debt service payment.

*Director Rothschiller moved to borrow up to \$500,000, keeping it within the debt service puyment. Director Ingraham seconded the motion. Motion carried, 6 yea votes to 0 no votes without President Ogle voting.*

#### **Construction Report:**

Golf Course **Irrigation/Huppert** Brothers--A final walk through was completed on October 9. Edwards believes that Huppert completed blowing out the system around October 19, taking about four days. The need for a bigger compressor was discussed with Director Meabon recommending 700 hp. Edwards requested Huppert to write instructions and procedures on how the system is to be blown out.

Storage **Ponds/VanDyke** Construction--A final walk through was done on October 9. Dam Safety will require the District to apply for a permit to operate a "high hazard" dam. An emergency response plan for the ponds will be incorporated into the operations and maintenance manual that C&H engineering is preparing.

Change Orders:

Treatment Plant/Williams Brothers--Edwards submitted the change order for the third filter. The District is still waiting for **fire** suppression requirements from the Fire District.

Storage **Ponds/VanDyke** Construction--C&H Engineering forgot to calculate liner quantities for anchor trenches on ponds 1 and 3 in the original bid. A change order for **\$8,257.60** is requested for the additional material.

Golf Course **Irrigation/Huppert** Brothers--Edwards approved a change order for \$2,640 for 300 yards of top soil since MSE-HKM inspector Jim Braley originally agreed to that.

Open House:

The Board asked District staff to plan for an open house once the treatment plant is complete.

**SEWER CONNECTION PERMITS**

A copy and summary of the sewer connection permit applications to be reviewed by the Board were provided in the board packet. Applications reviewed were:

- 1 Mtn Air Log **Homes/Isaacson/Bauer--Meadow** Village, Lot 17, Block 4: 1.6 **SFEs**; \$500 Fee. Board recommended approval conditional on BSAC approval.
2. Lake Condo, Boyne USA/Blue Ribbon Builders--Mountain Village, Custer Minor Subdivision: 5.8 **SFEs**; \$37,300 Fee. Board recommended approval conditional on BSAC approval.
- 3 Lake Condo **Jacuzzi/Mechanical** Room Addition--Mountain Village, Custer Minor Subdivision: .35 **SFEs** increase; \$875 Fee if Boyne is not the property owner of record or **\$2,600** fee if Boyne is the property owner.

*Director Meabon moved to approve the noted sewer permit applications as submitted and fees as noted by District staff. Director Rothschiller seconded the motion. Motion carried, 6 yea votes to 0 no votes without President Ogle voting.*

**OTHER TOPICS**

Transportation District: Edwards relayed a request from Denise Wade of the Transportation District asking for permission to park buses on the lot by the treatment plant. The Board unanimously denied the request to park buses on district property.

Soil Reauest: Edwards received a call requesting 20,000 yards of soil from the dirt mound below the ponds. ~~The~~ Board unanimously rejected the request citing that there are enough places the District can use it and that the District would have to buy dirt later if they sold some now.

LMS/Telemetry: Edwards recommended moving the telemetry to the District office at a cost of \$10,000. President Ogle polled the Board. The request was denied, 1 yea vote to 6 no votes. The Board said to wait until the spring.

Sewer Applications/Permits: The Board wants a consistent procedure on filling out both the applications and permit forms, collecting all information.

Chapel: Board received a letter from Marty Pavelich and **JoDean** Sing dated October 15, 1997, requesting an exemption from the fees. Edwards recommended deferring payment, giving it similar consideration as to the affordable housing project. Director **Ingraham** said there is a big difference between the two--the church is nonprofit and the Board should consider more favorable terms. Director Radick recommended that the Board show good faith for this community project without giving the Chapel an opportunity we wouldn't be able to give similar requests. Director Rothschiller would like to have the fees totally waived. Director Meabon noted that not everyone will be a user of this community service like fire. President Ogle said this place needs a church and the Board needs to make special considerations, but its also possible that somebody will come to the forefront and if they don't the church can come back and make another request for the board to reconsider it.

*Director Meabon moved that the manager write a letter per the Board's instructions of the August 19 minutes to defer payment the first 5 years with no interest and the balance be due at the end of the 10th year. Director Radick seconded the motion. Director Meabon amended the motion to withdraw the interest rate. Director Radick seconded the amended motion. Motion passed, 6 yea votes to 0 no votes without President Ogle voting, to provide a 10-year interest free deferment on fees starting at the date the permit is issued.*

Board Election: Edwards reminded the Board that the election is November 4. A quorum of the Board (four directors) has to be canvassed within 3 days of the election. Once the election results are certified, the new directors are seated at the next meeting.

#### ADJOURNMENT

*Director Neece moved to adjourn the meeting at 8:55 pm Director Radick seconded the motion. Motion passed, 7 yea votes to 0 no votes.*



W. F. Neece, Secretary



## **BIG SKY COUNTY WATER & SEWER DISTRICT No. 363**

PO BOX 160670 . BIG SKY, MT 69716 ☎ 406-995-2660 ☎ FAX 406-995-4899 . EMAIL WSD363@GOMONTANA.COM

### APPROVAL BY THE BOARD OF DIRECTORS FOR RESORT TAX DRAW

The following motion was made and passed by the Board of Directors on October **23, 1997**.

“Director **RA DICE** moved to approve Big Sky Resort Tax **Draw** Request No. eight in the amount of **\$250,000.00**. Director **INGRAHAM** -seconded the motion. Motion carried, 6 yea votes to 0 no votes with President Ogle (~~voting~~) or (not voting) on motion

Signed William Ogle  
William Ogle, President

Signed Harry Meabon  
Harry Meabon, Vice President

Signed Bill Neece  
Bill Neece, Secretary

Signed Wendell Ingraham  
Wendell Ingraham, Director

Signed Stewart Peacock  
Stewart Peacock, Director

Signed Dee Rothschild  
Dee Rothschild, Director

Signed Skip Radick  
Skip Radick, Director

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Public Hearing -- Tuesday, October 7, 1997, 3:00 pm**  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a public hearing for 3:00 pm on Tuesday, October 7, 1997, in the BSOA Conference Room. President Bill Ogle, and Directors Skip Radick, Harry Meabon, Stewart Peacock, and Wendell **Ingraham** were present. Director Dee Rothschiller and Secretary Bill **Neece** were not present.

Others present were WSD staff Ron Edwards and Marlene Kennedy; District Counsel MOM Jamison; Rick Kerin of Kerin & Associates; Lone Peak Lookout writer **Scottie** Fletcher; and 11 individuals from the public (see sign-in sheet).

**PUBLIC HEARING -- PUBLIC SEWER SYSTEM RATE ORDINANCE 97-1002**

President Ogle called the public hearing to order at 3: 16 pm. President Ogle made a few introductory comments and explained that the hearing is for taking public comments only. It was also noted that no decision will be made at this hearing on the possible adoption of the ordinance.

Ron Edwards read the public hearing notice that was published in four newspapers (The Madisonian, The High Country Independent Press, **Bozeman** Chronicle, and the Lone Peak Lookout) and mailed to all owners of record according to the District's billing database information.

Written comments from three individuals were distributed to the Board members and individuals **from** the public. Individuals providing written comment were: Robert **Sukin**--HV 132, Cascade 26 & 27; Katie Gibson & Scott Bishke--Block 1, Lot 19; and Ted **Hanna**--Glacier 166. The written comments are attached and will be accepted as part of the record and will be considered before the Board considers adopting the ordinance at its regular October Board meeting.

Ron Edwards reviewed the following proposed corrections and clarifications to the proposed Public Sewer System Rate Ordinance 97-1002 before its final adoption.

**Introduction Heading**--The word "district" as with the rest of the heading should be in all caps.

**Fourth WHEREAS**--Where ten million six hundred thousand dollars is spelled out, the numeric figure "\$10,600,000.00" will be added for consistency.

**Sixth WHEREAS**--April 20 should be amended to "April 30, 1973".

**Eighth WHEREAS**--The word lot should be plural, "lots" and quotation marks added around "exempt lots". For clarification, the **RID** was not a board. Where it says Boards of the District and **RID** 305, "trustees of" should be inserted prior to **RID** 305.

**Page 2, Item I, 2**--The 5% charge for monthly user fees should not just be against the total **SFEs** committed, but in some instances we got tracts that are partially developed so that should show total **SFE** commitment less the total **SFEs** currently occupied for those tracts which are partially developed.

**Page 2, Item II**--The language which refers to residential, commercial, industrial, condominium, apartment, and/or recreational buildings should be modified to track with the language used under I-A on the previous page just to make it consistent. Also minor points



of clarification under connection inspection charges are: "per improvement" on 2 through 4 units was confusing. Suggested changing that to "2 through 4 units 'of improvement" then that would be the same for each subsequent description. Commercial buildings less than and/or equal to 10,000 square feet shall be \$1,250. Buildings greater than 10,000 square feet shall be \$1,500.

**Page 2, Item III, last line**--Replace the word "of" with "including". It shall read "spreadsheet analysis including Boyne Settlement.. ."

**Page 2, Item III, A**--It was noted earlier that the exempt lots was the terminology used, so it has been suggested that be replaced instead of original subdivision.

**Page 3, Item III, A, 1**--**The** word "lot" should be plural. It should read "Lots within the original platted subdivisions.. ." Corrections to the dates: Meadow Village (March 24, 1971) should read "March 29, 1971"; Sweetgrass Hills (July 12, 1972 as amended) should read "July 18, 1972..."; and Cascade Blocks 1 and 6 (April 26, 1973 as amended) should read "April 27, 1973...".

**Page 3, Item III, A, 2**--"lot" should be plural. It should read "Lots adjacent to the..."

Director Meabon noted the following correction:

**Page 1, NOW THEREFORE, second line**--After Section 7- 13-22 **18(9)** include "and Section 17-2301" so it is written as in the above WHEREAS.

Edwards stated that as a result of the District's February, 1997 public hearing on the rate ordinance, the Board hired a consultant (Rick Kerin, Kerin and Associates) to conduct a sewer rate study for the District. Edwards noted that Rick Kerin is in attendance at this meeting and that copies of the study are available at the District **office**. If any members of the public wish to obtain one, Edwards asked that individuals let the office know. There were a few extra copies available at the hearing and individuals were told they could take them today. Edwards said if any questions come up on the rate study, Rick Kerin can help answer **those** questions since he is here.

President Ogle noted that on the sign-in sheet one person indicated they wished to comment directly to the Board. Denise Touhy was called on for comment. (comments were transcribed from an audio cassette)

Denise Touhy: First of all, I have say I have limited knowledge of the rate study. I just glanced at Rick Kerin's report this afternoon and some of the questions that I did have, have already been answered in that report. Some of the concerns that I have, and its been peripheral because I have not been to all your meetings, so its all basically what I've read in the paper or hearsay I will admit, coming from various people in the area. One of the things that concerns me is the use of the word impact fee or impact fees being a small part of the development of impact fees in **Bozeman**. I was concerned that there have been other things that would be a basis for how you were coming up with your numbers on impact fees. Subsequently, I understand that you have changed the wording from impact fees to plant investment fees. Which again is a whole different scenario and I have not had the time to do the homework to figure out exactly what the basis is for figuring **the** amount of plant investment fees. In Rick Kerin's report, he has tried to come up with that figure,

although I have not connected your amount to anything that I actually saw in the report. Also, in the report, I have seen where the word impact fees and plant investment fees are somewhat used simultaneously. For example, in the original agreement with Big Sky they have waived impact fees. There is no mention of anything such as plant investment fees or any of the wording in those olden days both by letter included in Rick Kerin's study and/or even in some of your references. So I guess with that I am a little bit concerned with how you came up with the \$3,500. I am also a little bit concerned about the fact that the developer had made some extensions to the original platted subdivisions for impact fees and there had been in the study some suggestions/some options for citing fees paid, i.e. the **one-half** SFE that you're requiring payment for vacant lots or residential lots that haven't been built on and credit options were for some fee/plant investment fee with those fees credited. I guess I have not read enough to know if that was specifically a recommendation from the report to recommend that those credited a fee be subject to some plant investment fee with those credits in tack. I wasn't sure if I made myself clear, but I guess that I would like to see where the differences come in--impact versus plant investment. Why those fees are not assessed any new homes based on whether they are now going to be user to our system where they have not been before, whether or not they are in the original platted three subdivisions. I am **also** wondering why, or nothing is in your ordinance, as to how those fees will be reviewed and what justifications will then be used to change those fees in the future. I guess more information based on your fee is what I am requesting--on how you came up with the \$3,500.

President Ogle: I would respond simply by saying **first** of **all** the worksheet was erected simply because that is what the money is used for. As for the explanation of how we came up with that, I am sure Mr. Edwards can furnish you with a copy of the spreadsheet which is has been available for sometime on how we derived those costs.

Ron Edwards: It is an exhibit on the back of the ordinance which was mailed out.

Denise Tuohy So it was just the Boyne settlement.

Ron Edwards: Well, no it takes into account the work that Rick has done in addition to the Boyne settlement. The rate study that was done, the settlement hadn't taken place so it was not factored into that. So, what this does, it incorporates both and it also looks at what our permitting history has been in terms of what allocation has been Boyne's, what allocation has been others that are developing in Big Sky. And, I can walk through this sometime if you what to stop by and show you where we got all the numbers--from growth projections to estimated capital costs for the long term plan. I would be happy to do that.

Denise Tuohy- And this came from the long term 'capital improvement plan'?

Ron Edwards: Right. The growth projection is where we projected capital expenditures in the long term plan.

President Ogle: Anything else?

Denise Tuohy: Those were my comments.

President Ogle: Does any other Board member wish to comment? Thanks, Denise. The balance of the eleven participants have indicated "no" with the exception of Mr. Cronin, who has apparently...I think this is a maybe. Paul, do wish to speak?

Paul Cronin: Yes. I would like to speak to two things. Number one--the proposal discusses exemptions that were included in three subdivisions that were formed in the early days. And I believe that if the Board adopts those exemptions it will be adopting something that will not stand up to a constitutional examination of fairness and due process because I can give you an example. If a new **2-bedroom** home is built and say charged \$4,500 under a hypothetical SFE charge. At the same time a lo-bedroom, **12-bath** home could be started in one of those three original subdivisions and charged \$750. Whereas, if they were charged on an SFE they would be paying several thousands of dollars. There is **no** justification in my opinion to grant a huge amount of dollar exemption when one considers that even if the land owner on one of those original subdivisions had been paying a half user fee all these years. That would only come up to about \$1,300 over all these years. I might also say that because things were so erratic(?) in the past, that I would doubt if any one over the years has paid there half user fees. Furthermore, I would point out that that half-user fee was paid for services rendered in effect because that undeveloped lot that was charged a half-user fee remained undeveloped at the then owners option. That lot increased in value over the years while that owner was paying the half-user fee. And one of the reasons that lot increased in value was because they were on the sewer system and they were entitled to build whenever they wanted to and hookup to the system. If, in fact, the Board feels that somehow people have been promised that they were exempt, I would suggest that that be looked into more carefully because I understand that that reasoning was part of the justification for an exemption. That is, the Board fears that there are people out there that have been told that they were exempt and therefore the Board feels that if they withdraw this exemption they may be subject to some legal action. I would query whether or not anybody has been told within the last 15 years that they were exempt from the sewer hookup and if they were told, by whom were they told. Because if they weren't told by somebody speaking for the Board then there is nothing to it. It could be a real estate person's popping(?) or some such thing as that. I really think that you're getting into a big jam if you go ahead and grant exemptions. The example I gave for instance is a clear one. A young family over in my Southfork Subdivision just recently built a two-bedroom, **half-bath** and they **paid...well** that was when the SFE was \$4,000. ..they paid over \$6,000 to hook up that modest three-bedroom, two-bath home. Over \$6,000. Meanwhile, just across the street somebody could have been building, as I said before, an 8 or a lo-bedroom home, so in the example and paid only \$750. And that owner, by the way, that is building **that** large home across the street over on the golf course, that owner may have been an owner that only bought six months ago. That owner has not paid any half-sewer fees. That particular lot may have changed hands six times since the early 70s. And that person who only paid \$750 for a lo-bedroom home, just bought the land six months ago. So I think, that folks, that examples that I point out to you explain why I feel this exemption thing is a minefield that you are getting in to. It is something that won't stand up in my

opinion. And I know that the Board doesn't want to get into a situation where something that they do that just won't stand up to a light of day. You have legal counsel available and certainly the engineering study, in part, addresses the very subject I am talking about with a very clear comment. I think it was option 1 if I'm not mistaken, or option 2 I can't recall. But, Mr. Kerin is here and certainly he can speak to this same matter. Those are my thoughts on the exemption that you have in this document. The second thing that I would like to address is the wording of the ordinance, wherein the plant investment fee is to be paid by all new hookups. I want to address my comments to the word new. If in fact you're talking about a collection of monies for the eventual replacement of the existing facility, rather than an impact fee because the development of a house is new, then I think that that charge or plant investment fee which is to be used for the replacement of the existing facility just because the existing facility wore out over the space of 20 something years, it's plant life has run out. Then I think that everybody must be charged a fee for a new facility, for the replacement of the old facility. I say that because, if someone has been living here at Big Sky and using the sewer over the years, I do not think they have been receiving a service for which they have been paying. They have been paying for the maintenance and upkeep, they have not been paying for a replacement of a new sewer system. Those monies they paid each month only by law can be used for a maintenance and upkeep and so on and so forth. That's the reason of the advent of the sewer and water district as opposed to the rural improvement district. But my point is, that all the people that now live here at Big Sky should not look to just the new people coming in to pay for a brand new system which they are going to be using. They should pay their fair share. Everybody that comes into Big Sky should pay some type, in my opinion, of a fee. And, I think that how this process that everybody is struggling with is...that we have been using the word impact fee without really analyzing how that compares with this plant investment fee. They are two different animals. An impact fee is a fee charge because you are making an impact on a existing system. That is what all the books and all the people that have written about this talk about. The plant investment fee should be charged to everybody. And, if everybody is charged a plant investment fee, the charge per user comes dramatically down. I don't have the figures, but it comes dramatically down and that is shown in one of the engineering study tables where if everybody, not just the new comers, but even everybody even in the old existing subdivisions are to pay this plant investment fee. And, I think that **the...again**, if you look just to know people coming into the system to provide all of Big Sky with a new plant, it won't hold up. That's my opinion. I can't think of anything more fair than to allot the money you feel is necessary to replace the existing facilities just because it is worn out and charge that replacement fee to everybody. Because everybody is going to benefit equally from it. Now when somebody new comes in, yes, charge them a fee. If you call it an impact fee or whatever you call it--whatever. But it's got to be it seems to me a distinction between the monies you're collecting and what you're going to use them for. An impact fee is certainly proper, but you folks here in this ordinance are in effect just charging the new people coming in. That smacks of an impact fee, not of a plant replacement fee/plant investment fee. And, I think you've got the apples and the oranges a little mixed up. And, I don't think it is fair and I don't think it's going to hold up if you just charge the new people coming in to replace this whole system, which everybody is going to be using equally. Those are my thoughts on the matter. And,

I just would like to say I had the good fortune to be told about the City of Bozeman's adoption(?) of impact fees and so on. And, I chatted very briefly with the fellow of Bozeman and they went out and they hired some consultants and so on that came in to do this all over the country and the literature I was able to get my hands on I think speaks to what I just spoke about--about how an impact fee is one thing and a fee to everybody to replace the existing facilities is something all together different. And, I think you've got to keep that in mind. Finally, the proposal(?) for comment, \$3,500 for an SFE, so the kids that are going to be **buying** over in my **Southfork** Subdivision is way too high. The sewer hookup fee alone is more than many of them could save in two years of hard scrabble. And, it's just not right to charge them the kind of money I mentioned--over \$6,000 for a 3-bedroom home and somebody across the street can build an **8-bedroom** home for \$750 hookup fee charge. So anyway, those are my thoughts. Thank you.

President Ogle: Thanks, Paul. Those are all the yeses. There are obviously more of you here, are there any more comments. Mr. Edwards do you have anything to add? If not, we will close this hearing.

Ron Edwards: We have copies of the rate study for those who want them across the hall. I will be available to answer questions if you got them later. Our intent is to provide written response to the comment taken today.

President Ogle: Any other comments? Hearing none. Thank you for attending, appreciate you here. This is the only item on the agenda for today--we thought we'd have a little more time. Thank you Paul and thanks Denise.

With no further public comment, President Ogle called the Board meeting to order at **3:48 pm**.

### **FARMHOUSE PARTNERS**

President Ogle was directed to sign a note for Farmhouse Partners, but when he went to sign it today, he noticed that the District would be dealing with Farmhouse Partners/Big Sky LLC. President Ogle asked for direction from the Board before signing the document since it represented a change from what the Board originally agreed to, dealing solely with Farmhouse Partners. Director Meabon stated that the District was to be junior to the loan. Edwards believes this partnership arrangement is temporary until the subdivision approval is done. President Ogle stated its \$112,000 and maybe the Board needs to take a few days to review this. President Ogle said that the Board's intent was to support an individual enterprise to support low income housing. As directed by the Board, Edwards will ask for clarification on the partnership.

### **ENVIRONMENTAL ANALYSIS STUDY**

Legal counsel Mona Jamison provided an update on the scoping session held in Big Sky this summer. According to Mark Simonich, the Department of Environmental Quality (DEQ) issued their RFP on September 26 to two **firms**. The response deadline is October 10 and DEQ will make their selection by October 17. It was noted that neither Jamison nor

the District received a copy of the RFP. **Jamison** reported that she has no idea what has been included in the document, including the scope. The District needs to see what the scoping issues are since it is a big player. DEQ has about \$50,000 to contribute. Jamison believes that the DEQ can go to individual players for financial support after the selection is made. **Jamison** recommended that the Board not commit any funds toward the study until the District Board is completely satisfied with the scope of the **RFP**. Jamison stated that quantity and quality of water are big issues but isn't sure just those two issue should be the main focus. Edwards, two board members, and Mona Jamison will meet with Mark Simonich to discuss this issue. Dennis **McKenna** has been assigned to the environmental analysis study. Edwards said Tetra-Tech has contacted the District for information to respond to the RFP. Jamison will seek out a copy of the RFP and forward it to the District.

#### **MEETING MINUTES**

Director Meabon requested that the recorded minutes from the sewer rate ordinance public hearing be transcribed and made available to the Board prior to their next meeting.

#### **NEXT MEETING**

To accommodate Bill **Neece**, the regular Board meeting for October was scheduled for Thursday, October 23, 1997, 3:00 pm.

#### **ADJOURNMENT**

*Director Peacock moved to adjourn the meeting at 4:08 pm. Director Meabon seconded the motion. Motion passed, 5 yea votes to 0 no votes.*

  
\_\_\_\_\_  
W. F. Neece, Secretary

**Acceptance of Monthly Financial Statements**Date **10/23/97**


The Board of Directors at its **10/23/97** Board meeting reviewed and accepted the **financial** statements as follows (amounts are rounded to the nearest dollar):

Statement of Condition as of **9/30/97**

|             |                     |
|-------------|---------------------|
| Assets :    | <u>\$ 8,579,271</u> |
| Liabilities | <u>\$ 5,565,504</u> |
| Equity      | <u>\$ 3,013,766</u> |

2 Income Statement as of **9/30/97**

|                |                   |
|----------------|-------------------|
| Total Revenues | <u>\$ 242,509</u> |
| Total Expenses | <u>\$ 79,966</u>  |
| Net Revenue    | <u>\$ 162,543</u> |

 10-23-97  
Board Chair

# FILE COPY

BSWSD  
Public Comments  
Page 1

## DRAFT 12-02-98

### Revised 12-17-98 RBE

Comments from ~~the~~ Public Hearing on Permit No. MT-0030384 (**Big Sky** Water and Sewer District (BSWSD) 363) held in Big Sky, MT on September 29, 1998, from comments at an informational meeting held by the Department and BSWSD held in **Bozeman** on November 12, 1998 and from written comments postmarked no later than November 20, 1998. Terry Webster wrote the permit and Fred **Shewman** acted as the hearing officer. Responses to comments by **Terry Webster** and DEQ staff.

### 1) What is the **treatment process**?

Big Sky is proposing a wastewater management plan **consisting** of four parts. They include: 1) Advanced wastewater treatment in a state-of-the art biological nutrient removal treatment plant, 2) wastewater reuse through a combination of golf course irrigation, 3) snow making, and 4) river discharge.

Current plans call for about 94 percent of the wastewater to be recycled with the **remaining** 6 percent discharged to the **Gallatin** River. Except for emergency discharges, the river discharge is not anticipated to occur until the year 2015 based on current build out and monthly flow distribution projections for the District.

**Only** highly treated wastewater from the advanced treatment plant will be discharged to the **Gallatin** River. **The** treatment uses includes several processes including screening and grit removal, and both aerobic (with oxygen) and anaerobic (without oxygen) biological treatment. The biological **processes** remove the organic material from the wastewater as well as the nitrogen and phosphorous **compounds**. Following biological treatment, the wastewater is clarified to remove any suspended matter, and then chemically treated to remove additional phosphorus. Treated effluent that would be discharged to the river, **would** be disinfected using ultraviolet light.

Finally, the wastewater is filtered in large multi-media filters (similar in design to those used in drinking water plants) and disinfected to prevent any release of **harmful** organisms. The purified water is then stored in lined holding ponds prior to reuse **and/or** river discharge. The holding ponds also provide a buffer against the release of untreated **wastewater** if any plant equipment malfunction occurs. The filtration plant and storage ponds are complete.

This process allows the treated wastewater to meet all the applicable standards for discharge including the 1993 Montana Non-Degradation policy. The treated water will be clear and will contain **coliform** bacteria concentrations that are lower than background river conditions. Very low nutrient (5 **mg/L** Total Nitrogen, 0.5 **mg/L** for total Phosphorus) levels will be present in the treated **effluent**, but not high enough to **induce** any additional algae growth.

Additionally, the discharge of the highly treated effluent will not cause elevation of background concentrations of either biological oxygen demand (BGD) or total suspended solids (**TSS**). There will be no visible indication of a discharge because the out fall will **be** buried in the river bed.

### 2) Will the discharge increase the algae growth?

The discharge will contain nutrients (nitrogen and phosphorous) at concentrations that will not increase the concentration in the river, after mixii, by more than the detection limit of 0.01 **mg/L** and 0.001 **mg/L** respectively during the lowest monthly flows in the river. Normal monthly flows are much higher so the concentrations would be even lower. These small increases are non-significant under the **administrative** rules of Montana (ARM 17.30.715(1)(c)). Furthermore the discharge will be limited to the non-algal growth months from March through June when algal growth should not be **significant** even in the mixing zone.

### 3) What effect will the discharge have on people, animals and fish?

**The** discharge will have no effect on people, animals, or fish **The** discharge effluent meets **all** aquatic fish and



human health standards even before mixing with the river water. After mixing, **all** parameters of concern will be less than the detection level and will have no impact to people, animals, or fish.

- 4) Will wells down stream from the out fall be impacted?

**The** water quality standards specified in the discharge **permit** will prevent any measurable impact to down stream wells. Anthermore in the area of the discharge ~~the~~ groundwater flows into the river as evidenced by the many springs in the area.

- 5) Is there a potential for raw sewage to be spilled into the **Gallatin** River or its tributaries?

**The** most likely condition resulting in a raw sewage leak would be a pipeline break in the existing sewer collection system rather than a release from the treatment plant itself. The District has an ongoing video inspection and maintenance program for the collection system that is used to identify and repair problems in the collection system as they occur.

The new advanced treatment plant will be designed to contain raw sewage releases that might occur during an equipment **malfunction** or extremely high runoff condition. **The** design of the **treatment** system includes the use- of the existing storage ponds to store water for reuse through irrigation and snow making, and also to contain any overflows. *Lined*

- 6) Have the public been informed of **the** proposed discharge?

On August 12, 1998 the **Department** sent approximately **100** individual notices of the proposed discharge to those individuals and organizations who have **requested** to be on the **MPDES** mailing list. This included notices to environmental groups such as the Yellowstone Coalition, **American Wild Lands** and MEIC. In addition, the notice was posted in 7 public locations in Big Sky and was run on two occasions in the public notice section of the Bozeman Chronicle and three issues of the **Lone Peak Lookout**. *The District also mailed out 1500 newsletters to its property owners.*

Two public hearings were held in Big Sky on September 29, 1998 at which 29 members of the public attended. The District conducted a hearing on its facilities plan with alternatives, and the Department of Environmental Quality conducted a hearing on the **District's** application for a discharge permit.

**The** public comment period was extended on three occasions, first to October 6, 1998, then to October 21st, and finally to November 20th, 1998. **These** extensions were reported in the Bozeman Chronicle. As a result of the public comments, a second public informational meeting was scheduled for November 12, 1998, in Bozeman.

- 7) What other **disposal** options will be employed?

The river discharge portion of the District's wastewater management plan will involve about 6 percent of the total effluent volume projected for the 20 year effluent volume. The other 94 percent will be reused in a snow making system during the winter months and irrigated on the Meadow Village golf course during the summer months. *\*qualify if approved*

Treated wastewater applied to the golf course is treated in the same advanced treatment plant making it safe and in compliance with all federal and state requirements for application to a public area. Wastewater routed to the snow making system will first receive biological treatment before spraying. The snow making portion of the treatment will utilize a proprietary technology known as the snowfluent process. This process is proven to kill nearly 100 percent of coliform bacteria and also remove nutrients resulting in snow that is safe. There are no plans to place the snow on or near any of the ski runs at this time due to engineering complexities associated with getting the water to the mountain. *Slope is run-off containment.* *secondary?* *\*qualify this a bit*

**8)** Why have there been odor problems on the golf course in the past?

**Odors** from the present system are primarily caused by the conversion of sulfate to sulfide and hydrogen sulfide in the storage ponds. When the sulfide is released during spray irrigation, the rotten egg smell occurs. This conversion occurs because the pond water is low in oxygen during the summer months. Oxygenating the pond water can significantly improve this condition. The District is currently **installing** a pond aeration system that will be used to reduce sulfide odors during the summer months. Additionally, the proposed advanced treatment plant will include processes that convert and remove sulfide compounds from the wastewater prior to the storage ponds. The District **expects** a noticeable improvement in odor reduction during the summer of 1999 and additional improvements once the advanced treatment plant becomes operational.

**9)** Who will do the monitoring?

The DEQ requires the permit holder to do the monitoring under a self monitoring program. The DEQ will take check samples as appropriate. The District has indicated that it would be willing to pay an independent lab to take in-stream samples.

**10)** Will the temperature of the river be effected?

No detectable temperature change will occur. A water temperature increase of **1° F** is the standard for B-1 waters. At a 500 to 1 mixing ratio the increase, assuming the winter in-stream flow temperature was **33°F** and the discharge effluent was **50°F**, would be **0.034°F**. During warmer times of the **year**, the temperature differences would **be** less. Groundwater presently entering the river is approximately **50°F**, therefore no temperature difference would occur even in the mixing zone.

**11)** Will there be in-stream monitoring?

The permit has been modified to include in stream monitoring four times per year above and below the proposed discharge.

**12)** Will the quality of the water in the river be diminished?

The water quality in the river will not be diiished at detectable levels. The total suspended solids (TSS) and Fecal Coliform Bacteria are similar to the existing river quality. Biological oxygen demand (**BOD**) is higher by 10 to 20 parts per million but would not be detectable at a dilution ratio of 20 to 1 and the proposed dilution ratio is 500 to 1. Nutrients will be increased above the detection level within the mixing zone (1,000 feet) but during the time of year the discharge will take place no adverse effects will occur. In-stream monitoring will be added to the permit.

**13)** If the Big Sky Sewer district only anticipates a discharge of 11.5 million gallons per year why is the permit granting the District a discharge of 117 million gallons per year?

Under the states non-degradation criteria the discharge that is considered non-significant equates to **117** million gallons per year. However, since the District does not require a discharge volume of 117 million gallons per year the permit has been modified to allow discharges to the river only from March through June. This equates to a total allowable discharge of approximately 50 million gallons at an average discharge volume of 280 gallons per minute.

This is also more than the District anticipates discharging but it allows discharges during the time of year when discharges may become necessary, because of the impracticality of either snow making or land application. It is impossible to predict at what period during the permitted time frame a discharge may take place.

*So reference design  
criteria wettest year  
in 10.*

14) What alternatives have been considered?

The District considered at least seven different alternatives before selecting the preferred alternative. All of the alternatives utilized a combination of advanced wastewater treatment coupled with water reuse through irrigation, snow making, or both. **The differences between options were primarily in the locations of irrigation and snow making sites. Suitable land for these sites is in short supply. Thus, the location of suitable sites has significant cost impacts.** *and some sites have been ruled out as not feasible.*

One of the options, an advanced treatment plant discharging 100 percent of the effluent to the **Gallatin** River was not even included in the study document leaving six options that were **evaluated** in detail. Of the six options studied in detail, 4 proposed zero discharge to the **Gallatin** and 1 proposed a 6 percent discharge, and another proposing a 32% discharge. At the present time, the 20 year preferred plan calls for discharging up to 6 percent of the highly treated water to the river. It is the District's intent to use the **Gallatin** as a last resort.

*Ray*  
While zero discharge options were considered, the options were not feasible due either to lack of land ownership or lease agreements with existing owners (i.e. new golf course), costs (i.e. Jack Creek option which was 3.4 million more without any consideration of easement costs, or route alignments other than the most optimistic straight line route), conflicts with the operation of the ski area, or because of land condemnation.

Based on current projections, if snow making **is** approved, the annual discharge should not be needed until the year **2015** under normal conditions. This **time** frame allows the District more time to pursue other sites if and when they become available. Because the District is under a **Compliance Order**, a final plan must be submitted now and under the preferred option must include a discharge permit.

Storage? (Ron) *Current storage has been maximized on D. state property*

15) Will floods cause the sewage system to overflow?

The system is designed with storage ponds that can be used to hold water during high flow conditions. Please see response item numbers 1 and 5. *It is conceivable that under existing situation ponds could run flow. District seeks disallows permit for if this were to occur.*

16) What would be the consequences of household hazardous materials being put into the system, (ie. antifreeze, non-recyclable oil, bleach, etc.)?

The advanced treatment process will be capable of removing many household type wastes provided no wholesale or illegal dumping occurs into the system. For example, the biological treatment processes will degrade **antifreeze** and oils. Oxidants such as bleach will be too dilute to impact the process. The biological process will also remove significant levels of trace metals if present.

17) Will the discharge set a precedent for fast growing communities that may wish to dispose of their waste in a similar manner?

It may, however, most communities the **size** of Big Sky can not afford the type of treatment system planned and could not meet standards. We can only hope that most communities in Montana will install a treatment system capable of treating to the levels proposed by Big Sky. Most systems in Montana are either facultative or aerated lagoon systems. These systems can meet National Secondary Standards for BOD and **TSS** but do not treat or reduce nutrient levels to any degree. **These** systems built in the past have either discharges to groundwater or to streams. New systems or enlarged systems have to meet non-degradation laws which require nutrient removal prior to discharge similar to the Big Sky system.

18) Is not the perception of a pollution problem just as important as the actual existence of pollution?

If the perception makes people move from the area or not recreate in the area then some people might perceive this as a good thing and others might not. The Department would disagree that perceptions are more important than actual pollution or degradation of waters. The non-degradation criteria have been developed to prevent degradation.

**19) Will the waste contain undetectable amounts of VOCs?**

Normal wastewater originating from residences and hotels will not contain significant quantities of volatile organic **compounds (VOCs)**, or semi-volatile compounds for that matter. This will remain true so long as no industrial contributors are **connected** to the system and that no illegal activities occur.

If **VOCs** are introduced into the wastewater flow, the advanced treatment process will remove **VOCs** to nearly undetectable levels through a combination of stripping and degradation. The treatment plant uses an aeration process which intensely agitates the wastewater causing the release of the **VOCs** to the atmosphere. Those chemicals that are not released, will be degraded by the bacteria in the process.

**20) Has Big Sky fixed their currently leaking sewer pipe?**

The Compliance Order issued by the Montana Department of Health and Environmental Sciences against the District in **1993**, required the District to identify infiltration and **inflow (I&I)** problems and correct them. In response to the Order, the District has made I&I reduction a priority in its annual operating budget. To date, the District has spent approximately \$500,000 on activities directly related to I&I reduction. In addition, the District recently entered into a **\$750,000** contract to replace the out fall sewer line which **connects** the Mountain and Meadow Villages. Spring time flow studies have shown this 4 mile segment of sewer line to be a significant source of infiltration. Other efforts to reduce **I&I** include eliminating illegal sump pump and roof drain connections, manhole repair and/or replacement, plugging manhole pick holes, sewer line spot repairs, replacing sewer lateral saddles, and adding manhole chimney seals.

**21) What will the cumulative effects of additional development be? (Sandi)**

The proposed discharge permit will not effect additional development in the area. The District is proposing a treatment and disposal system for development that has already been approved. The advanced treatment system proposed will improve water quality in the area over the existing system or the expansion of the existing system to handle the approved developments. The proposed treatment system and discharge option will lessen the cumulative impacts on water quality.

Additional development outside the boundaries of the District both in the Big Sky area and the main fork of the river, south towards West Glacier, will continue to impact water quality as well as other areas of concern.

**22) If cumulative effects have not been analyzed, why not?(Sandi)**

The cumulative effects of development in the area, including the main fork of the river, are outside the scope of this proposal. The proposed discharge to the river will have no impact on water quality given the treatment and timing of the discharge. Therefore this discharge will not add to the cumulative effects of development.

**23) The draft environmental analysis (EA) provided by the DEQ is completely inadequate. Please correct any missing information, address alternatives and provide analysis of the proposal and impacts including cumulative effects,**

The draft environmental analysis has been modified to reference the Statement of Basis prepared by the department.

See answers to questions 22 and 24.

- 24) Does the EA contain a reasonable range of alternatives?

Alternatives detailed in the Long Term Compliance Work Plan For Wastewater Treatment and Disposal prepared by MSE-HKM were analyzed by the Department. The preferred alternative with a discharge to the river was selected because it would have no impacts on water quality that the other alternatives would have addressed. ? clarify

- 25) Have the old leaking lagoons at Big Sky effected the river and what is the impact including the cumulative impact with the additional discharge from Big Sky.

Groundwater discharging to the river in the vicinity of the proposed discharge (confluence of the West Fork of the West Fork and the West Fork of the Gallatin River) has elevated nitrates (0.12 mg/L) that may be due to the old leaking lagoons, septic systems in both drainages or may be natural. The impact of this water is to increase algal growth in the springs themselves and in the river for approximately 1/2 mile. If the old lagoons are responsible for a portion of this load improvements should be evident from the lining of those lagoons under the improvements initiated by the District. over time

Given the time of year that the proposed discharge will take place and the dilution ratio additional impacts are not anticipated.

- 26) If the EPA determines that Montana's water quality standards are not in compliance with the Clean Water Act will the permit be revised?

Abe

Will this permit allow additional permits in the area or an expansion of this permit without public input or addressing the cumulative effects. (Sandi)

All permits and major modifications for discharges to state waters under an MPDES or Groundwater Permit must be public noticed and go through the public review process. If the discharges are treated and discharged in a way as to eliminate impacts cumulative effects may not have to be addressed. 0

- 28) Will the wastewater used to make snow in the snowfluent process be of the same quality as that used to irrigate the golf course or discharged to the river?

No, the wastewater used to make snow will only receive secondary treatment through aeration. The snowfluent process further treats the wastewater by freezing bacteria and volatilizing nutrients. This is why it is not desirable to allow people to ski on the made snow. The advance treated wastewater will not have an adverse effect on people or animals so access restrictions do not apply.

Will a new Sewer Board at Big Sky have to meet the standards in the permit?

Yes, the permit will be in effect no matter who is in charge of the facility. They may terminate the permit or ask for a modification. Any modification which increases the flows or limits would have to go through the public review process.

- 30) Does the District have a legal right to discharge to the river?

Yes, if the water quality standards and nondegradation criteria for the state of Montana can be met. The criteria can

be considered significant based on cumulative effects. Given the limits **in** the proposed permit and the **time** of year that the discharge will be allowed to take place no effects on water quality are anticipated **and no increase in cumulative effects will take place.** *as a result of the District's discharge.*

31) **Will the wastewater increase over the life of the permit?**

**The permit is reviewed and possibly renewed every 5 years. It is anticipated that the amount of wastewater generated** by Big Sky will increase every year. The proposed discharge for the year **2020** is 211 million gallons of which approximately 11 million would be discharged to the river. The present volume of discharged effluent to the golf course is approximately **90 million gallons** a year.

32) **Is the Gallatin River presently listed as impaired?**

The main stem is listed as **impaired** for **siltation** and flow below Spanish Creek. The West Fork is **impaired** for **siltation** and total suspended solids (**TSS**). (Pen-y)

How will this permit help define a total maximum daily load for the river?

**Perry**

**Explain how the mixing zone was defined. What will the chemistry of the mixing zone be and what effect will it have on water quality?**

The facility qualifies for a standard mixing **zone** because the discharge is less than 1 MGD and the dilution ratio **in** the lowest flow **month** is greater than **100:1** (ARM 17.30.516(3)(a)). A standard mixing zone is defined as 10 times the stream's width (approximately 1,000 feet). Based on best professional judgment, given the low concentration of pollutants in the effluent, the high **dilution** rate, the river gradient **in** the area and the **presence** of islands down stream, it is believed that the effluent will be totally mixed and non-detectable within this distance. **This** analysis was confirmed by a site visit in October of 1998.

↑

The only parameters that will be above existing conditions **in** the stream will be BOD (see answer 12) and the **nutrients** nitrogen **and** phosphorous. Nitrogen will be ten times higher than the existing condition and phosphorous will be **50 times** higher. However, these **pollutants** do not have **numeric** limits only narrative limits which prevent algal growth. During the time of year the discharge will take place this will **not** be a problem.

35) **What are the ammonia values expected in the mixing zone?**

Total nitrogen is defined as **nitrate/nitrite (NO3/NO2)** and total **Kjeldahl** nitrogen (**TKN**) which **includes** both organic nitrogen and ammonia. Therefore the ammonia values are controlled by the limit on total **nitrogen** and are not toxic to aquatic life.

*Ray - Doesn't really address question?*

36) **Beyond the time frame of the preferred alternative (2020) will the District be allowed to discharge more wastewater to the river?**

The **permit** will be reviewed **and** reissued or modified every five years as long as applications for such reissuance or revisions are requested by the District. It is possible that with additional treatment **and** monitoring results that additional wastewater could be discharged to the river if all standards are met.

37) **Why was the hydrologic assessment study not finished? (Saudi)**

The study was voluntarily funded and has run out of money. The DEQ and the District are presently searching for new funds to finish the project.

38) What happens to the pollutants in the snow making process?

*expand this*  
The snowfluent process uses high pressure sprinkler heads which atomize and **volatilize nitrates**. *snowpack volatiles of ammonia* Bacteria is frozen. Phosphorous is attenuated in soils. Monitoring will ensure project modifications are developed if nutrients are being leached to groundwater.

39) Does the wastewater and pollutants applied to the golf course move through the groundwater to the river?

Wastewater is applied at agronomic rates which allow the uptake of nutrients by the vegetation. Phosphorous is attenuated in the soils and the other pollutants (BOD and TSS) are **filtered** out. There are monitoring wells and soil moisture monitoring devices (lysimeters) around and within the golf course. *to ensure agronomic application rates*

40) Has anyone proposed composting toilets'?

Ron *No, 1.5 gpf toilets most water comes from gray water, i.e. showers washing machines. Resort community, --*

41) The DEQ approved all the SFE's prior to an adequate facility to handle the waste. Now DEQ is responsible for approving the waste disposal system for SFE's it previously approved. Is this a conflict of interest?

Mona, Claudia ? *Leaky Lagoons*

42) Why wasn't the goal of this project to build a closed system with **zero** discharge?

Ron *It has been, 84%.*

43) Why wasn't conservation part of the overall plan?

Ron *It is, primarily through plumbing fix. requirements. meters*

44) Has the District tested the snowfluent process?

*Page* Yes, during the 1997 season tests were carried out and the Department has reviewed the data. The data indicates that the process works as **advertized**. *Something better*

45) Can the District purchase more land for warm weather irrigation and overflow storage capacity? is it true that they don't want more ponds because of aesthetic reasons?

Ron *Possibly Development area, premium on land values etc.*

46) The original approval document stated that the sewer system would be a closed loop with no discharges to the area rivers. The Forest Service EA for the land exchange which made the development possible also reflects a major **premise** that no wastewater would be discharged to area streams. Is this a breach of promise made between the **government**, the **developers** of Big Sky and the people of Montana?

Mark

*Original development subseq. expanded, leaky lagoons*

47) Will baseline data be **developed** to facilitate developing total daily maximum loads for the river?

**Perry**

- 48)** Will additional flows impact downstream flooding conditions?

During flooding conditions the additional flow into the **Gallatin** at the maximum allowable discharge **volume** would be 7,000 to 1 which would not have an effect on flooding.

- 49)** Can a moratorium on building **be** enacted by the Department until the financial resources have been made available and a comprehensive study.

Claudia

- 50)** What will the nutrient loading impact be on Canyon Ferry Reservoir which already is experiencing dissolved oxygen (**DO**) depletion below the dam?

**Abe**

Will the discharge in nutrients lead to greater **numbers** of Tubifex worms, the secondary host for the whirling disease parasite?

Can the cumulative impacts be appraised under the TMDL policy?

**Perry, Sandi**

Is it appropriate for the District to take one of the means of sewage disposal, namely discharging into the **Gallatin**, and ask the state to approve it separately from a discussion and review of the entire plan?

Given the District is under a **Compliance Order** to propose a long-term plan that is acceptable to the state, dealing with the discharge permit outside of the context of the overall plan review is inappropriate. DEQ should examine all alternatives, to wastewater disposal together and determine which it will approve and when. The proposal DEQ proposes to adopt should be reviewed under **MEPA**.

The final plan will be approved under **MEPA**. The MPDES permit is only a portion of that plan which must be reviewed as a viable alternative prior to the entire package pending review and approved through the **MEPA** process by the Technical and Financial Assistance Bureau.



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

### Regular Meeting -- September 16, 1997, 3:00 pm MSE-HKM Conference Room, Bozeman

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:00 pm on Tuesday, September 16, 1997, in **the HKM Conference Room located** at the Professional Building, 20 East Olive St., Bozeman. President Bill Ogle, Secretary Bill **Neece**, and Directors Harry Meabon, Dee Rothschiller, **Wendall Ingraham** (left at 6:20), and Skip Radick (**left at 6:05**) were present. Director Stewart Peacock was not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs **and** Marlene Kennedy; MSE-HKM representatives Ray Armstrong, Robert Siemans and Karen Fagg; and Farmhouse Partners representative Dab Dabney.

President Ogle called for public comment at 3:05 pm.

#### PUBLIC FORUM

With no public comment, President Ogle called the meeting to order at 3:05 pm

#### APPROVAL OF MINUTES

The minutes of the June 17, 1997, Regular Meeting were reviewed and approved as amended. *Director Harry Meahon moved to approve the June 17, 1997, minutes. Director Rothschiller seconded the motion. Motion carried, 5 yea votes to 0 no votes without President Ogle voting.*

The minutes of the July 8, 1997, Special Meeting **and** Public Hearings were reviewed and approved as amended. *Director Meabon moved to approve the July 8, 1997, minutes. Director Rothschiller seconded the motion. Motion carried, 5 yea votes to 0 no votes without President Ogle voting.*

The minutes of the August 19, 1997, Regular Meeting were reviewed with approval deferred until the Farmhouse Partners **figures** are reviewed. The minutes also need to reflect that the Big Sky Chapel is not subject to a surcharge. Approval will be subject to the rereading of the **draft** minutes with corrections as noted.

The minutes of the August 26, 1997, Special Meeting were reviewed and approved as amended. *Director Meabon moved to approve the August 26, 1997, minutes. Director Rothschiller seconded the motion. Motion carried, 5 yea votes to 0 no votes without President Ogle voting.*

#### FINANCIAL REPORT

Sewer August Financial Reports-Bill Dutton said this may be the last time the sewer **financials** are reported on Solomon software. Dutton reported that the sewer accounting has now been transferred to Black Mountain Software. There is about \$155 that did not transfer, of which about \$80 cannot be found. President Ogle recommended a CPA run a trial balance on the transfer. The **balance** sheets should indicate the dates the bonds were posted. Contingent liability to Boyne will disappear once the settlement is **done**. President Ogle asked if cash from the interest variance from prime rate earnings versus actual earned interest on the MOU suspense account is being set aside. The Board wants a separate account set up for this interest cash, and the interest earnings to continue to stay into this account. Dutton will review his procedures and balance back the computed interest variance. Dutton explained the individual items may vary but **the** totals will always match.

*Director Neece moved to approve the August financial reports. Director Radick seconded the motion. Motion passed, 5 yea votes to 0 no votes without President Ogle voting.*

Water Augest Financial Report--Dutton reviewed the LMS financials noting that he now has 99% control of the LMS **financials**. Dutton said the vendors accounts for LMS have not yet been canceled. Dutton will get a letter out to the payable vendors immediately. Ray Tout and Tom Halpin were paid by LMS through August 22; Boyne will cover their pay after this date. Halpin's auto lease of \$311 is paid through the end of the month. Potts drilling will be paid by Boyne with the District reimbursing Boyne. Dutton noted the lease with Microcom for the telemetry will be the District's responsibility. Dutton reported the water utility is operating on an almost break even basis-losing about \$3,000 a month. Responding to President Ogle, Dutton estimates that LMS **financials/assets** will be verified within 30 days, by October 16.

Edwards would like to have a preliminary budget for LMS by the October regular Board meeting. Dutton reported the quarterly (October) water billing will be run on the Solomon software and then converted to the Black Mountain system. President Ogle requested staff to move quickly to have the budget information done soon. Edwards is to assign the **work** to get it all done and if it takes another person, he is to hire the staff to complete it.

*Director Meabon motioned to authorize the manager to hire additional help to get the LMS work done. Director Neece seconded the motion. Motion passed, 5 yea votes to 0 no votes without President Ogle voting. Edwards will take it out of the LMS budget.*

1996/1997 Audit--Dutton said that according to the auditors, Joseph Eve & Company, the audit **draft** will be to the District by the first or second week of October.

Resort Tax Draw Request--Dutton requested the Board to motion for the final resort tax draw request in the amount of \$6,845 for fiscal year **1996/97**.

*Director Meabon moved to approve the 1996-1997 final resort tax draw request in the amount of \$6,845. Director Rothschiller seconded the motion. Motion carried, 5 yea votes to 0 no votes without President Ogle voting.*

## **OPERATOR'S REPORT**

Flow Report--Grant Burroughs distributed the monthly flow reports for board review.

Irrigation/Ponds--Ray Armstrong discussed the loss of pump prime and that a "foot valve" with a screen for the suction intake line will be installed to prevent this. Armstrong is still waiting on a price. Burroughs noted that he would like to move the water out of pond #1 back into pond #3 as soon as possible.

Irrigation will continue as long as allowed by the golf course personnel. Irrigation to the horse pasture will also be done as long as possible.

The Board noted the letter from the public about the horse pasture irrigation. Edwards has met with these homeowners. Burroughs said if anyone complains, he invites them to tour the facilities. He encouraged Board members who receive complaints to encourage the individuals to contact the District.

Storage Building--Burroughs presented information on a storage building and asked the Board to consider authorizing the construction of a 60 x 40 storage building. The two sites are the small tilled pond area, or the area just east of the new filter building. Edwards noted that Curley Shea has offered a small piece of land just east of his commercial building (The First Place Restaurant). Director Rothschiller recommended a location west of the treatment building. Generally, but not unanimously, the Board members agreed the District needs a building. The Board requested staff to look into other alternatives, like temporary heated storage. Consideration should also be given to

future needs to insure that the District has adequate room if the District ever plans a building on the filled pond site. President Ogle recommended going ahead and marking out a storage building site somewhere other than the filled pond site, maybe even working with Simkins. The Board will entertain the storage building, but not on the filled temporary pond area. Staff are to look at specific space requirements and a temporary heated structure (Canadian firm). The District should get BSOA architectural committee approval even though the property is not in the BSOA. Armstrong noted that in considering a permanent building near the oxidation ditch, a considerable amount of thought needs to be used to avoid conflicts with the master site plan. If temporary, this reduces the amount of planning needed. Staff are to come back to the Board with comparisons of temporary and permanent buildings. Burroughs estimated the S-S building at \$40,000 with a concrete pad and wiring.

Aerators--Edwards said the operators plan to have all aerators running and to also replace the net on the inlet to the aeration pond before winter.

### **LONE MOUNTAIN SPRINGS**

PSC Hearing--Edwards reported that the PSC does not have a confirmed date for the public hearing on **the** LMS transfer, but it will probably be the **first** week in October. PSC will send a quorum to Big Sky for the hearing. The Board discussed the need to contact people and ask for **there** support of the LMS transfer to the District at the public hearing. Director **Rothschiller** noted that the BSOA board will meet *on* Thursday and she will let the BSOA board know the need for public support at the public hearing. Edwards has discussed this same issue with the fire board. The Resort Tax Committee needs to be contacted.

Interim Management Agreement Edwards said the District will continue to run LMS as they have and forego the interim agreement.

Aspen Groves--Edwards discussed the letter submitted to the Board by Skip Radick regarding turning the ownership of the Aspen Groves water system over to the District. Edwards thinks that the LMS letter to the State in November 1996, approving the Aspen Groves water system, may already be a commitment to transfer the system upon completion and final acceptance. The Board asked Edwards to do research on the issue before transferring Aspen Groves water system ownership and maintenance responsibility to the District.

*Director Meabon moved to direct the manager to respond to Skip Radick's letter of 9/11/97 saying that the Board is not in a position to take on the Aspen Groves water system us this time. Director Neece seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.*

DEQ Inspection Report & Water Analysis Update--Burroughs reported on the annual inspection of the water system conducted by DEQ. The inspection will require a change in **coliform** sampling to 2 sites a month on the mountain due to population and demand during the winter. Burroughs noted that the mountain was found to be in violation of the lead and copper rule and no follow up testing was done by LMS to assure compliance with the lead and copper rule. Burroughs needs to meet with Tom **Halpin** to see where LMS sits with this testing. Burroughs feels the District can take care of the problem by testing at the end of December, 1997. DEQ is unclear about when Boyne is going to abandon the 500,000 gallon tank. The 1.5 million tank under construction will be the replacement for this tank. A well inside the Spotted Elk well house needs to be abandoned. The meadow system generally needs painting, cleaning, and work on the casing in well **#2. O&M** manuals are needed for both the meadow and mountain water systems. DEQ will recommend that wells be cleaned every 5 years. The Board requested that the PSC be advised that the District will

abide by all DEQ inspection recommendations,

## **IAWP REPORT**

Construction Progress Report: Edwards reported on the progress each contractor has made on **IAWP** construction.

**Williams Brothers/Filtration Treatment Plant-Ray** Armstrong said he has received notice from the contractor that the filter system is scheduled to be shipped on September 30. Armstrong will issue a work order once the **filter** system arrives. Williams will then have 40 days for substantial completion.

Armstrong reported that Williams has submitted the third filter proposal at a cost of \$296,993. The quote is good for 30 days. Armstrong noted that the tanks do not need to be painted and a few other things do not need to be done so Armstrong is looking at \$283,000 as the cost. Armstrong will also request a better break out on the electrical costs as it looks a little high. The third filter should be fully operational next spring. It will be set up as a stand alone unit with separate controls. Armstrong reviewed why the third filter system is needed with the Board. It is basically needed because the District does not have as much winter storage as originally planned in the LTCWP.

*Director Rothschiller moved to accept the letter from Curtis authorizing an expenditure up to \$300,000 for the third filter. Director Meabon seconded the motion. Director Rothschiller amended the motion to authorize an expenditure up to \$325,000. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.*

Armstrong estimates MSE-HKM inspection fees will run around \$10-\$12,000 a month. Armstrong will get an estimate for engineering costs for the third filter to Edwards. Armstrong said **MSE-HKM** is evaluating snowmaking sites, and they have requested cost estimates from Delta for snowmaking equipment. Armstrong estimates 20 million gallons could be treated and used for snowmaking. Armstrong answered questions from the Board on the LTCWP and discussed disposal options. Armstrong is not too optimistic about the feasibility of using a Jack Creek disposal site as MSE-HKM estimates costs as much as 11 million dollars for this site. Armstrong plans on submitting the Long Term Compliance Work Plan (LTCWP) on October 10 to some of the reviewing agencies, but not the State. These reviewing comments will be included in the LTCWP submittal to the State. Armstrong discussed having a public hearing on the LTCWP sometime in December. Comments from the public hearing would then be included in the final submittal to the State.

**Huppert Brothers/Golf Course Irrigation**-Huppert is trying to schedule a **final** inspection within the next two weeks. On possible areas that need reseeding, Carl Thueson's opinion is that there will be an inspection next spring.

**VanDyke Construction/Storage Ponds-VanDyke** is basically done except for punch list items. The liner is installed and VanDyke plans to pull out next week. Edwards discussed the stockpile and whether to reshape it or sell off another 10,000 yards. Ogle talked about moving it to fill the borrow pit on sagebrush flats, making this property more usable. This will be researched and possibly done in the spring.

## **SEWER CONNECTION PERMITS**

A copy and summary of the sewer connection permit applications to be reviewed by the Board were provided in the board packet. Applications reviewed were:

1. Madison Court Condos, Phase II/Snowy River Co.--Westfork, Lot 1, Block 2: 7.0 SFEs, \$3,500 connection/inspection fee for 7 units. Edwards recommended conditional approval upon **Westfork** architectural committee approval.

*Director Rothschiller moved to approve the application for 7.0 SFEs conditional on Westfork architectural committee approval. Director Neece seconded the motion. Motion passed, 4 yeas votes to 0 no votes with President Ogle voting.*

2. Gray Wolf Condos/Group Seven--Westfork, Lot 1 & 5, Block 5: 5.6 SFEs, \$2,000 connection/inspection fee for 4 units. Edwards recommended conditional approval upon **Westfork** architectural committee approval.

*Director Rothschiller moved to approve the application for 5.6 SFEs conditional on Westfork architectural committee approval. Director Neece seconded the motion. Motion passed, 4 yeas votes to 0 no votes with President Ogle voting.*

3. **Mistretta--Sweetgrass** Hills, Lot 2, Block .6 SFEs, \$500 connection/inspection fee. Edwards recommended final approval.

*Director Rothschiller moved to approve the Sweetgrass Hills Mistretta home for 1.6 SFEs. Director Neece seconded the motion. Motion passed, 4 yeas votes to 0 no votes with President Ogle voting.*

Farmhouse Partners--Request for Payment Deferment on Impact Fees: Dab Dabney explained that his affordable housing project has had an unexpected construction budget increase. He is requesting to have the WSD363 finance an additional \$16,000 under the same interest rate schedule terms. His proposal includes a \$6,000 payment up front, and then to make another payment in the amount of \$10,000 **after** all 24 units have been rented for 4 months. He explained that rent has to be dropped to \$325 per month because of a change in plans from gas hot water to electric baseboard heat to offset other increases in construction costs. The District will get \$16,000 in 16 months.

Dabney's attorney is drafting all the legal paperwork. District Counsel, Mike Wheat, will review these documents.

*Director Meabon moved to approve, in principle, the letter of agreement that spells out the exact terms as presented to the District by Mr. Dabney of Farmhouse Partners. Secondly, that the District obtain a confirmation on usage of the \$45,000 resort tax allocation from the Resort Tax Board Chair. Director Neece seconded the motion. Motion passed, 4 yeas votes to 0 no votes with President Ogle voting.*

Edwards will write a letter to Mike Richards, Chairman of the Resort Tax Advisory Board, indicating the District's views on the affordable housing resort tax loan commitment and for confirmation **from** the Resort Tax Board.

*Director Meabon motioned to have a formal note on how the loan will be paid back. Director Ingraham seconded the motion. Motion passed, 4 yeas votes to 0 no votes with President Ogle voting.*

Dabney indicated that he will make sure that the District is senior to Boyne in event of a default.

*Director Rothschiller moved to approve noted sewer permit applications as submitted and fees as noted by District staff. Director Neece seconded the motion. Motion passed, 4 yeas votes to 0 no votes with President Ogle voting.*

## **OLD BUSINESS**

Rate Study--Edwards briefly reported **that** final copies of the rate study are available.

Sewer Rate Ordinance 97-1002--**Edwards** recommended setting the public hearing on proposed rate Ordinance 97-1002 for October 7. All board members agreed **to** the **date**.

Vice President Meabon discussed a few items in the draft ordinance.

## **NEW BUSINESS**

Three Rivers Easement--Jack Anderson, Three Rivers, called to inform the District that **they** had decided to use a different route so their request to cross through District property is off.

Dog Kennel--Edwards reported that Brent Pusey of the BSOA Architectural Committee requested to place **dog** kennels on District property. Via voice vote, the Board unanimously decided that no dog kennels will be allowed on District property at this time.

## **ADJOURNMENT**

*Director Rothschiller moved to adjourn the meeting at 7:50 pm. Director Meabon seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.*



W. F. Neece, Secretary

I:\OFFICE\MINUTES\09-16-97.MIN (Board Approved 10/23/97)

**Acceptance of Monthly Financial Statements**Date **9/16/97**

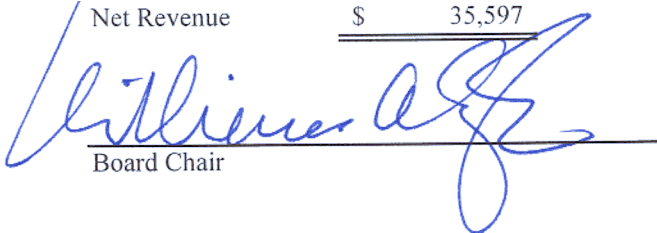
The Board of Directors at its **9/16/97** Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of **8/31/97**

|             |                     |
|-------------|---------------------|
| Assets:     | <b>\$ 8,393,817</b> |
| Liabilities | <b>\$ 5,542,438</b> |
| Equity      | <b>\$ 2,851,379</b> |

## 2 Income Statement as of

|                |                     |
|----------------|---------------------|
| Total Revenues | <b>\$ 358,987</b>   |
| Total Expenses | <b>\$ (323,390)</b> |
| Net Revenue    | <b>\$ 35,597</b>    |

  
Board Chair

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363  
**Tuesday, August 26, 1997, 7:00 am -- Special Meeting**  
BSOA Conference Room

In Attendance: Harold Meabon (presiding), Bill **Neece**, Dee Rothschiller, Stewart Peacock (He left at 8:15AM), and Skip Radick.

Absent: Bill Ogle and **Wendall** Ingraham.

Staff Members in attendance: Ron Edwards and Bill Dutton.

Others in attendance: **Scottie** Fletcher from the Lone Peak Lookout, Dr. Elliott Pearlman, and Paul Cronin.

### **PUBLIC FORUM**

The Chair called for public comment. No public comments were given.

The Chair stated that the purpose of this special board meeting was to review current rates, practices, rate study and draft Ordinance 97-1 002.

### **RATE STUDY**

References to revisions in the rate study are:

Page 7. SFE Table **#1** verses ordinance 97-1001 needs to be cleaned up.

Page 16. Schedule of **SFE's** in Ordinance 97-1001 needs to be revised to be consistent with Table 6.

Page 18. Change "method of advertizing" to "noticing of the public hearing". Change District to developer. Change "original Big Sky development" to "original platted subdivisions". Change "created" to "expanded". Change "properties" to "lots".

Page 19. Table 8 needs to be clarified as to those lots that are subject to **PIFs** under current policy and those that are not. Footnote no. 3 should read "Table includes Westland...". Change "Original Platted Subdivisions Board" to "developer of the original platted subdivisions".

Page 20. Change description of existing facilities by eliminating components being constructed under Interim Action Work Plan.

Page 22. Substitute SFE instead of PIF in second to last paragraph.

Page 25. Table **#14**- consider different format and check numbers for accuracy.

Page 26. Table **#15**- consider **different** format and check numbers for accuracy.

Page 28. Table **#16**- consider different format and check numbers for accuracy.

Appendix A. Line **#7**- 3.0 **SFE's** represents 6 lots in Cascade Subdivision and one in the Meadow Village Subdivision which increases the vacant lots from 212 to 219.



Appendix G was added at Board direction.

Ron stated that the rate study fulfills the requirements we made to Kerin & Associates regarding the rate study.

*Bill Neece moved and Stewart Peacock seconded to adopt the Wastewater Use Fee/Connection Fee and Plant Investment Fee Study aka rate study. Motion passed with 4 yea votes and 0 nay votes.*

*Skip Kadick moved and Bitt Neece seconded to adopt for the second reading the Connection Inspection Fee schedule on page two of draft Ordinance 97-1002. Motion passed with 4 yea votes and 0 nay votes.*

*Stewart Peacock moved and Dee Rothschiiller seconded to adopt that "Plant Investment Fee" be the official terminology for fees charged to replace plant assets used in the future. Motion passed with 4 yea votes and 0 nay votes.*

*Skip Radick moved and Dee Rothschiiller seconded to adopt "Wastewater User Charges" as the official terminology for fees charged for sewer services.*

*Bill Neece moved and Skip Radick seconded to adopt \$3,500 per SFE as the "Plant Investment Fee" to be included in the draft Ordinance 97-1002 for the second reading. Motion passed with 4 yea votes (with the Chair voting) and 0 nay votes.*

*Dee Rothschiiller moved and Bill Neece seconded to accept the draft Sewer Kate Ordinance 97-1002 as revised as the second reading. Motion passed with 4 yea votes (with the Chair voting) and 0 nay votes.*

*Bill Neece moved and Dee Rothschiiller seconded to allow Paul Cronin to consult with Mike Wheat to review the documents regarding the assessment of fees on Blue Grouse and South Fork Subdivisions prior to the public hearing on draft Ordinance 97-1002. Motion passed with 4 yea votes (with the Chair voting) and 0 nay votes.*

Dr. Pearlman requested that an information sheet regarding the state of the water system be presented at the BSOA Annual Meeting.

Paul Cronin requested that we perform a legal review of the constitutionality of assessing a Plant Invest Fee with exemptions, as he doesn't believe it would stand up in a court of law.

**Meeting adjourned at 9:53AM**



W. F. Neece, Secretary

WD

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

### **Regular Meeting -- August 19, 1997, 3:00 pm** BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:00 pm on Tuesday, August 19, 1997, in the BSOA Conference Room. President Bill Ogle, Secretary Bill Neece (arrived at 4:25 pm), and Directors Dee Rothschiller, Harry Meabon, Wendell Ingraham, Stewart Peacock (arrived at 4:50 pm) and Skip Radick (arrived at 5:05 pm, left at 7:05 pm) were present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs and Marlene Kennedy; Dab Dabney, Farmhouse Partners; and individuals from the public--Paul Cronin, Packy Cronin and Jim Schultz.

President Ogle called for public comment at 3:24 pm.

#### **PUBLIC FORUM**

Paul Cronin commented on the draft rate study report that was distributed at the August 5 Board meeting. Cronin reminded the Board that last year, when the matter of rates were considered, he wrote a several page letter to the Board that strongly recommended the Board seek an outside opinion as to the constitutionality of how the rates were to be applied. Cronin said he was pleased to see an outside engineer was hired to do the rate study and it seems to be quite detailed. At this time he has concerns as to the inclusion of Blue Grouse and Southfork in one group and not in another. Citing several factors, such as plat approval delays, the State moratorium, and the State/County extension running out; "Southfork should have originally been included in the table under RID 305." Cronin reminded the Board that he filed a lawsuit on the last ordinance and the suit raised many issues on how rates were applied, but those issue were not addressed in court as the ordinance was invalidated by the judge. Cronin feels there are inequities in how the rates have been applied to Southfork. And, if the same fees as last year are being contemplated again he would like the opportunity to make a formal presentation to the Board that addresses the rate issues before they are cast in stone. In conclusion, Cronin reiterated part of his letter from last year, asking that the Board seek an opinion from District legal counsel on the SFE rate charge.

Curly Shea, arriving at 4:20 pm, commented on the use of the District's property adjacent to his business, First Place. Shea wanted to know what is going on the property and if it is going to be used as a yard. Shea is concerned that it is getting junky looking and his customers have been commenting on it. He would like to be kept abreast of any plans for the property so that he could possibly do landscaping, maybe with the District contributing landscaping beyond its property. Shea said it would be ideal to have the property left vacant with natural vegetation or, he would even entertain the idea of a parking lot which he said is badly needed in the Meadow Center. President Ogle explained that the temporary pond was filled because the State would not allow the District to continue using an unlined pond and the District had the dirt available. Edwards noted that the District no longer has a place to store equipment except on this lot. In addition, the staff have been looking at putting a storage building on the lot and, if this occurs, Shea's view corridor will be considered. The District will try to keep the trailers and pipes from his main view. Shea asked what can be done with the orange fence. Edwards explained that it is an

interim fence until **VanDyke** Construction schedules the chain link fencing in September. Shea wanted to know if the property is going to be sold. President Ogle asked Shea what it would be worth. Shea responded a lot. Director Rothschiller commented that she didn't see that the property would ever be sold, but the District would work with Shea and BSOA if something is built on the lot. Shea noted that he owns a small piece of property next to First Place that could be used to work out a deal with the District to ensure that his view corridor remains.

With no further public comment, President Ogle called the meeting to order at **3:27** pm.

### **APPROVAL OF MINUTES**

The meeting minutes of June 17, 1997, Regular Meeting were distributed to the Board for review and approval. The Board tabled any action on these minutes until the next meeting.

The staff noted that the meeting minutes of the July 8, 1997, Special Meeting & Public Hearings were not ready to be distributed to the Board.

The minutes of the July 15, 1997, Special Meeting were reviewed and approved as amended. ***Director Meabon moved to approve the July 15, 1997, minutes as amended under Sewer Use Ordinance 97-1001. Director Rothschiller seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ogle voting.***

The minutes of the August 5, 1997, Special Meeting were reviewed and approved as amended conditional on Hank Miller approving his comments while representing the Fire Board. ***Director Rothschiller moved to approve the August 5, 1997, minutes as amended and on condition of Hank Miller approving his comments. Director Meabon seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ogle voting.***

### **FINANCIAL REPORT**

#### **FY 96-97 Year End (June) Financial Reports**

Bill Dutton reviewed the year end balance sheet and answered questions. Edwards said the rate study done by Kerin was reverted back to June. State **Workmans** Compensation has increased to \$4,300 and Dutton requested a representative to review Edwards' work classification code anticipating the \$4,300 bill to be reverted to last year's fee. Dutton responded to several questions on the Income Statement. Dutton said that the Solomon software will probably be used for two more months for financial reporting. Dutton reviewed the Budget versus Actual Expenses variances. Overall, the District is under budget because the plant has not come on line. Director **Ingraham** inquired about the insurance plan and where the District was at looking at self-insurance. Edwards noted that Blue Cross/Blue Shield has delayed releasing their new plan options until October.

**Director Meabon moved to approve the year end financials. Direction Ingraham seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting. President Ogle signed the acceptance report and dated it 8/19/97.**

Dutton announced that the auditor, Joseph Eve & Company, will be here on September 2, 1997. Dutton said SRF requires a single, separate audit if more than \$300,000 has been paid out under that program. The Board discussed hiring another firm to do that audit and left it up to the staff to check into seeking an auditor that would satisfy SRF requirements.

FY 96-97 Audit/Department of Commerce Comments: Dutton requested the Board to approve the written response to the Montana Department of Commerce's letter of July 30, 1997, which asked for the Board to respond to all items in the audit.

*Director Meabon moved to approve the written response to specific comments directed by the Montana Department of Commerce. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.*

Refunding of Overcharge on SFE Quarterly Fees: Julie Danford, RKE18782, requested a refund on overpayments on her Broadwater Condo #192. She has been paying a quarterly rate for 1 SFE since she purchased the condo on 10/31/96 and said she should have **only** been billed at a .7 SFE. Bill Dutton verified the .7 SFE with a walk through, noting the unit is a studio with less than 500 square feet. Edwards proposed getting a legal opinion on how far back the district should refund payments if overpayments have been made on SFE charges. The Board agreed with Edwards and recommended the District get a legal opinion on the issue.

### **LONE MOUNTAIN SPRINGS**

Financial Report: The Board modified the agenda to address the financial reports for LMS before hearing the Operator's Report.

Dutton reviewed the LMS Balance Sheet for a seven month period, ending July 31, 1997. The report was developed via accrual entries from A-Z Accounting and checkbook entries from Tom Halpin. Dutton noted that Boyne has paid some of the expenses that are shown on the report. Showing a net loss of \$70,000, this statement reflects that LMS has lost about \$20,000.

In reviewing the income statement it shows the current month and the year to date (starting with January 1997). The interest expense--BSWB (Boyne's LMS borrowing) is Boyne's obligation. Director Rothschiller asked what expenses the District is obligated to. To secure payables to each account, the staff are to send notice to vendors to send bills to WSD 363. Director Neece asked if the District is required to give public notice that we are not responsible for any payables after a specific date. Edwards will check with legal counsel Mike Wheat on noticing creditors.

The Board will establish an annual fiscal year budget for the water company going from 7/1/97 to 6/30/98, shifting from a calendar year budget. The Board would like to lock up cash in bank and accounts receivable, resolve snowmaking receivable with Boyne, verify miscellaneous receivables and confirm outstanding balance on Tract charges. The deferred expenses under tract charge are a liability. Common stock and additional paid-in capital are

to be deleted. Dutton and Edwards are to get a list of accounts payables from **Halpin**. Staff are to verify that the lien that Williams had tiled against LMS on the Silverbow project has been taken care of. Dutton is to change the Big Sky checking account to resolve taking over the assets of LMS.

Responding to Board inquiry, Dutton said that an inventory has been done on most of the equipment. Director Neece said that the equipment has been moved to Arrowhead storage. The Board would like the inventory verified, tagged and moved. Dutton is to check the inventory and then have the storage house rekeyed.

Edwards said **Halpin** and Ray Tout will be paid by LMS through the end of this week.

The Board directed Edwards to clear up the cut off on receivables and payables and to contact counsel to clear up ownership transfer issues. Edwards will send a letter to Mike Wheat for establishing a cut off date and to establish procedures for assets, payroll, accounts receivables, accounts payables, closing of bank accounts, transfer of notes and all debt back to the corporation, and procedure for public announcement for not accepting future actions by the corporation or LMS employees. A third party agreement is needed in addition to an announcement/press release that summarizes what the deal is.

Dutton said a preliminary LMS budget was included in the Board packet. Director Meabon said budgeting should be from the bottom up, looking at the proposed settlement agreement first and setting priorities--transfer of water rights, **fix** leaks, etc--using logic in preparing the water budget. Edwards said personnel would be paid out of sewer side for the remainder of the year, but any additional personnel would be paid out of water. Director Meabon said the District needs to look at the **SFEs** on the water side, it may need to be revised with an increase by about 120-1 50 **SFEs**. Director **Ingraham** said the District may need to allocate money to hire outside help to field audit **SFEs** for both sewer and water accounts. Director Rothschiller noted that metering will eventually take care of SFE discrepancies. Edwards will contact Mike Wheat to get an opinion on the District's legal authority to audit homes. Edwards suggested to first transfer water and sewer data to comparative format and figure out any discrepancies. Edwards and Dutton are to meet with Tom **Halpin** to **firm** up the line items for the preliminary budget.

Edwards proposed loaning MOU (RID 305/**Boyne/BSOA--16** March 93) money to the water company over 3-5 years to fix the leaks. All board members agreed to the proposed plan., Director Neece noted a leak at the golf course that needs to be dealt with--repairing/replacing the line with a 100 gallon minute flow leak. The Board directed Edwards to prepare a preliminary budget, incorporating a list of repair projects.

Edwards noted that the Interim Management Agreement has not been signed and returned by Boyne, Barrett has it. Director Radick asked Edwards to get the interim agreement document from Barrett so that the District has direction.

The Board directed Edwards to have Mike Wheat get something in writing in regards to the Public Service Commission's stance on the transfer.

Director Rothschiller inquired if the settlement agreement is available to the public to read. The Board agreed that it should be a public document since it was discussed and approved in an open meeting. Edwards will get copies of revised pages 4 and 5 of Exhibit G of the Settlement Agreement **from** Mike Wheat and then make the transfer document available for public review.

### **OPERATOR'S REPORT**

Grant Burroughs distributed flow reports for the Board to review, noting that the big jump in May was when Snowcrest was flooding.

Director Rothschiller asked if Boyne will be billed or surcharged for the additional flow. Burroughs said the District needs to actually figure out how much Snowcrest contributed to excess flow. President Ogle indicated that if Boyne dumped excess flow into the system they need to be billed for said dumping. Edwards doesn't know what legal authority we have to bill since the 96- 1001 Ordinance was voided and the District does not have a document that specifies a penalty charge for that period. Director Radick noted that billing Boyne is justified as Boyne did not respond once the violation was brought to their attention. After much discussion on whether to bill Boyne for pumping the groundwater that was flooding Snowcrest into the sewer lines, the Board agreed to sending Boyne a bill.

*Director Ingraham moved to record what the District feels is appropriate overflow from the Snowcrest flooding and then to send Boyne a bill for the applicable surcharge.*

*Director Meabon seconded the motion. Motion **passed**, 4 yea votes to 0 no votes with President Ogle voting. Director Neece abstained from voting.* Edwards is to bill Boyne citing support in the Montana Codes and to apply what fees were adopted in the original 96-1001 Ordinance.

### **SEWER EXTENSION**

Mountain Village Sewer Extension, Tract 5, Block 1--Burroughs showed the Board a copy of the sewer extension plan. The Board said it is a management decision to approve the extension and Edwards is to make the decision. If there is a problem, Edwards is to come to the Board. Edwards has written to the Department of Environmental Quality saying we have a commitment to serve Tract 5. Burroughs said there are some small technical matters that need cleared up. Burroughs said the District's policy is to have a district inspector on site whenever pipe is laid and before it is backfilled. The District will require a two-year performance bond prior to accepting the line. Director Meabon said the District staff must know what capacity the line will have when built out (following a master plan) and to make sure that the line will serve future capacity. The Board discussed whether to have an outside engineer review the plans to see if the proposed lines can handle future expansion, following the master plan. It was **decided** to have the developer quantify flows if possible. The **District** will require a letter from the developer and engineer that certifies what the capacity is on the line. Paul Cronin **commented** that the concern is legitimate, but the Board doesn't have the responsibility **to review** a design capacity.

Burroughs stated he is more concerned with water extensions and suggested that an outside engineer look at plans for water extensions.

The Board directed Burroughs to review extensions plans. If there are no problems, Edwards is to write a letter of approval and send his letter to the State Department of Environmental Quality. The Board decided to not require a professional engineer to review plans at this time, but the developer and his professional engineer must furnish the District with correspondence that states the PE has examined and certified that the plan will handle the required capacity for that particular area of development, taking into account the master plan.

***Director Meabon moved to approve the action directed to be done. Director Neece seconded the motion. Motion passed.***

Edwards commented that water line extensions will need to be farmed out to **PEs** for review.

For future extension requests, **staff** are to post plans, costs, finishing deadlines, etc.; prior to a meeting so Board members have review time. If members see a problem with the extension request, they are to bring it up at the Board meeting. Edwards said a system needs to be developed that would handle sewer extensions like sewer connection permits.

#### **IAWP REPORT**

**Construction Report:** Edwards noted that his manager's report includes progress that each contractor has made on construction.

**VanDyke Construction/Treatment Ponds--**VanDyke will go on a time and material change order to remove rock. The installation of the liner material should begin next week.

**Williams Brothers/Treatment Plant--**The treatment plant floor is painted. Edwards has not heard anything on the installation of the filter, but it will probably be October before it is here.

The Board requested Edwards to figure out where the District is with the total dollars spent.

**Huppert Brothers/Golf Course Irrigation--**A final walk through is scheduled for this week. The only thing Edwards is aware of is that seeding is needed in certain areas. Edwards is not sure if Huppert will be responsible for the seeding. Huppert has been paid everything except about \$3,800.

The Board discussed the probable cause of the irrigation line bursting. President Ogle said that it needs to be fixed appropriately, possibly even digging it up after the season to see if it has moved and if it needs to be secured. Meabon said there needs to be a pressure relief system on the lines if there isn't. Edwards will check with Carl Thueson. Director Rothschilder stated that vehicles are parking across the road from the Meadow Center where

irrigation heads are located. **The** District will suggest to Doug Kremer, Boyne, to put up a fence to restrict the parking. If that doesn't work, the District should consider closing the heads.

Change Orders: Williams Brothers/Treatment Plant--A proposal for a third filter has not been received. Edwards estimated the overall cost would be **\$300-\$350,000**. Edwards has asked Ray Armstrong, MSE-I-KM, to explain all the engineering questions as to why it is needed. Edwards recommended pouring the concrete pad for the third filter pad.

*Director Neece moved to authorize the manager to proceed with a change order to install a concrete pad for the third filter for a cost not to exceed \$5,458. Director Meabon seconded the motion. Motion passed, 6 yeas votes to 0 no votes with President Ogle voting.*

Huppert Brothers/Golf Course Irrigation--MSE-HKM and Huppert are working on a final change order agreement for volumes of top **soil** and gravel. If the agreed upon price is over \$5,000, Edwards will ask for Board approval.

Site Plan: C&H is drawing up a site plan for the treatment plant, ponds area and possibly a storage building. The plan will include asphalt in the area of the treatment plant.

Long Term Compliance Work Plan (LTCWP): MSE-I-KM agreement states the amended LTCWP will not exceed \$26,000 for amending and submitting it to the State for final approval. Edwards will work with Mona **Jamison** to get it in writing.

The amendments responding to the State requirements and comments to the LTCWP will be submitted for State approval by the end of this year.

Public Relations: Director Peacock has received many inquiries in regards to the odor and the community wants to know what the District is doing to alleviate it. The Board directed Edwards to write an article for a news release to be published in the Lone Peak Lookout this week and next week.



### SEWER CONNECTION PERMITS

Edwards asked the Board to review the connection fee for multiple units requiring one connection. Edwards recommended a \$500 fee per connected lateral line. Director Meabon asked how can the District change a prior resolution without holding a public hearing. The Board so noted that Edwards feels the charge may be inappropriate, even though it follows the resolutions. A summary and a copy of the application permits were provided in the manager's report. Fees were calculated on \$2,500 per SFE and \$500 per unit or connection.

### NEW CONSTRUCTION

- A. Pierce--Southfork Phase I, Lot 16: 6 SFEs, \$4,500 Fee.
- B. Gayle--Southfork, Lot 3 1.4 SFEs, \$4,000 Fee.
- c. Cronin/Log Condos Inc. Blue Grouse Hills Condos, Units 9-12 6.4 SFEs, \$18,000 Fee.
- D. Wells--Westfork, Lot 5, Block 7: 2.0 SFEs, \$500 Fee
- E. Madison Court Condos/Snowy River Co--Westfork, Lot 5, Block 2: .8 SFEs, \$5,000 Fee.
- F. Maysak--Westfork, Lot 7, Block 6: 1.2 SFEs, \$500 Fee.
- G Brooks--Cascade, Lot 343, Block 6: 2.55 SFEs, \$500 Fee.
- H Farmhouse Partners/Dabney--Cascade, Tract 5: 24 SFEs, \$156,000 Fee (24 SFEs x \$6,000 (2,500 impact + 3,500 surcharge)/SFE + 24 units x \$500 unit) as originally submitted. Dabney submitted a proposal to the Board requesting the District to apply a .7 SFE assessment per unit for the water and sewer permit. Dabney explained that the project has restricted income and the apartments are less than 500 square feet even though they are designed with a separate bedroom. Farmhouse Partners will limit rental to one person or may make exceptions to a single person with a child. A couple would be accepted if they have a combined annual income of less than \$17,000. Also, the renter must sign an agreement, prior to moving in, that stipulates eviction enforcement for violation of the strict occupancy limit. Board members noted that the request for .7 SFE per unit follows with what has been applied to Hill Condominiums that are less than 500 square feet. Dabney said there will be two buildings with one lateral each and there will be 12 units per building. A single legal description will be tiled for all improvements on the lot with one owner. Edwards recommended approval at .7 SFE assessment per unit and to modify the fee to \$500 per connection as the applicable resolution does not specify apartments. Dabney also requested an addition of 2 SFEs for two coin-operated laundry facilities.

Director Meabon questioned the per unit calculations, noting this would result in a \$54,000 reduction in fees. Director Meabon asked if the Board approves Dabney's request does he still need the \$45,000 loan from resort tax since the financial relationship is now \$113,800 (connection/inspection fee of \$1,000, impact fee of \$112,800) with the SFE change as compared to the original \$156,000. Director Neece stated the \$45,000 was money given by the resort tax and it is not this Board's responsibility to look at this allocation for low income housing. Dabney proposed paying \$31,000 with the remaining balance of \$81,600 (\$36,800 of deferred payment to the district plus \$45,000 resort tax funds) to be secured by a subordinated loan.

***Director Neece moved to approve a .7 SFE level of fee assessment per unit for sewer and to amend the hook up fee from 24 units to 2 hookups at \$500 per connection. Director Rothschiller seconded the motion. Via hand vote, the motion passed with 5 yeas to 0 no votes without President Ogle voting. The permit application was approved at .7 SFE for 24 units totalling 16.8 SFEs for the units, plus an additional 2 SFEs for two laundry facilities.***

The monthly sewer user fee will be booked at .7 SFE per unit and Dabney will try to prepay a portion of them in hopes that the rent grows into it. Dabney will prepay sewer fees annually.

***Director Meabon moved to have Farmhouse Partners and Edwards revise the original loan request to reflect the new approved connection plan costing \$113,800 of which \$92,800 is to be secured by a subordinate loan from the District. Director Ingraham seconded the motion. Motion passed, 5 yeas to 0 no votes without President Ogle voting.***

**Coyle--Cascade, Tract 5 18.0 SFEs, \$117,000 Fee.**

- J. Depinto--Meadow Village, Lot 7, Block 1 1.0 SFEs, \$500 Fee.
- K. Big Sky Chapel--Meadow Village, Tract A4, Lot 1: 6.7 SFEs, \$17,250 Fee (\$2,500 per SFE & \$500 hookup). Edwards recommended giving the chapel deferment with interest only for the first 5 years and then repayment of principal over 10 years, but not waiving the fees. The Board gave conditional approval, agreeing to the manager's recommendation of deferral.
- L. Crail Creek Condos--Meadow Village, Tract 6: 28 SFEs, \$78,000 Fee (4 buildings @ \$19,500 each) based on \$500 per unit and \$2,500 impact fee but no Boyne surcharge.
- M. Hofer--Meadow Village, Lot 12, Block 5, 2.0 SFEs, \$500 Fee
- N. Caprini--Sweetgrass Hills, Lot 5, Block 4: 2.15 SFEs, \$500 Fee.

- O.** Radick Construction--Aspen Groves, Lot 6, Block 6: 2.0 **SFEs**, \$5,500 Fee.  
Conditional approval on final acceptance of Aspen Groves sewer extension.

*Director Neece moved to approve all new construction permit applications as proposed. Director Meabon seconded the motion. Motion passed, 5 yea votes to 0 no votes without President Ogle voting.*

#### REMODELING:

The Board discussed charging the SFE impact fee if an application for remodeling incrementally adds to the original **SFEs**. The old resolution did not distinguish between new construction and remodeling for charging impact fees. All Board members agreed that remodeling would be subject to impact fees, which is currently set at \$2,500 per SFE fee.

- A** Tropso--Bighorn Condo, Unit 1: 2.0 **SFEs**, conditional approval with additional **SFEs** to be evaluated and fees to be calculated.
- B.** Russell--Beaverhead Condo, Unit 412: currently 2.75 **SFEs**, \$0 Fee--no addition to **SFEs**.
- C.** Houchin--Silverbow Condo, Unit 28: 1.2 **SFEs**, conditional approval with additional **SFEs** to be evaluated and fees to be calculated.
- D.** Reichstetter--Meadow Village, Lot 23, Block 6: .6 **SFEs**, \$0 Fee--exempt.
- E.** Wheeler--Sweetgrass Hills, Lot 4, Block 4: currently .6 SFE, \$0 fee--exempt.

*Director Rothschiller moved to approve the applications for Russell, Reichstetter and Wheeler as presented. Director Peacock seconded the motion. Motion passed, 5 yea votes to 0 no votes without President Ogle voting.*

*Director Meabon moved to give conditional approval on the applications for Tropso and Houchin based on evaluating prior and proposed **SFEs** and applying the \$2,500 per SFE charge. Director Rothschiller seconded the motion. Motion passed, 5 yea votes to 0 no votes without President Ogle voting.*

#### OLD BUSINESS

**Rate Study:** Edwards reported that he picked up a revised copy of the rate study from Rick Kerin today. At meeting time, the report needed to be bound and was not available for distribution to the Board. Once distributed to the Board, Edwards would like the Board to take a week to review it. Edwards proposed that the Board hold a special meeting on September 26.

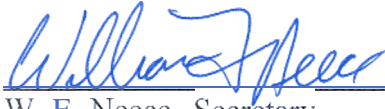
The rate ordinance hearing was tentatively scheduled for September 6 during the Board's regular monthly meeting.

### **BOARD VACANCIES**

Both Edwards and the Board members did not know of anyone applying for the upcoming board vacancies. Edwards will check with the **Gallatin** County Election Department to **find** out what the procedures are if no one files.

### **ADJOURNMENT**

*Director **Ingraham** moved to adjourn the meeting at 8:39 pm. Director **Peacock** seconded the motion. Motion passed, 5 yea votes to 0 no votes without President **Ogle** voting.*

  
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W. F. Neece, Secretary

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

Special Meeting -- August 5, 1997, 3:00 pm  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting for 3:00 pm on Tuesday, August 5, 1997, in the BSOA Conference Room. President Bill Ogle, Secretary Bill Neece, and Directors Dee Rothschiller (left at **6:30**), Harry Meabon and Wendell **Ingraham** were present. Directors Skip Radick and Stewart Peacock were not present.

Others present were WSD staff Ron Edwards and Marlene Kennedy; Rick Kerin, Kerin Engineering; Hank Miller and Phil Kirk Big **Sky** Fire Board; and individuals from the public--John Maysak, Rusty **Heymann** and Marjorie Black.

President Ogle called for public comment at **3:10** pm.

### **PUBLIC FORUM**

**Water Hookup Moratorium:** Hank Miller reported on the fire board's **8/5/97** meeting and noted that on July 8 the fire board endorsed the fire chiefs recommendation to not approve any more hookups to the water system until Lone Mountain Springs meets the following criteria: 1) fix the telemetry system and 2) provide emergency power generators on the meadow well system. Miller said the fire board has been receiving pressure from builders to lift the moratorium and his board would like to do so as soon as possible, depending on where the generator system stands with **LMS/Boyne** and the District. Responding to Miller, Edwards said the original settlement agreement with Boyne did not cover this generator. However, it was hand written into the signed agreement and the District Board has approved this addition to the agreement by initialling the change. Noting that the WSD Board cannot formally act on any water issues at this time, President Ogle assured Miller that the WSD Board will move as quickly as possible to take care of the lease or whatever needs to happen when the ownership of LMS is transferred. Miller wanted to know if anything could be done to expedite this generator matter. President Ogle noted that the generator is an item on the agenda and the board will modify the agenda to address this topic first.

Director Neece asked Miller to explain the intent of the fire board's moratorium in the meadow, and what the telemetry system and generator have to do with having more water. Miller explained the need for emergency power to give a steady flow of water and the need of telemetry to coordinate the flow of water which will prevent a draw down and thus provide water for fighting fires. Director Neece did not see why the fire board would lift the moratorium when, in actuality, meeting these criteria does not add more water to the system. Miller said the Fire Board will continue to monitor the LMS water supply to ensure adequate fire protection needs. Phil Kirk interjected that LMS has not taken any action on the fire board's requests in the past and this was their only avenue to make action happen.

John Maysak explained his circumstances in wanting to build a house this season on a lot he owns in **Westfork** that he has been paying water and sewer for seven years. Maysak made an impassioned plea to the District Board to work with the fire board so that they can lift the moratorium so he can build his house.

Sewer Odor: Rusty **Heymann** commented on the sewer odor on the golf course, the definite effect it will have on property values around the golf course, and wanted to know what the Board is going to do about it. President Ogle explained the temporary two-pond situation and that the Board expects the odor to cease when everything is on line. Edwards said there are a couple of alternatives he could recommend to the Board to consider--chemical control or aerators--if the odor persists once everything is on line. **Heymann** also asked about the "explosion" of 8/4/97. Edwards explained the system failure in the irrigation main line and that it is being repaired.

With no further public comment, President Ogle called the meeting to order at **3:31 pm**

### **MODIFY AGENDA**

*Director Meabon moved to modify the agenda to have item V, B (Lone Mountain Springs Transfer) as the first order of business on the agenda. Director Ingraham seconded the motion. Motion passed, 4 yeas votes to 0 no votes without President Ogle voting.*

### **LONE MOUNTAIN SPRINGS TRANSFER**

Generator: Edwards provided an update on the generator issue, noting that Boyne is looking for an approval from the District Board before they sign off on the lease and place the order. The cost of the generator is about \$18,000. Edwards has not seen an actual lease with payment schedules, but he has seen the engineering work on the generator itself. The liability of the generator lease was added to the original agreement for the District to sign off on. Board members wanted to know the following: 1) What is the District agreeing to in the amount of dollars. 2) What does the fire board want this generator to do? 3) What is the District buying into? 4) Should the District take care of the lease? 5) Does the District need to have their engineers review this? 6) Should the fire board develop a SFE allotment plan similar to the District's?

Director **Neece** noted that he was at the original meeting when the fire board asked LMS to be able to produce emergency power to supply water for the meadow area in case of power outage. The fire board did not ask for specific equipment such as a generator. Phil Kirk said he is not sure that the letter they sent to LMS is specific enough, maybe work on it together and accomplish this in steps. Miller will provide the District with a copy of the fire board's action in minutes from a special meeting with LMS and also a copy of the letter to LMS.

After Miller and Kirk responded to many questions on the moratorium, it was determined that the single generator at the Spotted Elk well would not satisfy the original request from the fire board. It would possibly take three generators and an alternate power source to provide power to all parts of the meadow water system. The Board discussed having the fire board get engineering advice on what it is they want and let the engineering firm decide what is needed to satisfy the needs of the fire board. The fire board is to write a letter to the District letting the District know exactly what it is they want. The Board asked Edwards to define and describe what would take care of the needs in the letter that Miller will give to the District.

Director Meabon said the Board needs to know from the fire board what it is they need to satisfy the moratorium. The Board wanted to know if the fire board's intent was to lift the moratorium once getting a commitment from the District or were they looking for the work to be done. Miller and Kirk said it was hard to say without their board meeting and discussing it. Miller suggested that it would probably be more favorable to have hard commitments with dates and what will be done. Director **Neece** said it would be hard to provide this ideal emergency power this year--it will take time and money to complete the work.

President Ogle stated that the Board's intent is to support and work with the fire board to service the fire needs of the community. The Board directed Edwards to work with the fire board to identify and develop a set of options in assisting with the fire needs if the moratorium was lifted and until the improvements are made. President Ogle said the WSD Board can make a commitment but again stated that the Board has no authority to take formal action at this time. The Board requested the fire board to communicate with the District now since the District will be taking over the water company. Miller said he appreciates the commitment that the 363 Board has made.

Interim Management Agreement: Edwards reported that the Public Service Commission (PSC) has held up the transfer as they have 45 days to review and approve the transfer agreement and the District may need to put together an interim operating agreement. Edwards asked for approval to have Mike Wheat redraft the old MOU interim agreement. The Board agreed and Edwards said a draft should be available at the end of this week. The Board will use the modified MOU document until PSC approves the transfer.

LMS General Comments: Director Meabon requested that the staff get information on the engineering work that is being done by **Gaston** for Boyne. Edwards has also asked Fire Chief Stober for a list of fire hydrants that need work. Miller responded the fire district has not tested the hydrants this year because of the water situation.

President Ogle reminded the audience that the District does not own LMS but will shortly and then they should see a little light at the end of tunnel. The Board wants to be able to provide enough water to prevent injury to people or property. Ogle noted that there has been a total lack of communication between LMS, the fire board and the District; and some things have not received proper examination so that the District knows what the fire board really needs.

#### RATE STUDY

Edwards summarized the history of the Sewer Rate Ordinance and the reason for selecting Rick Kerin of Kerin & Associates, to do the rate study. Rick Kerin was invited to attend the meeting to answer questions and walk through the rate study report his firm prepared. Edwards informed the Board that once the method of application and rate structure is decided on, they will need to adopt Sewer Rate Ordinance 97-1002.

Rick Kerin distributed a couple of tables projecting user fee revenues with using varying annual increases. Kerin encouraged the Board to look at day use in skier capacity as he feels a lot of revenue is being lost. Responding to comments on the table on page 3, Kerin defined undesignated commercial area as maybe being the hallway area, lunch rooms, etc. that are not being assessed. The mall area needs to be defined as it is space that is not being assessed, possibly addressing it through skier lift capacity. Kerin encouraged the Board to charge .5 assessment on all undeveloped lots on all platted lots in the District's service area because there is an availability there and the District has to maintain the lines. The maximum plant investment fees recommended per SFE was \$6,355 (see page 6 of the study).

Kerin distributed a plant investment fee table that provided incremental increases that ranged from 20-50 percent for the three options presented in the rate study. Kerin said he would probably have preferred to use option 1 with the exemptions and suggested that he could recalculate the tables with option 1. Kerin discussed a credit option that would grant a credit according to past maintenance fees paid (i.e. Looking Glass, **Pinewood Hills**) possibly with a .5 to 1.0 credit on **PIFs** for lots that have been paying into the system since the 1970s.

After reviewing the rate study, Board members requested Kerin to edit the document to correct noted inconsistencies and typographical errors since this document becomes a legal reference for the Board and others. Edwards noted that the Boyne surcharge was not factored into the rate options and now that the agreement has been signed, the rate ordinance should include that surcharge. Board members asked that the tables Kerin distributed at this board meeting be incorporated into the rate study. The adopted **FY97-98** budget also needs to be included in the exhibits. Director Rothschiller volunteered to review the SFE count.

Director Meabon would like to maintain exemptions for lots that have been paying since the 1970s. He feels that individuals bought into the sewer utility when they originally purchased their lot in the original subdivisions of Big Sky. He feels there is good rationale for it as demonstrated by previous Boards which honored these exemptions.

President Ogle recommended the Board condense the rate study, summarizing and analyzing the three options and then reviewing the condensed summary.

The Directors are to have all comments regarding the rate study to Edwards by Friday morning. Edwards will work with Kerin on the revisions.

Marjorie Black commented on behalf of George **Metcalf**, responding to Director Meabon's comments about exempting lots from **PIFS** that have paid .5 SFE since the 1970s. Black requested that Metcalf's lot also be exempted since he had bought the lot understanding that he had to pay the .5 SFE and then could hookup to the sewer system without an impact fee. Director Meabon explained that Looking Glass lots were a recorded tract until **1990s**, not platted lots. Edwards asked Black if she had written information that supported the exemption promised. Black did not know, but would



look into it. Black said that the three criteria for exemption must be fairly and equitably applied to all tracts of undeveloped land which are similarly situated. First criteria: Looking Glass was a recorded plat within the original three subdivisions. Second criteria: Looking Glass lots were adjacent to originally installed public sewer collection system. Third criteria: **Metcalf** paid a .5 maintenance fee until October 31, 1996, when WSD arbitrarily gave him the credit. Black said there is no basis for exemption based upon the date when a subdivision was divided into lots. (Faxed to Marjorie Black on 8/15/97 for her to review and approve her comments. Black edited and approved her comments on 8/19/97 at 10:30 am.)

Edwards commented that the rates in effect are the \$500 per unit and \$2,500 per SFE. All board members agreed on the current rates. Edwards will put together a list of 17-18 requests for review and approval at the next Board meeting. The request for Summit Hotel **will** come in for preliminary review for 175-200 SFE.

#### **SEWER RATE ORDINANCE 97-1002**

Edwards asked that any adjustments or corrections from the Board be given to him. Edwards commented on the proposed penalty rate for doing a walk through and finding the approved SFE plans are not what was built. The revision will include a 200% penalty if the District was not informed if the building was not built as according to the plans. The Board members supported that change. Edwards noted that audit adjustments may need to be added. Director **Ingraham** suggested writing the Ordinance to put the responsibility back to owner/builder to notify the District if the building will be built different than the approved plans. President Ogle suggested writing letters to all owners letting them know their SFE charge and ask to them to verify.

Due to inconsistencies in the documents, revisions will be needed on page 2 of the Sewer Use Ordinance 97-1002 and Table 7 of the Sewer Rate Study.

The second reading of Sewer Rate Ordinance 97-1002 was not accepted due to the extensive revisions that need to be made the Rate Study and Ordinance. Edwards will revise the draft Sewer Rate Ordinance 97-1002 and work with Rick Kerin on the revisions to the Rate Study prior to another second reading of the Ordinance.

#### **OLD BUSINESS**

Big Sky Scoping Session: Edwards gave a brief review of the scoping session that the Department of Environmental Quality (DEQ) held in Big Sky on July 15, 1997. DEQ initially said they would have a response in two weeks. Edwards talked with Mona Jamison today and found out that the project has been turned over to Dennis **McKenna** and he will be gone until August 11. The two firms are to have their bids into DEQ by August 11. Art Compton has not been available to verify what stage the bidding process is in.

Director **Ingraham** asked why other entities (Boyne and Big Sky Lumber) were not represented at the scoping session. Board members were not aware of any notices of the scoping session being mailed to the public by DEQ and the meeting was only

noticed in the Lone Peak Lookout. President Ogle reiterated the fact that the District was not happy with **DEQ's** timelines and we are not getting a timely response now.

**Long Term Compliance Work Plan:** Director Meabon wanted to know where the State stands on the LTCWP. Edwards commented that there was a letter from DEQ in a January 1997 Board Packet. Edwards recently met with MSE-HKM to work on a schedule for LTCWP completion. Edwards would like to get the engineers from **MSE-HKM** and Big Sky Lumber (BSL) together to assess BSL land for possible sewer district use.

Director Meabon asked that Edwards always preface any action requests from BSL on annexing BSL land into the District with "that would have to occur through a vote from the current district land owners." Director Meabon further urged that the amendments to the LTCWP be a top priority without concerns for BSL land use, since it would be an uncertain issue.

#### OTHER BUSINESS

**Ponds:** Director Meabon asked that all eight aerators be repaired and up and running before the winter. Director Meabon would also like the net that holds solids removed before the winter. Edwards said that removing the net may not be possible as the net will most likely break if it is moved. However, Edwards will check into options and entertain any ideas from board members.

Landscaping the area around the ponds was briefly discussed. All Board members agreed that a significant landscape plan is needed to finish the ponds. Board members said the District needs to be sensitive to the community.

Director Meabon recommended putting a grill over the fresh water intake end in the Middle Fork pond which can be for fresh water golf course irrigation.

**Director Recruitment:** President Ogle reminded the directors that they need to recruit people for the upcoming Board of Director vacancies. The filing deadline is August 21, 1997, 5:00 pm.

#### NEXT MEETING

The next regular Board meeting is tentatively scheduled for Tuesday, August 19, 1997, at 3:00 pm in the BSOA office.

#### ADJOURNMENT

*Director Meabon moved to adjourn the meeting at 7:05 pm. Director Neece seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.*

  
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W. F. Neece, Secretary

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

Special Meeting -- July 15, 1997, 3:00 pm  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting for 3:00 pm on Tuesday, July 15, 1997, in the BSOA Conference Room. President Bill Ogle, Secretary Bill Neece, and Directors Dee Rothschiller, Stewart Peacock (arrived at 4:00 pm) and Skip Radick were present. Directors Harry Meabon and Wendell Ingraham were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, and Marlene Kennedy; Mona Jamison, Legal Counsel; Lone Peak Lookout writer Kevin Kelleher; and Big Sky homeowner Tom Fritz.

President Ogle called for public comment at 3:20 pm.

### **PUBLIC FORUM**

Tom Fritz-- Commenting on Ordinance 97-1001, the term **SFEs** bothers him and suggested calling them taxes. He also suggested having the county collect sewer payments via the property tax bill so he can deduct them from his federal taxes. He pays the same rate as a full time resident. Fritz said why not have a minimum user fee and put the rest on the taxes, people would save nearly 30% of their sewer user fees on tax structure. Fritz requested that "user" and "flow" be defined in the Ordinance. Not knowing where the SFE calculations originated, Fritz would like it referenced in the Ordinance. Since water meters are required by new owners, Fritz wanted to know why the District cannot require meters on existing structures by a certain date. President Ogle thanked Mr. Fritz for his comments and ideas, adding that for today's meeting the Ordinance will not be amended at this time. The District staff will look into collecting sewer user fees by the tax roll. There being no further public comment, President Ogle called the meeting to order at 3:35 pm.

### **FY 1997-1998 BUDGET**

President Ogle asked the Board to consider the budget for adoption.

*Director Radick moved to accept the proposed 1997-1998 fiscal budget as presented and heard at this time. Director Rothschiller seconded the motion. Motion passed, 4 yeas 0 no votes without President Ogle voting.*

### **SEWER USE ORDINANCE 97-1001**

Edwards distributed a copy of the revised Sewer Use Ordinance 97-1001 and noted the following revisions: SFE definition was expanded; delete paragraph on page 9 on the reallocation provision on Tracts; add to section 804, new sewer extensions--page 14--new posting security for sewer extensions by a bond or cash deposit for a two-year warranty period. President Ogle suggested adding "for the construction cost of utility improvements." Exhibit A, Table 3.01 was amended. On Exhibit B a few more SFE calculations were added on developments (churches, etc.) according to input from the rate study being done by Kerin & Associates. The Board discussed the definition of an SFE. The Board suggested changing the flow count from 5,000 to 2,500 gallons per month based on 86 gallons per day per occupant as used in the MSE-HKM report. The

Board decided to keep it simple with referencing only average occupancy and average flow per occupancy. Jamison noted that each exhibit needs to have a date (Adopted 7/15/97) on all pages of the document.

*Director Rothschiller moved to adopt Sewer Use Ordinance 97-1001 with the changes and modifications as noted in third reading. Director Radick seconded the motion. Motion passed by two-thirds majority of the seven-member board with individual voice votes as follows: Neece--yea, Peacock--yea, Radick--yea, Rothschiller--yea, Ogle--yea*

#### **DEQ SCOPING SESSION**

Jamison reviewed a draft memo to DEQ that itemized the scoping issues as seen by the District. Four consultants submitted proposals to the Department of Environmental Quality (DEQ) and they in turn have narrowed the selection to two firms, EDM and Tetra-TECH. The Board commented on the draft document and defined the geographic boundaries. The Board decided to recommend the following proposed boundaries:

The District proposes to include that area represented by the natural drainage areas of the **Westfork** of the West **Gallatin** River and that corridor of land adjacent to the highway from **Karst** to a point 2 miles South above the intersection of Buffalo Horn Creek and the West **Gallatin** River.

Jamison said that DEQ will evaluate scoping comments and then determine what is significant to include or exclude in the impact analysis. DEQ may even have to have another scoping session after the proposals come in to meet budgetary guidelines of all possible contributors to this project. Jamison noted that no law will allow this document to be used as an enforceable document.

#### **EXECUTIVE SESSION**

Director Radick moved to go into executive session to discuss the Boyne settlement legal matters.

#### **ADJOURNMENT**

*Director Rothschilkr moved to adjourn the meeting at 5:30 pm. Director Radick seconded the motion. Motion passed, 4 yea votes to 0 no votes.*

  
WF Neece, Secretary

**Acceptance of Monthly Financial Statements**Date **8/19/97**

The Board of Directors at its **8/19/97** Board meeting reviewed and accepted the financial **statments** as follows (amounts are rounded to the nearest dollar):

**1 Statement of Condition as of 6/30/97**

|             |                     |
|-------------|---------------------|
| Assets:     | <u>\$ 7,681,667</u> |
| Liabilities | <u>\$ 4,807,804</u> |
| Equity      | <u>\$ 2,873,862</u> |


**2 Year -End Income Statement 6/30/97**

|                       |                       |
|-----------------------|-----------------------|
| Total Annual Revenues | <u>\$ 4,748,021</u>   |
| Total Annual Expenses | <u>\$ (4,722,718)</u> |
| Net To Reserves       | <u>\$ 25,303</u>      |

**3 Monthly Income Statement 6/30/97**

|                       |                     |
|-----------------------|---------------------|
| Total Annual Revenues | <u>\$ 414,406</u>   |
| Total Annual Expenses | <u>\$ (423,602)</u> |
| Net To Reserves       | <u>\$ (9,196)</u>   |

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Board Chair 

**Acceptance of Monthly Financial Statements**Date **6/17/97**

**The** Board of Directors at its **6/17/97** Board meeting reviewed and accepted the financial **statments** as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of **5/31/97**

|                |                     |
|----------------|---------------------|
| <b>Assets:</b> | <b>\$ 7,313,553</b> |
| Liabilities    | <b>\$ 4,647,121</b> |
| Equity         | <b>\$ 2,666,432</b> |

2 **Income** Statement as of

|                |                     |
|----------------|---------------------|
| Total Revenues | <b>\$ 338,699</b>   |
| Total Expenses | <b>\$ (413,709)</b> |
| Net Revenue    | <b>\$ (75,010)</b>  |

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Board Chair

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

Special Meeting/Public Hearings -- July 8, 1997, 3:00 pm  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting and public hearings for 3:00 pm on Tuesday, July 8, 1997, in the BSOA Conference Room. President Bill Ogle, and Directors Skip Radick, Harry Meabon, Dee Rothschilder, and Stewart Peacock (arrived at 3:55 pm) were present. Secretary Bill Neece and Director Wendell Ingraham were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, and Marlene Kennedy; Lone Peak Lookout writer Kevin Kelleher; Rick Kerin, Kerin Engineering; and 13 individuals from the public (see sign-in sheet).

President Ogle called for public comment at 3:20 pm.

### PUBLIC FORUM

Eric Ossario requested an update on the situation with the District and LMS, asking whether the transfer is still happening. Edwards responded that the transfer is still in negotiation as it is included in the settlement agreement and the District hopes to wrap it up within a week if Boyne accepts the offer. Ossario would like to see the District increase the quality and quantity of water. Edwards explained that a water study, funded by resort tax dollars, will be done when LMS transfers to the District.

Mary Vitolo asked the Board to discuss their long range goals of the sewer system. President Ogle explained the District's long term obligation in response to the State's order. The District is responsible for a short term plan that includes lining the ponds to stop the leakage of treated or untreated effluent and this project should be completed this fall. The long term plan allows additional storage with approximately 5,400-5,500 total SFEs. Edwards noted that the State is still reviewing the long term plan, which includes snowmaking, and he hopes to receive State approval within the next six months. President Ogle added that the District is trying to update and/or repair some collection lines that have been installed for 26 years that are in disrepair. In particular, the outfall line from the top of the mountain to the meadow needs to be replaced. The District also has been doing considerable sampling and flow monitoring and upgrading flow measuring devices. To date, those items have been the most important. Edwards reported that Todd Teegarden, State Department of Environmental Quality, recently visited Big Sky and inspected the projects.

Vincent Filippini asked if new homes and businesses are able to hook up to the system. Edwards reported that, currently, no permits are being issued. Edwards noted that there were 200 SFEs allocated last year and about 70 were used. The Board will review from time to time the level of allocated SFEs for additional improvements.

With no further public comment, President Ogle called the meeting to order at 3:28 pm.

### PUBLIC HEARING: FY 1997-1998 BUDGET

President Ogle explained the purpose and the process of the hearing and asked that those who wished to comment to please do so when recognized and to limit their individual

comment time to around 5 minutes.

Vincent Filippini -- Is the budget reflecting the short term plan? Edwards explained that the budget reflects constructions costs that are offset by the SRF loan. \$60,000 is shown for an engineering plan that is factored into the rate base.

Hank Miller -- Referring to page 5 of the budget, last year the budget showed infiltration and inflow and that is not shown on this year's budget. Edwards explained that it is shown as zero on page 5 because it was not funded through resort tax dollars as last year. It is now shown on sewer maintenance and repair (\$100,000).

Letter Correspondence -- Ron Edwards noted for the record that the District received three letters from owners in the District: June Shaver, Hill 1342; Burton & Judi **Beitz**, Cascade Lot 25 1; Dante & Annie Piaia, Stillwater 1046 and 1005. The letters basically commented on the plant investment fee.

Hank Miller stated that on the front page of the budget, the user fee estimate was not the same as actual. Edwards responded that it reflects the unpaid user fees and that connection fees are estimates made on assumptions and these line items may change once a rate ordinance is adopted. Line item adjustments will be made if necessary.

Mary **Vitolo** questioned her sewer bill saying that it has increased to \$390 dollars and they are not here year round. **Vitolo** wanted to know if this increase will continue. President Ogle said the District does not look for the fee structure to change in as significant a manner as it has for the past two years. President Ogle explained that legal fees have been high the last two years, and water monitoring and I & I will not be been paid by resort tax dollars as in the past.

President Ogle recapped that the proposed FY 1997-1998 Budget is an increase by approximately 26% to \$32.75 per SFE per month. President Ogle said with the Board having heard the comments being given today, the Board will consider these comments and take action at the next board meeting.

There being no further comments, the public hearing closed on the FY 1997-1998 Budget at 3:44 pm.

#### **PUBLIC HEARING: SEWER USE ORDINANCE 97-1001**

President Ogle called for public comment on the Sewer Use Ordinance 97-1 001 at 3:45 pm.

There being no public comments, President Ogle asked District Manager Ron Edwards to comment. Edwards reviewed his suggested changes to the proposed draft Ordinance. In particular, Edwards asked that the Board consider adding a section to address remodeling. Possibly allowing up to an additional .4 SFE for remodeling a condominium or single family house, making SFE allocations equitable. **The** Board also discussed adding a provision that allows for a 200% penalty fee if the **SFEs** found upon final inspection are



greater than what was initially permitted.

Hank Miller noted that on Exhibit A, Condo Tract 11, Block 4, it should be footnote

Mary **Vitolo** asked if individual sewer charges will remain at a fixed amount? President Ogle responded that **SFEs**, as defined, will stay the same unless something is added by the homeowner. The rates, which the Board will likely increase approximately 26% this year, will raise monthly rates.

There being no further public comments, President Ogle closed the public hearing on Sewer Use Ordinance 97-1001 at **3:52** pm.

#### **ADDITIONAL PUBLIC COMMENT**

Vincent Filippini asked about the odor in the meadow area. Edwards explained the reasons for the odor--temporarily short one pond, pond 1 is drawn down and the need to move a lot of treated water from the ponds. Once the ponds and the treatment plant are fully on line and the treatment irrigation system is computerized to run mostly at night, the problems should be alleviated. Edwards noted that the District has not received any complaints recently.

Kevin Barton asked about the testing results from the ponds. Edwards responded that the tests that were recently done by the State Department of Environmental Quality were very favorable, showing no fecal count.

#### **LMS SETTLEMENT ISSUE**

President Ogle explained that the Board has tried to, fundamentally, satisfy the obligation to sewer capacity to the community that was to have been born by the developer, Big Sky of Montana or its successor, which was transferred to Boyne. President Ogle briefly reviewed the history of the sewer system and the water company since the early 1970s. He explained the commitments to Westlands (Sin&ins/Taylor), creation and management of RID 305 and then WSD 363, and the moratorium issued by the State in 1993. President Ogle said the District is very close to settling the issue and have attempted to satisfy the long-term financial cash needs, property needs in constructing a new facility in satisfying the **long-term** plan, and securing water rights **incase** the District secures LMS.

Hank Miller asked how an intervener or friends of the court will affect this settlement. President Ogle did not know, but said the first step is to get an agreement between the primary parties.

Inge Logar asked about the financial needs for the upgrade, maintenance and operation of LMS if the District acquires LMS. President Ogle said that the Board intends to acquire the water company debt free. President Ogle noted that LMS is running about 40% short in operating costs and is not building a reserve. In addition, LMS does not have a delivery system **in** the meadow to handle fire protection. A general obligation bond or other funding, completely separate for water, will be needed. President Ogle said that the current

LMS rates do not satisfy costs and he would guess at least a 25% increase.

Director Rothschiller said one goal of the District's is to get meters. Director Meabon noted that there would be a set rate for fixed costs, but meters would be a more equitable way for assessing user fees. Director Meabon noted that the District could probably operate the water company at a cheaper rate since it won't need to make a profit. And, to correct the problems, it needs to be run like a first class company.

Marty Pavolich asked why more building and expansion is being allowed when we cannot handle the current connections. Edwards commented that determining adequate water supply will be part of an evaluation to be done when the water company is transferred. Currently, there is no evaluation but Edwards believes the **fire** district may be addressing **this**.

Mary **Vitolo** asked what is the District's billing base. Edwards responded that it is about 2,450 **SFEs**.

Director Meabon discussed the directors' terms and whose terms expire on November 4. The beginning date for filing is June 21, and the closing date for tiling is August 21.

Mary **Vitolo** expressed her appreciation to the Board members for all the long hours and hard work they have given to the community. Inge Logar seconded the comment.

#### SCOPING SESSION

Edwards noted that the Montana Department of Environmental Quality will hold a scoping session to study growth development issues. The public meeting will be held at Buck's **T-4** on Tuesday, July 15 at **6:30** pm. DEQ wants input and Edwards requested that the public attend this meeting.

President Ogle thanked the public for attending the meeting.

#### EXECUTIVE SESSION

At **4:45** pm Director Meabon moved to go from regular session into executive session to discuss Boyne legal issues. Director Peacock seconded the motion.

At 7: 15 pm Director Meabon moved to go back into regular session. Director Rothschiller seconded the motion. Motion passed 5 yea votes to 0 no votes with President Ogle voting.


***Director Skip Radick moved to approve the Boyne settlement document as revised in executive session. Director Meabon seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ogle voting. The Board set a response deadline of July 15 for Boyne to accept the offer.***

**NEXT MEETING**

The next Board meeting is scheduled for Tuesday, July 15, 1997, at 3:00 pm in the BSOA office. Action will be taken on both the Sewer Use Ordinance 97-1001 and the FY 1997-1998 Budget.

**ADJOURNMENT**

*Director Meabon moved to adjourn the meeting at 7:30 pm Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes.*

  
W. F. Neece, Secretary

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

Regular Meeting -- June 17, 1997, 3:00 pm  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:00 pm on Tuesday, June 17, 1997, in the BSOA Conference Room. President Bill Ogle, and Directors Harry Meabon, Dee Rothschiller and Skip Radick were present. Secretary Bill Neece and Directors Stewart Peacock and Wendell Ingraham were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs, Jim Muscat and Marlene Kennedy; Dab Dabney, Farmhouse Partners; Lone Peak Lookout writer Scotty Fletcher; and individuals from the public--George Metcalfe and Packy Cronin.

President Ogle called for public comment at 3:23 pm.

### PUBLIC FORUM

George Metcalfe asked the Board if they have considered holding a public hearing on the Boyne Settlement. President Ogle responded that the Board had not planned on it. Metcalfe then made a formal request to the Board to hold a public hearing on the topic. With no further public comment, President Ogle called the meeting to order at 3:25 pm.

### APPROVAL OF MINUTES

The minutes of the May 20, 1997, Regular Meeting were reviewed and approved as amended. *Director Meabon moved to approve the May 20, 1997, minutes as amended. Director Radick seconded the motion. Motion carried, 4 yeas votes to 0 no votes with President Ogle voting.*

As follow up to comments made at the May 20, 1997, Board meeting, the upper Cascade road conditions were discussed. President Ogle reported that the Madison County Commissioners are trying to get improvements made although no formal plan has been shared with the public.

### FINANCIAL REPORT

Audit. Bill Dutton distributed copies of the completed 95-96 audit, noting that it has been filed with the State.

Ford Ranger Replacement: The Ford truck lease expires on July 11 and the dealer has estimated the truck bed repairs to be \$3200 under the lease terms. Staff have determined that the District will come out ahead by purchasing and installing a bed liner and then selling the truck outright **with** an advertised price of \$9,000. For a replacement, a Livingston dealer came in with a low bid of \$21,859 for a full-size Dodge truck. An additional \$1,000-\$1,500 will be needed for a tool box and other accessories. Staff also plan to get bids for a trailer like a Wells Cargo, which will store and haul much of the equipment. The lease payment on the Ranger truck was \$349. To purchase a new truck the payment is around \$500, going out four years.

### May Financial Reports:

Bill Dutton reported that there were no significant changes **from** April to May. The legal fee breakdown through May indicated what amount has been spent on specific legal issues.

Audit changes will be reflected in the June **financials**. The Board approved the May financials without asking any questions.

***Director Meabon moved to approve the May financial reports. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.***

Resort Tax Reauest: Dutton requested the Board to approve a resort tax draw request of \$10,366.60. T here will be \$6,300 remaining in the resort tax allocation for I & I.

***Director Rothschiller moved to approve the resort tax draw request for \$10,366.60. Director Radick seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.***

Lone Mountain Springs Bookkeeping: Dutton provided a brief overview of the LMS request. John Brown assisted in preparing the formal agreement which provides for termination by either party with 60 days notice. The District will post receivables, handle billing, prepare monthly fmancials, and post payables. The District will not be dispersing any funds. Tom **Halpin** has delivered LMS records that need posted and the next billing needs to be done on July 1. Dutton will be compensated at one and one-half times his regular hourly salary for any overtime work associated with LMS work. LMS will be billed at \$37.50 for overtime hours and \$25.00 for regular hours.

***Director Radick moved to accept the request from Lone Mountain Springs as discussed, with the financial officer posting receivables and payables, preparing monthly financials, and handling billing. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.*** President Ogle signed the agreement dating it today, 6/17/97.

Revised 199711998 Budget: The revised budget was provided in the board packet. Dutton shaded several categories that Edwards thinks the Board needs to look at. Dutton noted that one of the line items, utilities for the aerators and treatment plant, went from \$1,900 to over \$3,000 and this significant increase needs to be included in the new budget. Edwards suggested having separate meters for aeration and the treatment plant and the staff will look into this. From a revenue standpoint, the District lacks resort tax funding. Edwards noted specific line items that are up in the air. Dutton explained the depreciation schedule. The second phase of the LTCWP needs to be budgeted for, including snowmaking at \$60,000. The staff are to make a formal request to the State to include snowmaking as part of the LTCWP. I & I needs to be \$150,000 with \$100,000 earmarked for the outfall line. Reserves are to be carried at \$200,000. Depreciation is to be left as is. A flume is needed on the outfall line. To continue to protect the District's perimeter, Director Meabon suggested not cutting back on water quality testing and all Board members agreed. Director Meabon also suggested not

cutting back on part time help, to which Board members agreed. The overall annual budget will increase \$180,000. Using zero base budgeting, this will be 24.9% increase in user rates.

*Director Radick moved to approve the proposed 1997-1998 operating budget with the changes made at this meeting. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.*

Accounting Software: Dutton informed the Board that the District will convert to Black Mountain and QuickBooks Pro software.

### **OPERATOR'S REPORT**

I & I Outfall: District Operator Grant Burroughs and Dave Crawford, TD&H Engineering, summarized the flow monitoring study TD&H recently completed on the outfall line. Using Isco equipment, the velocity measure was so high in some areas that not all the manholes could be measured. Their study was limited in that they did not measure what is coming in from the Mountain above this line, With 200 gallons a minute coming into the outfall line, both recommended replacement. Crawford said it is a global problem on the outfall line, there isn't any small segment that could be fixed to take care of the problems and lining only works in certain places when you know what problems you have. And, if the District is considering slip lining, Crawford said a more detailed study is needed. Burroughs attributed the increase in flow to a combination of deterioration of the line and high levels of ground water this year. The heavy flow started around May 5.

Crawford suggested abandoning the line and using it to divert ground water. One problem noted in working on the outfall line is that fiber optic cable is laid next to the outfall line. This cable is supposed to be replaced and abandoned this year and, once done, it would be easier to work on the outfall line. President Ogle asked if there was any possibility of a flexible underground connection or an above grade line. Crawford said he has no experience in above grade line, but said he could talk to someone who has the experience. Crawford would be willing to look into innovative ways to fix this line. Crawford said geotechnical issues bother him and he wants to give it some thought. The suggested sequence of work was to first approach between the flume and manhole 270. Edwards suggested the District prepare a five-year plan to replace/repair lines. Edwards said it is not clear if this line would be available for SRF money, however, he will check with the State on this.

Edwards will earmark \$125,000 for replacing about one-third of the line and will also write a bid spec using Crawfords/TD&H Engineering's report. Director Meabon requested a materials analysis. All Board members agreed that replacing this line is a priority.

Flow Report: Burroughs reported losing the transducer signal and that this could be remedied by moving the OCM III and the line. The flow is down below 500,000.

Irrigation: Director Meabon inquired if the District should hire someone to irrigate at night. Edwards reported that the golf course does not want any more water right now, as it is too

wet. The Board directed Edwards to go to Boyne to request that irrigation flow be increased. In regards to inquires about the odor in Meadow Village, the Board suggested the staff publish some kind of a letter, articles in the Lone Peak Lookout, or a District newsletter to alleviate misconceptions and to keep the community informed of the serious need for irrigation.

## **IAWP REPORT**

Construction Renort: Edwards reported on the progress each contractor has made on construction.

**Williams Brothers/Filtration Treatment Plant:** Williams is shut down now. The filter submittal came in last week, about 10 days behind. If construction goes in the same manner, the filter delivery will be later than planned.

**Huppert Brothers/Golf Course Irrigation System:** The retainage was dropped to 5%. Huppert is finishing clean up and their next big effort will be to get the computer system installed. Contract completion date will probably be the end of June or early July with weather days.

**VanDyke Construction/Storage Ponds:** So far, digging has been good and VanDyke is pretty much done with the embankment on the large pond. An estimated 70,000 yards will have to come out and go somewhere else. Change orders have totaled about \$9,000. VanDyke has submitted a new project schedule which indicates finishing the third week in September.

### Change Orders:

**Williams Brothers:** The change order per the filter dispute agreement was signed. Edwards has not received the signed agreement from Williams yet. The fire district will inform the District as to what they will require for fire suppression.

*Director Meabon moved to approve the fire suppression change order up to \$8,286. Director Radick seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.*

The Board discussed the need for a third filter.

**VanDyke Construction:** The benefits of filling the temporary pond now were discussed. C&H estimates 8,000 yards of fill so the temporary pond lot could eventually be built on. VanDyke estimated \$40,000 to fill the temporary pond. VanDyke needs to know if the Board wants the pond filled so he can reserve the fill.

**Huppert Brothers Construction:** Edwards has asked for an estimate for satellite controllers to be added to the horse pasture irrigation system. Edwards said with some of the complaints that have been coming in, it would be nice to have the separate irrigation capabilities. Edwards is to approach Boyne to see if they would cover the cost of adding a weather station.

## **RESORT TAX REPORT**

Edwards summarized what transpired at the last resort tax meeting.

## **OLD BUSINESS**

Rate Study: Rick Kerin is out of town until Monday and Edwards will try to meet with him then. Edwards reported that information is still needed to complete the rate study. The sewer collection system and new development need to be factored in and the information of the cost for expansion of facilities to serve developments outside of the three original subdivisions will be provided by Ray Armstrong, MSE-HKM. If any Board members have comments, they are to get them to Edwards.

Bylaws: The Bylaws were accepted a couple months ago at a third reading contingent upon legal review. Legal Counsel John Brown reviewed the document and made a few suggested changes. Edwards reviewed the proposed revisions which were highlighted in the copy of the Bylaws that was provided in the manager's report. In regards to the notice of meetings, they will be posted and provided to the newspapers.

*Director Meabon moved to accept the changes of the Bylaws as suggested by legal counsel and as discussed at this meeting. Director Radick seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.*

Refunding Fees: Edwards reported that impact fees paid by Snowcrest and **Starz** will be partially refunded. The refund will be the difference between the \$4,000 per SFE that was paid and the current fee of \$2,500 per SFE.

**Farmhouse Partners:** Edwards said the Resort Tax allocated \$45,000 to the District to apply to fees for affordable housing. Dab Dabney reviewed the history of Farmhouse Partners proposal and explained the reasoning for scaling back their project proposal to 24 1 -bedroom units. After meeting income guidelines with around \$16,200 annual maximum, housing will be available on a first come, first serve basis with a six-month lease. Dabney explained why he is pursuing the District's support and that the District is his last course to make this **deal** happen. Dabney calculated the total SFE fees at \$141,000. Farmhouse proposed \$45,000 to be paid by the resort tax allocation, Farmhouse Partners would pay \$3 1,000 initially, and then pay \$65,000 as a loan over 15 years. The District **would** be a subordinate creditor. All Board members were willing to continue their commitment they agreed to a few months ago providing that this would be the only request from Farmhouse Partners for relief **from** District fees.



*Director Radick moved to accept the terms of the proposal as outlined in Dabney's letter. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting. As a footnote, Edwards said that the fee base may change once the Ordinance is adopted. The amount deferred will be adjusted to reflect the fee base.*

#### **NEW BUSINESS**

Budget Hearing Date: July 8 was set as the budget hearing date. Dutton checked with the Montana Department of Commerce and they said there was no problem in having the budget hearing after the fiscal year starts.

Ordinance 97-1001 Hearing Date: July 8 will be the hearing date for the Administrative Ordinance 97- 100 1.

The District staff will do a mailing to all owners noticing both hearings.

#### **NEXT MEETING**

The next Board meeting, along with public hearings on the FY 97-98 Budget and the Administrative Ordinance **97-1001**, is scheduled for Tuesday, July 8, 1997, at 3:00 pm in the BSOA office.

#### **EXECUTIVE SESSION**

At 6:35 pm Director Rothschiller moved to go from regular session into executive session to discuss Boyne legal issues. Executive session was adjourned at 9:00 pm.

#### **ADJOURNMENT**

*Director Meabon moved to adjourn the meeting at 9:00 pm. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes.*

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W. F. Neece, Secretary

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

Regular Meeting -- May 20, 1997, 3:00 pm  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:00 pm on Tuesday, May 20, 1997, in the BSOA Conference Room. President Bill Ogle and Directors Harry Meabon, Dee **Rothschiller**, Wendell **Ingraham** and Stewart Peacock (arrived at 3:40 pm) were present. Secretary Bill Neece and Director Skip Radick were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Jim Muscat, Grant Burroughs and Marlene Kennedy; and MSE-HKM representative Jim Braley. Individuals from the public present were George Metcalfe's Attorney Marjorie Black and **Packy** Cronin (arrived at 4: 15 pm).

President Ogle called for public comment at 3:13 pm.

### **PUBLIC FORUM**

Marjorie Black asked to reserve the opportunity to comment later in the meeting. There being no further public comment, President Ogle called the meeting to order at 3:14 pm.

### **APPROVAL OF MINUTES**

The minutes of the April 22, 1997, Regular Meeting were reviewed and approved as written. *Director Rothschiller moved to approve the April 22, 1997, minutes as written. Director Meabon seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ogle voting. Director Peacock was not present.*

### **FINANCIAL REPORT**

Auditor's Report: Tiffany Gribble, Joseph Eve & Company, reviewed the audit report prepared for the District for the year ending June 30, 1996. Items discussed and needing review included the following: Directors do not take compensation/wages and that is not reflected. To correct this, salaries and wages will be consolidated. The contracts in A and B under Item #11, were not in effect for this fiscal year and the wording needs to be corrected. The LMS agreement terms in Item 12 need to be corrected. Gribble will adjust the items discussed and fax the corrected report to the District for review. Once the Directors accept the audit report, Dutton will adjust the year-end financial reports. Gribble noted that next year's audit will probably be twice as big, as the SRF funds are 83.3% federal money and the federal government requires a single audit on any federal funds.

*Director Meabon moved to accept the June 30, 1996, audit as amended. Director Rothschiller seconded the motion. Motion carried, 4 yea votes to 0 no votes without President Ogle voting.*

The Board recommended attaching their response letter at the end of the audit. Dutton and Edwards said the response will be ready by Friday. Gribble will furnish eight copies of the audit report to the District.

Edwards asked Gribble for her opinion on the District changing accounting software. Gribble said, from an auditing standpoint, the only requirement would be a double entry system.

April Financial Reports: Dutton reviewed the April Financial reports. A glitch in the Solomon software prevented Dutton from preparing an aged accounts receivable report. Director **Ingraham** commented that there should be a threshold of what is commented on in the explanations of unfavorable balances. With President Ogle preferring the detailed work, Edwards suggested a compromise by shading items on the report that are bigger line items that meet a threshold to more easily identify these items.

***Director Meabon moved to accept the April Financials as reported. Director Ingraham seconded the motion. Motion carried, 4 yeas votes to 0 no votes without President Ogle voting.***

1997/98 Draft Budget: Edwards noted that a copy of the proposed budget was included in the Board packet and he requested that a special meeting be set to review the budget. A special budget work session was scheduled for Thursday, May 29, at 7:00 am at the BSOA office.

Financial Officer's Position: Dutton explained his situation for other possible employment. He noted that he has not resigned yet and does not intend to until the new position is a sure thing. The Board complimented Dutton on the job he has done so far and expressed their disappointment in his not honoring his verbal three year commitment. President Ogle asked that Dutton give reasonable notice and stay on task while at the District. Edwards reported that the District received 30 applications for the financial officer position by the May 16, 1997, deadline. The Board requested that Edwards cut the applicant pool to five individuals. The Board discussed the possibility of having employment contracts for key positions.

## **OPERATOR'S REPORT**

Flow Report: Burroughs reported on the flows for April and May, 1997, noting that the higher readings compared to past years indicates that the transducer in the flume is probably reading more accurately. From what is measured on the mountain and what is read in the meadow, the data indicates there is a lot of I & I, most likely on the outfall line. Burroughs also said some manholes need to be repaired. Edwards said the District's resort tax request for this year includes work on the outfall line. There was some discussion on planning for a third flume to be located at the bottom of the outfall line. The Board suggested that cumulative snowpack be taken annually, possibly on April 1, so projections can be made. The Board directed the District staff to decide a course of action -- identify problems, decide replacement line to be used, and come up with a budget that the resort tax funding doesn't cover. The Board requested an I & I report be prepared on the outfall line before the budget meeting of next week. The Board recommended getting a cost from **TD&H** for their equipment and crew to do additional testing to find out where the big flow is. Burroughs **will talk** to **TD&H** to get them here to measure at the bottom of the outfall line. Muscat suggested using the

manpower for plugging the manholes and then measuring. Edwards said the Board will need to consider I & I when determining the capacity available for SFE requests.

**Upper Cascade:** It was reported that road conditions in upper Cascade are terrible and PEC Construction will not return to fix the problems in the lines until the ground stabilizes, possibly in June. Burroughs noted that the bottom manhole, which is not connected to the system, is full of silt. Upper Cascade cannot hook up to the District's system yet as there is still much work to do. President Ogle said the operators need to consider intermittent plugs with bentonite.

**C&H:** is working at determining level of Pond No. 1 by the pond elevation.

**Aspen Groves Subdivision Phase I Sewer Main Extension:** A section of line will need to be slip lined as there are utilities right on top of it. Per foot quotes from Larry VanDyke were: slip line @ \$25, replace @ \$45, move @ \$45, and pipe bursting @ \$35. Burroughs said the District will meet with Skip Radick and come up with the best solution.

## **IAWP REPORT**

**Construction Report:** Edwards reported on the progress each contractor has made on construction.

**Williams Brothers/Filtration Treatment Plant--**Edwards reported that the original filtration dispute agreement and addendum, signed by Williams, was received on Monday. President Ogle signed the addendum. The change order will be done now that the original agreements have been signed and received. As yet, Ray Armstrong does not have the shop drawing submittal, but Jim Braley reported that the target date is June 5. According to Braley, the treatment plant is done with the exception of repair work on the concrete floor and site drainage clean up. Braley said MSE-HKM has contacted US Filter to try to expedite the process, but US Filter has declined their offer to help.

**Huppert Brothers/Golf Course Irrigation--**The start up and clean up has gone well. Huppert will bring in new sod to replace any that died last year. As of today, the booster station can run. Automation at the treatment plant building is anticipated for Thursday. Edwards has had several meetings with Boyne and believes that everyone knows what needs to be done to finish the job. A lot owner at Two Moons Road loves the sage brush near her lot and the alternate irrigation in that area will eventually kill it. Edwards suggested eliminating three heads and avoiding that conflict. Braley stated his concern about starting a precedence. The Board suggested reserving the right to irrigate the area according to the original plan, but concede to eliminating the three heads at this time. Director Meabon said the District needs to stick with the plan to stay within a 50 foot setback, and the District may possibly need to survey on curved lots, etc. Edwards said Boyne wants to open the golf course this Saturday and the District and Huppert Brothers are working with them to make this happen.

**Irrigation of Crail Creek/Horse Pasture Area:** Jim Muscat deepened an old irrigation ditch and put in a culvert by the golf course maintenance building to re-establish drainage from the Crail Creek overflow. Director Rothschiller noted that she does not consider the ditch complete until bedding has been added. The Board believes that Boyne should foot the bill for this ditch work since they altered the original Crail Creek drainage for golf course expansion. The Board directed Edwards to make a formal request to Taylor Middleton, Boyne USA, to complete the ditch.

Change Orders:

**VanDyke Construction/Storage Ponds**--Edwards has been working with **VanDyke** on a time and material change order not to exceed \$158,630 for the underdrain system in Pond No. 1. The engineer, inspector and contractor have to agree to the work on a daily basis, signing a form. President Ogle requested that Edwards modify the change order to have standby and operating hourly rates.

*Director Meabon moved to approve VanDyke Construction's request for the time and materials change order #7 not to exceed \$158,630. Director Peacock seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ogle voting.*

## **OTHER BUSINESS**

**Refund of Fees**-- Edwards received an opinion letter from Attorney John Brown that recommended refunding the difference in fees paid under Ordinance 96-1001 from the fee schedule in effect prior to that ordinance. Brown noted that the Statutes provide for refund on payments that were filed under protest using the greater of 6%, or the blended interest rate generated by the pooled investment fund. Dutton will recalculate his reimbursement spreadsheet using Brown's recommendation. Director Meabon requested that Edwards check with Attorney Mike Wheat to find out if interest earned is paid from the date of the court judgement or the date permit fees were paid. Edwards will write a letter to all lot owners who paid their permit fees under Ordinance 96-1001 and include a reimbursement check with it, if applicable.

**Rate Study**--Edwards distributed and briefly reviewed the first draft of the rate study being done by Rick Kerin. Edwards requested that the Board review the draft document and get back to him with any comments. Edwards will request Rick Kerin to attend the budget worksession on May 29. Upon request, a copy of the draft study was given to **Packy** Cronin and Marjorie Black at this Board meeting.

**DEQ Approvals**--Edwards would like to meet with Todd Teegarden to review the irrigation system. Lysimeters on the golf course were discussed.

**Seypar Anneal**--The appellant judgement has been received and we now have 30 days to respond.

**Resort Tax Proposals**--Edwards reviewed the total requests for resort tax dollars as reported in his manager's report, noting that the District has asked for about \$230,000

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over the \$500,000 SRF debt service payment.

Ordinance Revisions--Mona Jamison wrote an opinion letter on procedures for adopting the ordinances. Basically, Jamison recommended waiting until the rate study is done and then hold a public hearing on both ordinances at the same time. The Board will hold one public hearing on both ordinances.

Public Officials Liability Insurance--Edwards noted that a copy of the D&O policy was provided in his manager's report.

Letter to Dale Beland--Director Meabon noted the need to correct the Tax Parcel Number in the letter to Depinto to RKE19371.

Requests for Proposals--Edwards recommended the engineering firms EDM and TetraTech to work on the scoping. All Board members agreed with Edwards recommendation.

#### **EXECUTIVE SESSION**

At 6:45 pm Director Meabon moved to go from regular session into executive session to discuss legal issues. Director Rothschiller seconded the motion. Executive session was adjourned at 8:30 pm.

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, June 17, 1997, at 3:00 pm in the BSOA office.

#### **ADJOURNMENT**

*Director Meabon moved to adjourn the meeting at 8:30 pm. Motion passed, 4 yea votes to 0 no votes without President Ogle voting.*



W. F. Neece, Secretary

**BIG SKY COUNTY WATER & SEWER**

**DISTRICT #363**

**P.O. BOX 160670**

**BIG SKY, MT 59716**

**PHONE: (406)995-2666 FAX: (406)995-3053**

**ACCEPTANCE OF MONTHLY FINANCIAL STATEMENTS**

**Date: May 20, 1997**

**The Board of Directors at its May 20, 1997 board meeting reviewed and accepted the BSWSD #363 financial statements as follows (amounts are rounded to the nearest dollar):**

**1 Statement of Condition as of 04-30-97**

~~ASSETS~~ \$ 7,040,090.99

~~LIABILITIES~~ Liabilities: \$ 4299211.24

~~EQUITY~~ \$ 2,740,879.75

**2. Income Statement as of 04-30-97**

~~TOTAL REVENUES~~ Total Revenues \$ 17,918.00

• Total Expenses \$ 77,509.00

• Net Revenue \$ (59,591.00)

  
Board Chair

**BIG SKY COUNTY WATER & SEWER**  
**DISTRICT #363**

**P.O. BOX 160670**  
**BIG SKY, MT 59716**  
**PHONE: (406)995-2660 FAX: (406)995-3053**

**ACCEPTANCE OF MONTHLY FINANCIAL STATEMENTS**

Date: April 22, 1997

The Board of Directors at its April 22, 1997 board meeting reviewed and accepted the BSWSD #363 financial statements as follows (amounts are rounded to the nearest dollar):

1. Statement of Condition as of 03-31-97

~~Assets:~~ **\$** 7,084,688.53

~~Liabilities~~ **\$** 4,284,185.59

~~Net Assets~~ **\$** 2,800,502.94

2. Income Statement as of 06-31-97

~~Total Revenues~~ **\$** 183,803.00

~~Total Expenses~~ **\$** 73,196.00

**\$** 110,607.00

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

Regular Meeting -- April 22, 1997, 3:00 pm  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:00 pm on Tuesday, April 22, 1997, in the BSOA Conference Room. President Bill Ogle, and Directors Harry Meabon, Dee Rothschilder (arrived at 4:10 pm), Stewart Peacock and Wendell **Ingraham** were present. Director Skip Radick and Secretary Bill **Neece** were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, and Marlene Kennedy; Rick Kerin, Kerin Engineering; Jim Braley, MSE-HKM; Ann Sniecinski, Lone Peak Lookout; and individuals from the public--George Metcalfe and **Packy** Cronin.

President Ogle called for public comment at 3:15 pm.

### PUBLIC FORUM

George Metcalfe commented on the effect the impact fees have had on his undeveloped lot and the inequity of how impact fees have been applied. Metcalfe requested the Board to reconsider exemptions given to lots--in particular, **Westland Properties/Boyne** and to seek approval from constituency on the Boyne settlement and the take over of Lone Mountain Springs. He wants the Board to communicate with constituents via a newsletter like the one used to support the bond issue. In regards to tax levies, Metcalfe asked why there has been so little input from the Board. He urged the Board to layout the whole picture, openly, to meet the long-term costs. Metcalfe recommended that the Board give relief on affordable housing requests. Metcalfe informed the Board that all matters relating to his Big Sky lot have been turned over to his attorney, Marjorie Black. Metcalfe thanked the Board for considering his comments.

With no further public comment, President Ogle called the meeting to order at 3:25 pm.

### APPROVAL OF MINUTES

The minutes of the April 2, 1997, Special Meeting were reviewed and approved as amended. *Director Meabon moved to approve the April 2, 1997, minutes as amended. Director **Ingraham** seconded the motion. Motion carried, 4 yeas votes to 0 no votes with President **Ogle** voting.*

### FINANCIAL REPORT

Audit Recommendations--Edwards noted that Bill Dutton's recommendations to the audit were provided in the Board packet. Director Meabon recommended that the Board respond to each individual recommendation. President Ogle asked that the Board review all recommendations and accept the audit as a whole document. Director **Ingraham** asked to have the auditors explain their comments at a Board meeting. Dutton said the audit is now only a draft but he will contact Joseph Eve & Company and request they do a closing report.

Recommendation **#1**: The Board accepted recommendation **#1**.

Recommendation **#2**: One of the four Board members that now approves accounts payable and accounts receivable should also review in detail the reconciliation; i.e. reconciling payroll, vendor payable, tax accounts, etc. This duty will rotate between the four directors. Adjustments of cash accounts must be approved by one of the four board members. District practice on purchase orders is to use a PO number system only on items of \$500 or more. The Board recommended moving to a more detailed system, giving PO books to all authorized to purchase small volume items and the manager must sign off on any items over \$500.

Recommendation **#3**: Reconcile petty cash monthly and have one of the four board members that approves accounts payable review the reconciliation.

Recommendation **#4** The Board directed District staff to look into getting a safety deposit box.

Recommendation **#5**: To provide for safer filing of payroll records, as recommended by the auditors, Dutton will purchase another 2-drawer fire-proof file cabinet.

*Director Meabon moved to accept the audit recommendations as **modified**. Director Ingraham seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.*

*Director Meabon moved to have the Manager and the Financial Officer develop a cash management policy per the discussion in reviewing the audit recommendations. Director Ingraham seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.*

The Board directed Financial Officer Bill Dutton and Manager Ron Edwards to make a response to the auditors in accordance with the audit discussion per this meeting.

*Director Meabon moved to accept the audit as modified. Director Peacock seconded the motion. Motion passed, 4 yea votes to 0 no votes without President Ogle voting.*

March Financial Reports--Dutton reviewed the March **financials** and answered questions from Board members. President Ogle reminded Board members to consider what expenses may be coming in this next fiscal year and decide on what amount should be put in reserve. Edwards commented that a couple of moving target costs are engineering and plant operation--these costs could run more or less in the coming budget.

*Director Meabon moved to accept the March **Financials** as reported. Director Peacock seconded the motion. Motion **carried**, 4 yea votes to 0 no votes without President Ogle voting.*

## **OPERATOR'S REPORT**

Edwards and Burroughs reported on the flows and distributed a comparison

flow chart reporting on the period of January 1-April 21, 1997. Burroughs believes that much of the **I&I** is picked up on the outfall line and the line to the old trailer park.

Pumping at Ponds: Burroughs reported that chlorination is occurring at the time of pumping. Edwards noted that the District is now pumping into pond **#1** and the temporary pond and, so far, everything is working with the transferability.

Calibration: Burroughs received the calibration report yesterday and will provide a copy to any interested Board members.

Sewer Extensions--Crail Creek: The State is waiting for a letter from the District approving the extension prior to the State granting approval. Burroughs has sent a letter to the developer/engineer requesting clarification on a couple of items. **Mountain Village/Boyne** is requesting an extension of 446 feet and 3 man holes, which will go from the Arrowhead Mall through the Mountain Mall and then up the hill. The Directors requested Burroughs to locate and check with a master facility plan and make sure this request follows that plan.

**I&I**: Edwards reported that there is about \$10,000 left in the budget and he is working on a resort tax request for additional funds. Burroughs noted that about one-third of the outfall line and possibly Hidden Village needs to be videoed. The District will need to figure out a different way to video the outfall this year as the procedure used last year was not very successful.

## **METERING PRESENTATION**

Edwards commented that he is considering writing a resort tax request for funds for metering. Rick Kerin, Kerin Engineering, presented a slide show and talked about various metering technologies that are used in other communities. Edwards reported that a Sensus reader is owned by LMS which LMS received when they started requiring meter installation, but it has never been used. Edwards said he would probably recommend a radio read over the telephone or touch pad read. Sensus will be in Big Sky on May 6, 1997, to give a demonstration on their meter reading equipment.

## **RATE STUDY**

Edwards reported that two firms, Kerin Engineering and MSE-HKM, submitted proposals for a rate study. Edwards has selected Kerin to do the study for the main purpose of consistency, as Kerin had done a rate study for the RID 305 several years ago. Edwards will meet with Kerin and Ray **Armstrong/MSE-HKM** this Thursday to decide on the scope of the rate study. Edwards said a draft of the rate study will be available prior to the public hearing, which may be scheduled in the second week of May. Director Meabon requested Kerin to include a review of the District's SFE conversion schedule used to calculate **SFEs**. Director Meabon asked Kerin if the District needs to move into using the term "plant invest fee" as opposed to the "impact fee"--the industry standard terminology. When questioned about a long term rate plan, Kerin responded that a five year plan is about as far out as he would go. Once the rate

study is complete, the Board will need to decide how to implement Kerin's recommendations, either by phasing in or lump sum.

### **IAWPREPORT**

Edwards reviewed the percent paid to each contractor and summarized each contractor's progress.

Williams Brothers Construction/Treatment Plant--Williams has refused to sign the original agreement even though the District thought they had a signed agreement on April 2, 1997 as requested by Williams. The Board discussed three options: **1) get** Williams to sign the agreement, 2) get something formalized in writing from Williams about finishing the work, and 3) proceed with default. Edwards distributed a draft agenda for the meeting set with the bond company, stating that it will be sent to the bond company on Wednesday.

Last week Williams sent a letter questioning whether the filter system can be built. Edwards said he has a letter from US Filter saying they have an accepted order and they are building the system with the assumption they have a valid purchase order. Edwards will get a confirmation from US Filter by the Thursday meeting with the bond company, that says US Filter is providing the filter system. Inspector Braley said shop drawings are being prepared right now.

President Ogle asked the Board if they wanted to withdraw the entire settlement offer sent to Williams for signature on April 10, 1997, at the Thursday meeting with the bond company. The Board discussed this option stating they cannot continue to play games as the District stands *to* receive hefty penalties from the State. The Board set the date of the bond meeting (at any time during the meeting as determined necessary by board representatives) as a deadline for Williams to accept the settlement offer or it is withdrawn. The Board does not want to terminate the contract, but specifically stated they will not offer any more dollars to the settlement agreement. If the contract is terminated, liquidated damages will be \$750 per day plus all the engineering review fees. The Board wants to know from the Thursday meeting who will finish the job, the contractor or the bonding company under a default power. Edwards recommended getting the irrigation system installed by Williams if possible. Edwards also recommended having enforceable documentation that could hold up in court.

For the Thursday meeting with the bond company, District representatives will be Bill Ogle, Harry Meabon and Ron Edwards along with District attorneys Mike Wheat and John Brown; and MSE-HKM representatives will be Gary Simonich, Ray Armstrong and Neil Westenson. President Ogle invited all other Board members who are interested in the meeting to attend.

### Change Orders:

Edwards said **Williams has given the District a price to reroute the irrigation piping of \$11,381.** Williams has said they are prepared to do the work next week and it will take

about 3 days. The other items could wait.

*Director Meabon moved to approve Williams change order for items #1, #2, #3, and #4 as itemized in the manager's report on page 5, for an inclusive total cost of \$17,538.21 and to extend the contract an additional 5 days or as negotiated by Edwards and Inspector Jim Braley. Director Rothschilder seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Ogle voting.*

Third Filter: Edwards reported to the Board what options are available to the Board if the District does not procure land from Sin&ins-Taylor for another pond. In summary, a third filter would probably be cheaper than a land deal with Sin&ins-Taylor, a third filter will be needed if the land is not available, and there is room in the new treatment plant for a third filter. The District will try to cost out the third filter prior to Williams being requested to provide a cost estimate.

**VanDyke Construction:** Larry VanDyke submitted a cost estimate for the Pond 1 underdrain system with an inclusive total cost of \$222,368 for the base bid and all three alternates. The Board will take action on this change order request at a later meeting.

**Huppert Brothers/Golf Course Irrigation System:** The Board reviewed and discussed the letter addressed to Inspector Jim Braley from Boyne representative Doug Kremer. The Board decided not to make a formal response to Kremer's letter.

#### **INSURANCE COVERAGE**

Board members wanted to know who is covered under the D&O policy. Dutton responded that he believed that all board members and staff were covered under the policy, but he will check with First West on who is specifically covered. If staff are not covered under D&O, the umbrella coverage should provide the insurance.

#### **BUDGET**

Directors made several comments on the draft budget. A special meeting to review the FY 97-98 budget will be set within the next couple of weeks, at the manager's discretion.

#### **RESORT TAX PROPOSALS**

Edwards reviewed the four proposed resort tax requests outlined in his manager's report. After a brief discussion of each request, the Board recommended Edwards make the master engineering plan the first priority with I & I as the second priority. Edwards will route all four requests to the Directors for review. The deadline for submittal of resort tax requests is May 7.

#### **LONE MOUNTAIN BOOKKEEPING REQUEST**

Dutton explained Tom Halpin's request for bookkeeping service. Dutton has given Halpin a cost of \$20 per hour for taking care of payments. Edwards was originally

reluctant to take on this request but now would like to help them in at least the short term. The Directors unanimously agreed they would like Dutton to take on the bookkeeping with a legitimate agreement with the District, hiring additional staff if needed, and not doing it on his individual time.

#### **SEWER PERMITS**

Edwards said Dale **Beland, Gallatin** County Planning Office, would like to issue land use permits and would like the District to write a letter acknowledging there is SFE sewer capacity for the projects requesting land use permits. Directors agreed to allow Edwards to respond on a case by case basis.

#### **REQUESTS FOR QUALIFICATIONS**

Statement of Qualifications have been received from the following engineering firms: Environmental Development and Management, Inc; Fluidyne, Inc.; Integrated Geoscience, Inc.; and Tetra Tech EM, Inc. A copy of each will be distributed to Board members for review and comment.

#### **SAFETY**

Director Meabon noted that the Board needs a policy that embraces the OSHA requirements for entering a manhole (confined space entry). President Ogle said he would share with the District some new safety software that Kenyon-Noble has. The Board directed Edwards to find a qualified safety engineering firm to draft this policy and to come back to the Board for approval.

#### **WATER COMPANY TRANSFER REPORT**

Edwards distributed the revised final draft of the settlement agreement dated April 16, 1997, and asked the Board to read it and comment to him by Friday, April 25. He asked the Board to pay particular attention to the tracts/parcels that Boyne owned on July 8, 1996.

#### **NEXT MEETING**

The Board directed the manager to set the next meeting date as needed.

#### **ADJOURNMENT**

*Director Meabon moved to adjourn the meeting at 7:55 pm. Director Rothschiller seconded the motion. Motion passed, 5 yea votes to 0 no votes.*

  
W. F. Neece, Secretary

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

Special Meeting -- April 2, 1997, 3:00 pm  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting for 3:00 pm on Wednesday, April 2, 1997, in the BSOA Conference Room. President Bill Ogle, and Directors Harry Meabon, Dee Rothschiller, Skip Radick and Wendell **Ingraham** were present. Secretary Bill **Neece** and Director Stewart Peacock were not present.

Others present were WSD staff Ron Edwards and Marlene Kennedy; Lone Peak Lookout writer Ann Sniecinski; legal counsel Mike Wheat; MSE-HKM representatives Gary Simonich, Ray Armstrong and Jim Braley; and individuals from the public--George **Metcalf** and Craig Reichstetter.

With no public comment, President Ogle called the meeting to order at **3:16 pm**

### APPROVAL OF MINUTES

The minutes of the March 18, 1997, Regular Meeting were reviewed and approved as amended. *Director Meabon moved to approve the March 18, 1997, minutes as amended. Director Rothschiller seconded the motion. Motion carried, 4 yea votes to 0 no votes without President Ogle voting.*

### IAWP Progress Report

Williams Brothers/Filtration Treatment Plant: Edwards reviewed the recent history on the Williams Brothers dispute in providing the filtration package. On March 18, the Board approved an offer of \$85,000 to Williams Brothers to settle the dispute. On March 26, **Williams** Brothers sent a letter to the District stating they had ordered the U.S. Filter system. US Filter informed Williams Brothers that they had only held their quoted price until February 1, 1997, and the new price for the filter system is \$398,000. On the evening of April 1, John Williams faxed a signed copy of the Settlement Agreement, accepting the District's offer with a mark up of an additional \$24,485 and their final offer was only good until 12:00 noon on **4/2/97**. Edwards called Williams to let him know the Board's meeting was not scheduled until 3:00 pm on **4/2/97**. On the morning of April 2, 1997, District counsel Mike Wheat sent a letter to Williams' bond company as notice that the District intends to terminate the contract. Wheat noted that a seven-day notice is required before terminating the contract. There is also a requirement to meet with the bond company within 15 days of the notice. If the District Board decides to exercise its option to terminate the contract, Wheat advised the Board to give Williams formal notice to leave the job site and to exclude Williams from the job site.

Inspector Jim Braley confirmed that Williams is not done with the regular contract work and that Williams is also working on change order work. The work directive from the March 18 meeting indicated a **10-day** extension, contingent on Williams acceptance of the filtration settlement agreement. The Board would have to authorize Edwards, at this meeting, to make payment on the additional work without contingencies, extending the contract to April 6 to finish the change order work.

Gary Simonich said this settlement offer is very close to resolution, and MSE-HKM is willing to share in the Districts' cost of the \$24,485 difference in the settlement. Simonich stated that MSE-HKM is already \$21,000 into the total settlement of the filtration issue, to date, which does not include the attorney fees or the rest of the inspection costs--which are already approaching **\$70-80,000**. After receiving approval from Karen Fagg, a partner of MSE-HKM, Gary Simonich agreed on behalf of **MSE-HKM** to contribute \$8,000 toward the \$24,485 to settle the dispute.

Director **Ingraham** questioned the authorization to send the notice to the bond company. President Ogle responded that he and Vice-President Meabon directed Manager Ron Edwards to have the District's attorney send the letter to the bond company as no agreement had been reached and the deadline had past. Director **Ingraham** stated that, since the letter was only mailed out this morning, the decision to contact the bond company should have been delayed until after the full Board had an opportunity for input at this meeting. Director Radick agreed that this action should have been a full board decision. Director Rothschiller agreed with the decision to send the letter to the bond company.

In an effort to settle this issue and not terminate the contract, the District accepted Williams final price by adding an additional \$24,485 to the initial \$85,000 agreement offer (District agreeing to contribute \$16,485 and MSE-HKM agreeing to contribute \$8,000). Both the District and MSE-HKM noted that this is their final offer to Williams.

*Director Meabon moved to accept Williams' letter of agreement of April 1, 1997, accepting the filtration dispute agreement draft of 3/28/97 between Williams Brothers, the District and MSE-HKM and with the \$24,485 added by John Williams. The motion allowed District President Bill Ogle to initial Williams' change and to sign the agreement, adding \$24,485 to the 3/28/97 agreement with the District paying \$16,485 and MSE-HKM paying \$8,000. Director Rothschilkr seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ogle voting.*

*Director Meabon moved to authorize Manager Edwards to make payment to Williams Brothers of \$17,034.28, without contingencies, for the additional work approved at the meeting of March 18, 1997. Director Ingraham seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ogle voting.*

At 4:45 pm the Board recessed to fax a copy of the final agreement signed by President **Bill** Ogle and Gary Simonich, approving Williams Brothers request for an additional \$24,485, and to rescind the letter of 4/2/97 to the bond company if the agreement is accepted. The Board reconvened at 5:05 pm.

#### **ORDINANCE 96-1001**

Edwards reported that Judge Salvagni granted Summary Judgment to Log Condominiums Inc., Paul Cronin, and Janet Cronin. The entire Ordinance 96-1001 has



been “invalidated” and the District no longer has a Sewer Use Ordinance. Judge Salvagni cited the lack of mail notice to property owners and that the Lone Peak Lookout, which was used by the District for noticing the public hearing, as an unqualified paper for notice.

The District received several letters from Paul Cronin on **4/1/97** requesting a variety of things. One letter requested a refund of the entire **SFE** fee of \$5,600 he paid in protest on his Southfork house. Responding to this request, District counsel Mike Wheat said fees that were collected under the invalidated ordinance should be returned. Wheat noted, however, that the District has the right to collect the inspection and **SFE** fees in effect prior to Ordinance 96-1001. Edwards distributed the 1992 Ordinance which showed that the fees were \$2,500 per SFE, and also provided a spreadsheet showing what fees have been paid under Ordinance 96-1001. Director Meabon asked Mike Wheat if the District had to automatically refund the fees paid under Ordinance 96-1001. Wheat responded that the District could possibly refund on demand but, off the top of his head, he wasn't sure what would be legally right. Director **Ingraham** would like the District to correct the error by refunding the money and then revert back to the previous ordinance and previous fees. Director Rothschiller doesn't know how the District can continue to accept sewer permit applications without an ordinance. After much discussion, President Ogle said the District will resolve the issue of fee contingent upon legal review.

*Director Meabon moved to get a legal opinion on the demand of refund, with the **difference** between the **invalidated** ordinance and the policy. Director Radick seconded the motion. Director Meabon amended his motion to refer to the resolution **dated** December 18, 1992, by the RID 305, in regards to setting impact fees and to include the **differential** inspection fee from \$750 to \$500. Director Radick seconded the amended motion. Director Meabon withdrew his original and amended motion.*

*Director Meabon moved to have legal counsel give the Board an opinion on 1) under the order, does the District have to **refund** the fees collected, 2) if so, is it only on demand, and 3) with Ordinance 96-1001 invalid does the District revert to the prior resolutions that set impact and connection fees. Director Radick seconded the motion. Motion passed, 4 yeas votes to 0 no votes without President Ogle voting.*

With Ordinance 96-1001 invalidated and the District no longer having an ordinance to operate under, the Board discussed the following options: 1) reinstating the moratorium, 2) refusing to accept permit applications until an ordinance is adopted, and 3) do nothing.

Manager Edwards recommended not accepting permit applications until new ordinances are adopted, including completing a rate study and having a public hearing. He estimated two months to get this done--a month for the rate study and a month for the hearing--with around June 15 before permits would be available. Edwards added that the District needs to do this right, make it bullet proof.

Noting the different rules for building permitting used by Madison and **Gallatin** Counties, Director **Ingraham** thinks the community will be served inequitably and he is also leery of delaying sewer permits unless we can perform in a timely manner in adopting the ordinances. Director Meabon spoke in favor of moving ahead rapidly in notices of new ordinances, adopting both at the same time, and amending the rate ordinance if the rate study dictates it and no hook ups in the meantime. President Ogle stated that the District does not have a permit to discharge and that alone would be basis for not allowing permits.

Craig Reichstetter, community member and homebuilder, requested the Board to appease both the homebuilder and the District by using a "sweetheart agreement" that an individual could sign, agreeing to abide by whatever is adopted in the new ordinances.

Mike Wheat stated that when you take a position to not let someone to proceed you take on a possible liability if someone is proceeding in good faith, and the District has made a road block simply because they are waiting to adopt a fee ordinance. Wheat recommended putting the administrative ordinance on a fast track to adopting--having an orderly process to review and administer permits for the health and safety of the public. Wheat explained the different noticing requirements for fees and administrative ordinances.

After much discussion, the Board passed a motion to not accept any permits until the administrative ordinance is adopted and to work on the rate ordinance concurrently. It will be mail noticed, with the public hearing the first part of May and then adopt the ordinances at a later meeting after considering public comment.

***Director Radick moved to suspend any consideration of the issuance of permits until actions are taken to adopt Ordinances 97-1001 and 97-1002. The rates are those in the current proposed rate Ordinance 97-1002. Director Rothschiller seconded the motion. Director Radick amended the motion to exclude the fee ordinance. Director Rothschiller seconded the amended motion. Motion passed, 5 yea votes to 0 no votes with President Ogle voting.***

***Director Meabon moved that Ordinance 97-1002 (fee structure) be moved simultaneously and in concert with Ordinance 97-1001 (administrative). Director Ingraham seconded the motion. Motion passed, 5 yea votes to 0 no votes, with President Ogle voting.***

Edwards noted that Exhibit A, Table 3.0-1, (legal obligation) is not effective since Ordinance 96-1001 is invalid.

#### WATER COMPANY TRANSFER REPORT

Edwards distributed a revised draft of the Boyne settlement agreement dated **3/22/97**.

#### NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, April 15, 1997, at 3:00 pm in the BSOA office.

**ADJOURNMENT**

*Director Radick moved to adjourn the meeting at 6:40 pm. Director Meabon seconded the motion. Motion passed, 5 yea votes to 0 no votes.*

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W. F. Neece, Secretary

C:\04-02-97.min (Board Approved 04-22-97)

**BIG SKY COUNTY WATER & SEWER**

**DISTRICT #363**

**P.O. BOX 160670**

**BIG SKY, MT 59716**

**PHONE: (406) 995-2660 FAX: (406) 995-3053**

**ACCEPTANCE OF MONTHLY FINANCIAL STATEMENTS**

Date: March 18, 1997

The Board of Directors at its March 18, 1997 board meeting reviewed and accepted the BSWSD #363 financial statements as follows (amounts are rounded to the nearest dollar):

1. **Statement of Condition** as of 02-28-97

Assets: \$ 6,812,512.52

Liabilities: \$ 3,304,182.00

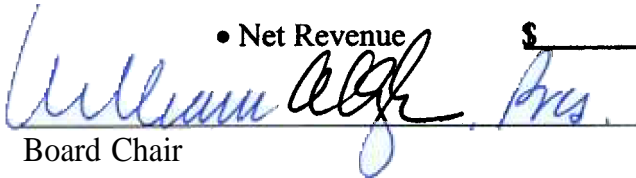
Net Assets \$ 2,689,896.05

2. **Income Statement** as of 02-28-97

Total Revenues \$ 132,902.00.00

Total Expenses \$ 213,020.00

• Net Revenue \$ (80,118.00)

  
Board Chair

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

Regular Meeting -- March 18, 1997, 3:00 pm  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:00 pm on Tuesday, March 18, 1997, in the BSOA Conference Room. President Bill Ogle, and Directors Harry Meabon, Dee Rothschiller, Stewart Peacock (arrived at 3:15 pm) and Wendell **Ingraham** were present. Director Skip Radick and Secretary Bill **Neece** were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs, and Marlene Kennedy; Lone Peak Lookout writer **Ann** Sniecinski; MSE-HKM inspector Jim Braley; and individuals from the public--George Metcalfe and **Packy** Cronin.

President Ogle called for public comment at 3:10 pm.

### PUBLIC FORUM

George Metcalfe commented that he has pursued many things that were discussed at the ordinance hearing and he urged the Board to consider options other than the \$4,000 SFE fee as presented in the ordinance. **Packy** Cronin declined to comment. With no further public comment, President Ogle called the meeting to order at 3:11 pm.

### APPROVAL OF MINUTES

The minutes of the February 18, 1997, Regular Meeting and Public Hearing were reviewed and approved as amended. *Director Rothschiller moved to approve the February 18, 1997, minutes as amended. Director Ingraham seconded the motion. Motion carried, 4 yea votes to 0 no votes without President Ogle voting.*

The minutes of the March 4, 1997, Special Meeting were reviewed and approved as amended. *Director Rothschiller moved to approve the March 4, 1997, minutes as amended. Director Ingraham seconded the motion. Motion carried, 4 yea votes to 0 no votes without President Ogle voting.*

### FINANCIAL REPORT

Monthly Financials: Bill Dutton reported on the financial reports for the month of February, 1997. The delinquent amount in receivables will be reduced as a Boyne representative called today and said Boyne will pay an outstanding bill of approximately \$12,000 that Boyne owes on Mountain Lodge. The bond for Southfork was received in March and it will be reflected in the March **financials**. The accounting/computer professional services are over budget due to the recent Solomon upgrade. Dutton commented that, overall, the District is under budget.

*Director Meabon moved to approve the February, 1997, financial reports. Director Peacock seconded the motion. Motion carried, 4 yea votes to 0 no votes without President Ogle voting.*

Audit Report: Bill Dutton reviewed the audit report for the period of July 1, 1995, through June 30, 1996. He noted that there was nothing significant that will affect the operation of the District. If the audit report is accepted, he will make adjustments to the 1996 financial statements. The compensation for Directors was in error in the audit

and will need to be corrected. Some dates were also reported in error and the auditor needs to correct these as well. The auditors will be asked to delete the paragraph concerning Boyne. Auditors noted that payroll records are not in a fireproof cabinet. Dutton explained that the District office does not have adequate space for a bigger fireproof cabinet and there is not room in the two-drawer fireproof cabinet we have to add the payroll records.

The Directors directed the staff to draft a letter for the next board meeting that addresses the recommendations, noting the current procedures used in the District. Dutton will outline his actions and include a comment sheet on the auditor's recommendation. The Board will make a formal response and acceptance of the audit report after Dutton prepares his response.

#### **OPERATOR'S REPORT**

Plow Reports: Burroughs distributed flow reports and said that Dave Crawford from TD&H is here today, calibrating the flumes.

Snowmaking Project: Delta finished their snowmaking on Sunday, March 16. A monitoring well was covered with snow and the District staff are working on uncovering it. Initial test results are now showing 100% BacT kill on the snow. Delta's objective was to make 1 million gallons but only 500,000-600,000 gallons were made. Edwards believes this is enough for reliable data. Edwards will talk to Delta about a credit since the 1 million gallons were not made. The State is receptive to the snowmaking process and will be looking at the data.

#### **IAWP REPORT**

Williams Brothers/Filtration Treatment Plant: Grant Burroughs reported that they would start chlorinating next week and will start filling pond #1. Edwards believes that Williams is close to having the building done, excluding the filter system, prior to the contract deadline.

Edwards revisited the history on the filtration system and noted the conditions offered to Williams Brothers in the settlement letter. As of today, Williams has accepted the offer and sent a letter to Edwards listing four items that would be subject to their acceptance of the District's compromise proposal. Edwards asked for Board action on the cash component of \$85,000 as it needs a change order.

*Director Meabon moved to accept the change order of \$85,000 for the Neptune filter system, contingent upon the completion of the agreement document between Williams Brother Construction and the District. Director Peacock seconded the motion. Motion carried, 5 yeas to 0 no votes with President Ogle voting.*

Edwards will try to get the agreement to Williams Brothers by Wednesday afternoon. A draft will be sent to President Ogle and Vice-President Meabon for approval. Inspector Braley commented that MSE-HKM agrees to the language change to 40 days after the filter system is delivered. Braley also commented that the engineers' total

contract amount to finish the contract will stay the same, except for the extra inspector used during the summer of 1996.

Change Orders: Williams Brothers/Filtration Treatment Plant--Edwards reviewed work directives for nine minor items totaling **\$17,034.28**. Inspector Braley noted that there may be minor adjustments to the final total.

*Director Meabon moved to approve the noted change orders as submitted for a total of \$17,034.28 and to extend the contract 10 calendar days, contingent upon the acceptance of the final agreement. Director Ingraham seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ogle voting.*

Edwards reported that there is a problem with a transite line on the west side of the treatment plant building--it has settled and partially separated. Inspector Braley explained **MSE-HKM's** recommendation of replacing and re-routing the pipe. The Directors agreed to **MSE-HKM's** recommendation and Edwards can approve the work up to **\$5,000**.

Edwards noted that some concrete needs to be fixed due to the contractor using salt on it before it had cured. Braley said the contractor will be responsible for fixing it.

President Ogle noted that Bob Stober, **Gallatin** Canyon Volunteer Fire Department, has questioned the lack of a fire sprinkler system for the treatment plant. Inspector Braley reported that Ray Armstrong of MSE-HKM has requested a quote from Williams Brothers for a fire suppression system that conforms to building codes standards. A copy of Armstrong's letter of request was included in the board packet.

#### **SEWER RATE & USE ORDINANCES**

Judge Salvagni heard the motion for Summary Judgment on Ordinance 96-1001 today, which was filed against the District by Log Condominiums Inc., Paul Cronin, and Janet Cronin. Edwards expects that Salvagni will have a written ruling in two to three weeks.

Sewer Rate Ordinance 97-1001 -- First Reading: Edwards reviewed the Ordinance which was included in the Board packet. Edwards recommended acknowledging previous rates and commitments in the Ordinance. The issue of exemptions and how to deal with tracts was discussed. Director Meabon will work with Edwards on specific language for this. George Metcalfe asked if a consultant will be brought in to review rates. Edwards said proposals have been requested. Metcalfe asked if the review will also include looking at past exemptions/commitments. Edwards responded that until the District has met with potential reviewers he does not know the full scope of the review. Metcalfe asked that another mail notice on the fee schedule be done. Edwards explained that District counsel advised that this was not required if the fee is not changed.

*Director Meabon moved to accept the first reading of Ordinance 97-I 001 as amended. Director Rothschild seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ogle voting.*

Sewer Use Ordinance 97-1002 -- Second Reading:

Edwards reviewed the Ordinance as revised from the first reading. Edwards will have the State review the Ordinance to make sure it follows the State's procedures. On Exhibit B, skier days needs to be defined.

*Director Meabon moved to accept the second reading of Ordinance 97-1002 as amended. Director Ingraham seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ogle voting.*

**BYLAWS**

Edwards reviewed the draft Bylaws provided in the Board packet.

*Director Meabon moved to **adopt** the Bylaws on the third reading, as corrected with nonsubstantial modifications, and upon review by legal counsel. Director Rothschiller seconded the motion. Motion carried by a majority of the total Board members, 5 yea votes to 0 no votes with President Ogle voting.*

Edwards will check into recording requirements of the Bylaws.

**BOYNE SETTLEMENT/WATER COMPANY TRANSFER**

Edwards distributed the latest draft of the settlement agreement document to the Board members.

**EXECUTIVE SESSION**

At 6:45 pm Director Meabon moved to go from regular session into executive session to discuss legal issues. Director Rothschiller seconded the motion. Motion carried, 4 yea votes to 0 no votes without President Ogle voting. Executive session was adjourned at 7:30 pm.

**NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, April 15, 1997, at 3:00 pm in the BSOA office.

**ADJOURNMENT**

*Director Peacock moved to adjourn the meeting at 7:30 pm. Director Rothschiller seconded the motion. Motion passed, 5 yea votes to 0 no votes.*



W. F. Neece, Secretary



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

Special Meeting -- March 4, 1997, 3:00 pm  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting for 3:00 pm on Tuesday, March 4, 1997, in the BSOA Conference Room. President Bill Ogle, and Directors Dee Rothschiller, Stewart Peacock (left at 3:55 pm), Wendell **Ingraham** and Skip Radick (arrived at 3:40) were present. Secretary Bill **Neece** and Director Harry Meabon were not present.

Others present were WSD staff Ron Edwards and Marlene Kennedy; Lone Peak Lookout writer Ann Sniecinski; and MSE-HKM representatives Ray Armstrong, Gary Simonich and Inspector Jim Braley.

President Ogle called for public comment at 3:15 pm. There being no public comment, the meeting was called to order.

### APPROVAL OF MINUTES

The Board tabled taking any action on the meeting and public hearing minutes of February 18, 1997, until all Board members have had ample opportunity to review these minutes.

The minutes of the February 27, 1997, Special Meeting were reviewed and approved as amended. *Director Dee Rothschiller moved to approve the February 27, 1997, minutes as amended. Director Wendell Ingraham seconded the motion. Motion carried, 4 yeas votes to 0 no votes with President Ogle voting.*

### ORDINANCE 97-1001 & ORDINANCE 97-1002

Edwards reported that legal counsel, John Brown, is comfortable with separating the ordinance into two separate ordinances as long as rates are not increased- one pertaining to rates and the other to use of the public system. Edwards distributed draft copies of Ordinance 97-1001: Rates Fees & Charges, and Ordinance 97-1002: Sewer Use. Edwards did not request action from the Board to adopt the Ordinances at this meeting, but asked the Board to review the new drafts.

Ordinance 97-1001: Edwards reviewed the proposed Rate Ordinance. The Board discussed how to get fees paid when they are supposed to be paid. Edwards noted that fees should be paid before construction begins, and sewer connection permits are not issued until all fees are paid. In the section on reimbursement for fees, some language for reimbursement needs to be added.

The following payment incentives were proposed: 1) A financial penalty that adds 10%-20% to the SFE fee if the fee is not paid prior to construction beginning; 2) If the permit fee is not paid by a set date, the **SFEs** will not be held, the permit will be null and void and a new permit application would have to be made. 3) Set the base SFE fee and incrementally charge more according to when fees are paid. For instance, the rate

prior to construction is the base SFE fee, 0-30 days after construction commences a \$500 per SFE penalty is added to the total fee, 30-60 days after construction the penalty per SFE increases again. 4) Reduce the set fee per SFE by \$250 if the fee is paid on time.

Board members noted that a fee with penalties for late payment may require another notification. Board members would like the fees reviewed by consultant.

Edwards has talked to Carl Anderson from MSE-HKM about conducting a rate study. Anderson is currently doing one for Red Lodge. MSE-HKM will send a cost estimate by the end of the week to do a rate study at Big Sky. Edwards said going with another firm could add a couple of weeks to the process. The Board approved adding this as an additional service with the MSE-HKM agreement, assuming the cost comes in under \$5,000 and authorized using the reserve fund if necessary. When the Board asked MSE-HKM representative Ray Armstrong to comment on Anderson's past experience in rate studies, Armstrong said he did know about Anderson's past experience.

After much discussion, President Ogle summarized the Board consensus to leave the fees as they are and proceed with an evaluation of the fee schedule. The Board requested Edwards to prepare the Ordinances in final form for the next Board meeting reflecting the current fee structure.

***Director Skip Radick moved to authorize Edwards to spend up to \$5,000 out of reserves for the rate study project. Director Wendell Ingraham seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ogle voting.***

Ordinance 97-1002: Edwards and the Board reviewed the Sewer Use Ordinance, making changes to Sections as suggested by Board members. Comments included: Incentives and the sequence for getting fees paid needs to be clearly and procedurally addressed in Section 306. In Section 308, "complete construction" needs to be defined: 24 months for commercial, 12 months for residential and "complete construction" means substantial completion of project. Section 504 needs to include an annual rate review that will be part of the annual budget process.

***Director Dee Rothschiller moved to accept the first reading of Ordinance 97-1002 as modified. Director Skip Radick seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ogle voting.***

#### **OTHER BUSINESS**

Audit Report: Edwards distributed the audit report prepared by Joseph Eve & Company.

Sabol Letter: Edwards distributed a letter from Joe Sabol. The Board is interested, but concerns include impact fees, timing issues and impacts to other facilities.

## **EXECUTIVE SESSION**

At 5:05 pm Director Dee Rothschiller moved to go from regular session into executive session to discuss legal issues. Director Skip Radick seconded the motion. The Board decided not to go into executive session as no formal legal action has been taken yet on the filtration system with Williams Brothers Construction ("**WBC**"). The rest of the meeting was held in open session.

## **WILLIAMS BROTHERS/TREATMENT PLANT**

Edwards reviewed the WBC contract issues per the last Board meeting. Gary Simonich, MSE-HKM, reviewed information received from WBC. The dollar difference in the systems appears to be **\$157,000--the** US Filter system is \$349,000 and the Keystone system is \$192,000. WBC still has not given MSE-HKM permission to contact the US Filter or Keystone vendors. MSE-HKM is reluctant to contact the vendors on their own. Ray Armstrong, MSE-HKM, reviewed the components included in the **WBC's** bid tabulation. He also briefly reviewed the history of the filter package issue. Edwards reviewed the three proposals made in the last WBC correspondence. Simonich noted that the Neptune price was penciled in and questioned WBC on this. Gerald Murphy, Attorney for WBC faxed a note informing MSE-HKM that the Neptune price was a telephone quote from Wheelabrator (US Filter) last spring. President Ogle reviewed the history of the issues.

The Board reviewed the following options to resolve the matter:

- I. Terminate the contract. The District would loose the entire irrigation season in 1997. Testing system in 1998. If the issue goes to court, legal fees would be \$75,000 a piece. If the contract is terminated, the District could face increased costs for the filtration system.
- II. Go with the Keystone system. MSE-HKM does not recommend this system for the Big Sky treatment plant, so the option is ruled out.
- III. Stay with the Neptune/US Filter system. Armstrong noted that the filters are intended to be suitable for the Long-Term Compliance Work Plan (LTCWP) and a part of the LTCWP design.
- Iv. Prepare a counter offer:
  - A. Pay the difference (\$157,000) and hold the contractor to the contract date.
  - B.
    - 1) Pay at least \$50,000.
    - 2) Waive third party claims.
    - 3) Make offer conditioned on not going to court and claims.
    - 4) Extend contract to August 1.
    - 5) Engineer waive review fees, now estimated at \$20,000.
    - 6) Will not exceed MSE-HKM contract.

In return, WBC will:

- 1) Provide immediate placement of filter.
- 2) Release all claims.
- 3) All other contract provisions apply.
- 4) Deliver irrigation water as needed.

Edwards and Mike Wheat will draft an offer to WBC. Offer will be given to John Williams, and cc'ed to Gerald Murphy.

This offer will be valid to the close of business on Monday, 3-10-97. The money offered will be \$85,000 subject to **confirmation** of the filter system costs and delivery schedule.

#### **BOYNE SETTLEMENT**

Ownership of the land around the treatment plant needs to be cleaned up and included in the settlement document Commitments for water improvements to Glacier and Yellowstone Condominiums need to be checked. Develop type of sizing distribution that impacts the water or sewer system and past design limits they are responsible for.

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, March 11, 1997, at 3:00 pm in the BSOA office.

#### **ADJOURNMENT**

*Director Wendell Ingraham moved to adjourn the meeting at 7:25 pm. President Bill Ogle seconded the motion. Motion passed, 4 yea votes to 0 no votes.*



W. F. Neece, Secretary

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

Special Meeting -- February 27, 1997, 3:00 pm  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting for 3:00 pm on Thursday, February 27, 1997, in the BSOA Conference Room. President Bill Ogle, Directors Dee Rothschiller, Wendell Ingraham, Skip Radick (arrived at 3:35 pm, left at 6:15 pm) and Stewart Peacock (arrived at 5:30 pm) were present. Secretary Bill Neece and Director Harry Meabon were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Jim Muscat and Marlene Kennedy; WSD legal counsel John Brown; and MSE-HKM representatives Ray Armstrong, Gary Simonich, Attorney Neil Westeson and Inspector Jim Braley.

President Ogle called for public comment at 3:25 pm. There being no public comment, the meeting was called to order without a quorum. No motions were made until a quorum was established.

### **FINANCIAL REPORTS**

Audit Report: Bill Dutton reported that he and Edwards commented to the auditors on the draft report. The auditors, Joseph Eve & Company, will send the final audit within the next couple of days and will also be responsible for filing the audit with the State of Montana.

Monthly Financials: Bill Dutton reported on the financial reports for the months of December and January as of 1/31/97. With no questions, the board motioned to approve the **financials**.

*Director Dee Rothschiller moved to approved the January, 1997, financial reports. Director Wendell Ingraham seconded the motion. Motion passed, 4 yea to 0 no votes with President Ogle voting.*

*Director Dee Rothschiller moved to approve the December, 1996, financial reports. Director Wendell Ingraham seconded the motion. Motion passed, 4 yea to 0 no votes with President Ogle voting.*

Insurance: Dutton and Edwards reviewed a handout Dutton prepared for the Board comparing two Director & Officer (D&O) liability insurance quotes. The two companies that provided quotes were Smith Stewart and Fireman's Fund. Director **Ingraham** provided explanations on which company would cover the legal expenses incurred in defense of the District. Staff recommended the Fireman's Fund primarily due to the coverage provided for legal expenses. Using Fireman's Fund, with an aggregate annual coverage, Edwards suggested purchasing at least \$2,000,000 in coverage at an annual premium cost of \$5,532. Coverage of \$5,000,000 would cost \$8,535. The Board directed staff to make application for \$5,000,000 of D&O liability coverage through Fireman's Fund.

*Director Skip Radick moved to accept Fireman's Fund insurance quote for \$5,000,000 coverage with \$5,000 retention and a \$8,535 premium. Director Wendell Ingraham seconded*

*the motion. Motion carried, 4 yea votes to 0 no votes with President Ogle voting.*

**Surplus Property Resolution:** To authorize the District manager to purchase surplus property through the State Property and Supply Bureau, Bill Ogle signed the Bureau's resolution.

*Director Dee Rothschiller moved to sign the resolution for the surplus property sourcing. Director Skip Radick seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ogle voting.*

#### APPROVAL OF MINUTES

The minutes of the January 21, 1997, Regular Meeting were reviewed and approved.

*Director Dee Rothschiller moved to approve the January 21, 1997, minutes as written.*

*Director Wendell Ingraham seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ogle voting.*

#### OPERATOR'S REPORT

**Flows:** Muscat reported that flows appear to be higher this year than last year. Flow comparison table and charts were distributed to the Board. Muscat noted that the pond elevation appears lower. Edwards believes that the discrepancy may go back to when the new OCM was put on line in the Meadow. **TD&H** is scheduled to verify the meter and check the calibration.

**Resort Tax:** Muscat is working on a draft submittal for resort tax funding for working on I & I. The submittal deadline is May 1.

**Snowmaking:** Edwards and Muscat reported that Delta called today and the firm will probably be here on Monday to start the snowmaking project.

#### **IAWP**

Edward's reviewed the progress and contract payment tables for each contractor and engineer as provided in the Manager's report in the last Board packet.

**Williams Brothers/Filtration Treatment System:** Edwards reported that the only contractor making progress in the past month is Williams Brothers. Everything is proceeding fine except with the filters, as noted at the last meeting held on February 18. Edwards reported that if the Neptune system had been ordered last week, the projected start-up date would be August 8. To make sure the piping and chlorination system are working, Edwards would like to start moving water from pond 1 to pond 3 by March 1. Then run approximately **100-200,000** gallons per day to test the system out.

**Huppert Brothers/Irrigation System:** Edwards noted that a storm water discharge permit has been issued to **Huppert Brothers**.

**VanDyke/Storage Ponds:** Larry **VanDyke** has indicated that he would like to start work on June 1. They would like to do some pot-hole digging in pond 1 to determine the extent of groundwater. Since pond 1 is closer to the needed elevation than was initially thought, rock removal and groundwater may be minimal.

**Temporary Pond:** Edwards reported that there will be **70,000-80,000** yards of fill from pond 1 and the Board should think about using some of the excess material for filling the temporary pond. Edwards noted an estimate that it would take about 13,000-15,000 thousand yards of material to fill the temporary pond. The Board will consider using the fill from pond 1.

**Change Orders:** There were no change orders for the last meeting or this meeting.

#### **OTHER BUSINESS**

**Farmhouse Partners:** Edwards reported that the fee was calculated with Farmhouse paying the Boyne surcharge.

**Seypar:** Seypar filed an appeal and, under the law, they have to try to mediate. Mike Wheat sent a letter to Seypar's attorney on February 19 regarding the required mediation.

**Boyne Master Plan:** Edwards reported that Madison County gave preliminary approval for the Boyne Mountain Village Master Plan with modification and conditions.

**WSD Bylaws:** Edwards is waiting until Vice President Meabon returns to have the Bylaws adopted, possibly at the March meeting.

#### **PUBLIC HEARING**

Edwards prepared a memo for the Board with his preliminary comments on the public hearing testimony on proposed Ordinance 97-1001. Edwards recommended pulling out the rate section of the Ordinance and adopt them as part of a separate ordinance. The Board agreed and asked Attorney Brown to look in to it. Edwards suggested hiring a consultant to review the impact fees that are currently in place. In applying the impact fee, Edwards proposed giving construction projects a credit of **SFEs** depending on the fees that have been paid into the system.

After much Board discussion President Ogle asked, that prior to the next meeting, the Board members read the minutes, the counsel provide advice, and the staff look into a consultant and a separate rate ordinance. The Board will probably go with two ordinances and will decide at a later meeting on how they will go on the issue of fees.

#### **WILLIAMS BROTHERS:**

Edwards reported that there have been a lot of letters going back and forth between attorneys for MSE-HKM, Williams Brothers and the District. Edwards distributed the most recent correspondence from Williams Brothers. MSE-HKM sent a response to the

correspondence today.

Gary Simonich, speaking on behalf of MSE-HKM, handed out a summary of the various proposals and options which outlined the pros and cons of each. Ray Armstrong of MSE-HKM reviewed the summary, briefly highlighting each proposal. MSE-HKM has asked Williams Brothers to provide bidding information from both Keystone and Neptune. Williams Brothers has refused to provide pricing and delivery information for both the Keystone and Neptune systems. Williams did not permit MSE-HKM to contact the distributor and, thus, MSE-HKM choose not contact the distributor without the contractor's approval. Neil Westeson commented on several legal considerations in the options proposed for settlement.

Board action on this issue will possibly be taken at next week's meeting, as **MSE-HKM's** attorney is anticipating receiving a response from his most recent correspondence to Williams Brothers.

The Board is schedule sensitive and is willing to work with Williams Brothers on resolution of this issue prior to the March contract deadline. The Board members noted that they would rather spend the potential legal costs on getting the job done but, if forced to, the Board will proceed with litigation. The Board directed counsel to take a look at breach of contract, and if Williams Brothers do not participate in resolution of the dispute the Board will proceed to take necessary action to resolve the dispute.

#### **WATER COMPANY TRANSFER REPORT**

Edwards distributed the latest settlement documents and asked the Board to review these prior to the next meeting.

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, March 4, 1996, at **3:00** pm in the BSOA office.

#### **ADJOURNMENT**

*Director Wendell Ingraham moved to adjourn the meeting at 6:35 pm. Director Stewart Peacock seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ogle voting.*

  
\_\_\_\_\_  
W. F. Neece, Secretary



**BIG SKY COUNTY WATER & SEWER**

**DISTRICT #363**

**P.O. BOX 160670**

**BIG SKY, MT. 59716**

**PHONE: (406)995-2660 FAX: (406)995-3053**

**ACCEPTANCE OF MONTHLY FINANCIAL STATEMENTS**

Date: February 27, 1997

The Board of Directors at its February 27, 1997 board meeting reviewed and accepted the BSWSD #363 financial statements as follows (amounts are rounded to the nearest dollar):

1      **Statement of Condition** as of 01-31-97

Assets:      \$ 6,755,056.40

Liabilities: \$ 3,986,032.61

Equity      \$ 2,769,023.79

2.      **Income Statement** as of 01-31-97

Total Revenues      \$ 215,160.00

Total Expenses      \$ 279,135.00

Net Revenue      \$ 63,975.00

  
Board Chair

**DISTRICT #363**

~~R/C SKY, MT 52/16~~

**PHONE: (406)995-2660 FAX: (406)995-3053**

## ACCEPTANCE OF MONTHLY FINANCIAL STATEMENTS

Date: February 27, 1997

The Board of Directors at its February 27, 1997 board meeting reviewed and accepted the BSWSD #363 financial statements as follows (amounts are rounded to the nearest dollar):

1      **Statement of Condition as of** 12-31-96

**Assets: \$ 6.628.457.28**

*LL* Liabilities: \$ **3.795.459.96**

~~XXXXXXXXXX~~ \$ 2,832,997.32

2. **Income Statement** as of 12-31-96

~~20~~ Total Revenues **\$ 444.020.00**

~~Exp~~ Total Expenses **\$ 262,845.00**

**Net Revenue** **\$ 181,175.00**

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

Regular Meeting/Public Hearing -- February 18, 1997, 3:00 pm  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a public hearing and a regular meeting beginning at 3:00 pm on Tuesday, February 18, 1996, in the BSOA Conference Room. President Bill Ogle, Secretary Bill **Neece** (left at 5:30 pm), and Directors Dee Rothschiller, Wendell Ingraham, Stewart Peacock (arrived at 5:30) and Skip Radick were present. Director Harry Meabon was not present.

Others present were WSD staff Ron Edwards, Jim Muscat and Marlene Kennedy; **MSE**-HKM representative Jim Braley; Lone Peak Lookout writer Ann Sniecinski; Jackson Beighle, Mountain **Cadd**; Roger **Staley**, Madison County Planner; William Dabney III, Farmhouse Partners; and individuals from the public (see public hearing sign-in sheet).

To begin the Board meeting, President Ogle called for public comment at 3:05 pm. After public comment, President Ogle introduced the Board members and the District staff to the public who were attending the meeting for the public hearing.

### PUBLIC HEARING: ORDINANCE 97-1001

President Bill Ogle: A little bit of **history..this** ordinance that we are hearing 97-1001 is a repeat process of the hearing and adoption of Ordinance 96-1001. After some input from community members and various ways, the Board determined that the Ordinance should be reheard and that is why we are here today. The hearing itself we are now at 3:15 and the Board has a lengthy agenda. I would like to limit the hearing as much as possible to around an hour and a half or less if possible. We are not here as a Board to answer questions specifically about why or why not certain things were done, but we are here to primarily take comments from the public assuming that you have had an opportunity to read and review the Ordinance **96-1001** and in its new draft form with changes 97-1001. If you have not read nor do not have copy of this, you can get a copy from the office after today's meeting by contacting Mr. Edwards or Marlene. I have indicated on this sheet (referring to the public hearing sign-in sheet that people signed and also indicated if they wished to comment) attending the meeting that we have four people who will comment, so I will limit comments to 10 minutes per commentator and we will start on the comments after Mr. Edwards has given us a brief overview of the Ordinance in its present draft form. The Ordinance is up for action on today's agenda, however, I would anticipate that with the amount of people here that we will probably not take formal action on the Ordinance today. Do any Board members have any comments before we get started. Again, I would like to thank all of you for being here. This is always exciting to have so many members of the public here. We often times get lonesome in our long meetings, but that's certainly not the case today. Mr. Edwards you have a smile on your face...looks like you're ready to go.

Manager Ron Edwards: (overview not transcribed--see Edward's attached outline)  
Edwards stated the purpose and history of the Ordinance and provided a brief review of the Ordinance section by section, covering the high points.

President Bill Ogle: Thanks, Ron. For your information this session is being taped. So,

when you do comment, would you please...I am assuming it's being taped.

Manager Ron Edwards: I think so. It looks like it.

President Bill Ogle: If you would when you comment.. would you please come to the table and please take a seat at one of the or other seats at the far end. And, we have at this time 5 or 6 people who wish to comment, at least at this time. And, I guess what I would do is ask if there is anyone who has a pressing need to be first. Otherwise, I will go by the list in order.

(Individuals commenting were **Allan** Kass, George Metcalfe, Becky Pape, Cathy Gorman for Paul Cronin, Terry Threlkeld, Steve Schumaker, Doug Bing, Ken Kobelt, and Jack Fontana.)

**Allan** Kass: I had a question. If the dwelling is more than **500** feet from a hookup, when is application made to be excluded and how do we know where the terminus of that hookup is in order to measure whether or not we are out of the boundary or within the boundary.

President Bill Ogle: I would say that the best thing to do in terms of determining that is talk to the manager, **Allan**, and have him...

**Allan** Kass:

President Bill Ogle: Yes. And have him give you location and we will go ahead and do that.

Manager Ron Edwards: There is no requirement for your property to connect.

**Allan** Kass:

President Bill Ogle: Any other questions? Okay. Having no other indication I guess Mr. Metcalfe... uh...your first.

George Metcalfe: Thanks, Bill. First of all I regret **that...uh...that** once again I am coming to a meeting in which I would love to be positive enough for me to make a positive comment. But, I never seem to have the form to do that here.

President Bill Ogle: Excuse me, George, could you move up to the table please.

George Metcalfe: Of course, sure. Does this mean I get to vote now on the ordinance.

President Bill Ogle: Sure.

George Metcalfe: Uh...I could save everyone a lot of time and with a crowd like this,

and Kirk Dije is here he would know what I mean, if anyone here is prepared to buy my lot I will withdraw my letter and not make any comments. Would that be helpful.

President Bill Ogle: How much do you want for it?

George Metcalfe: \$61,800--widely advertised. And, and I am sure that with the appropriate effort here you can find a way to get that impact fee waived. Back to serious business. I don't want to waste your time.

President Bill Ogle Let's have a little levity George.

George Metcalfe: I'm trying. tried to start out with it because I usually, you know.

President Bill Ogle We're pretty well paid, so..

George Metcalfe: (Metcalfe sent a letter to the Board which was provided in the Board packet.) I know, yah. Exactly. Well, it's not costing you as much as it is me. The... I want to indicate why people like me, once again regrettably, are starting to have lost confidence in the process by which an institution like the District **ah...can be transparently...can** demonstrate transparently that they are trying to consider carefully. the overall costs and benefits of anything done in the...in the District with due diligence to the impact on all of its constituents and I worry about a number of issues that have affected me since the District. In the beginning, I really liked it when I received the one-page bulletin that promoted the bond issue and it was also **ah...I** also received a very thorough document outlining what the District intended to do and why it was important to be supportive of the District. I very readily, as Dee knows, voted for the bond issue and I felt that we were on our way to getting some equitable **manner...some** equitable way to resolve the capital improvement costs. Caused largely because of errors of commission and omission in the past which I am sure everyone here is widely aware of. In that process, however, I then receive a...the June 4...**the** bulletin you passed out to support the bond issue made mention only of additional revenues to be generated from property taxes covering all owners in the entire district boundaries. No mention in that bulletin was made of any other special charges that you intended to levy beyond what we were already aware of, such as this \$4,000 impact fee. **Ah...In** addition I don't think any of **us...I** haven't of heard about the status of trying to raise first the property tax revenue across the board to meet capital improvements costs either of the past or the future. The first thing that I received after voting for the bond issue when I thought we were on track was a letter on October the 31st informing me that I was getting back my \$382.16. The good news was that I was informed that, quote "the District now currently charges an impact fee of \$4,000." I was stunned by the amount of the fee and the fact that I was informed about it in a summary manner. No financial projections have been presented by the Board to my knowledge to anyone to demonstrate why such fee revenue is needed and justified. Nor has it been presented to anyone how all revenue sources are being taken into account before levying such fees. Third **point**, at no time have I received information from the District disclosing why

some properties and not others would be subject to the fee. I think it's regrettable that you mention even in your announcement for this meeting that those that want to see the Ordinance are welcome to visit the office during business hours. That would have been a little difficult for me last year, I worked in Albania and I was in Poland and I know there are many absentee owners that do not have the easy latitude to do that. So I would urge you to on matters of such importance, as this one is, to get the information out to your constituency because the letter I received implied that everyone was being charged \$4,000. That was bad enough. When I found that there were a whole range of potential or actual exemptions, that I did not like. I don't see the equity in the process ladies and gentlemen and I really urge you to deal with the reality that we should try and stop the process where members of this community have to use legal remedies to deal with simple transparent open determination with budgets and financing on who should pay for what. Its just gone...it's enough. In my letter to you I recommended that you, and I do make this recommendation now, that the proposed Ordinance not be implemented until the District Board has fully informed and explained to its overall constituency the rationale for levying the impact fees, distinguishing between the need to raise bond debt servicing costs versus future capital expenditure for facilities expansion. A quote from your letter to me. I have no way of knowing what the distinction is between revenues that you have access to service the bond issue or any other revenues you are raising to meet capital improvement costs. Secondly, I think it is extremely important for you to indicate or perhaps wait until lawsuits in process are settled...ah...to indicate the extent to which those settlements impact on fee revenue generating capability of the District. I'm not happy with the idea that some corporate and larger **interests...ah...because** of the long standing lawsuit process may be forgiven impact fees or certainly large portions of the impact fee now proposed...ah...simply because the settlement requires it. In some cases I understand that is a large number of lots and/or large amount of revenue. What estimate is you know Paul Cronin has made is over 5 million dollars. With some Big Sky I think you have to demonstrate more than **what...I** still didn't hear from Ron, and not picking on Ron, why some Big Sky subdivisions should be subject to impact fees and not others. And I particularly raise, and I hate this because this is my vested interest. I particularly make reference to subdivisions originally plotted in the 1973 Big Sky master plan, which includes Looking Glass. The fact that it wasn't registered for a number of years certainly did not confer that the intent wasn't there and I like others that you received letters from are relatively recent buyers of lots. I don't know why we cannot recognize that the overall appreciation of lots since 1973, in and for itself, is significantly greater than what might be assumed to be lost income to those that have previously paid a fee. Okay. You forgave all of our fees and then magically, sort of like the older you are the more benefits you get. So Cascade and...ah...Meadow and the others get all the money back plus no impact fee. But if you were new, even though you were not part of the community that might have been able to solve the problem that have caused the need for this revenue, we might not need a \$4,000 impact fee, or any impact fee. Okay. Passing it on to the new boys in town in something that constitutionally, or in terms of legal remedies, has to be looked at. Lastly, the sewer ordinance fee should be **assessed...why** should the ordinance fees be assessed prior to the annual property tax

being levied across the board to all owners, homeowners and business and others. Now, if you can accept recommendations like mine or others, and I have read the letters-- there are many similarities...ah...perhaps you might wish to use the word referendum.

**Alright...**I don't mean referendum necessarily but I think it is reasonable for you to get the information out. Be transparent. Seek the input from your constituency in a formal way and see where you stand. Because the terrible perception that we develop is you're operating this like it is a privately held company. Okay...and that you have not demonstrated nor informed your constituency about the rationale for some of the decisions or negotiations that you are pursuing. I am not saying that you are not doing a good job, but I think it is a big difference in being business people on the one hand and operating closely held companies and coming in and trying to serve a constituency as broad as this one. And there are those of us who have gone through that moratorium period. When I bought my lot nothing was disclosed. I bought it in '92 and in '93 we were shut down. No entity, **BSOA**, RID, realtor, or developer disclosed and damn thing about well **known...cause** I went through the records afterwards as some here know...disclosed very serious problems arising and it was also present in the files in Helena with the State. I cannot accept your levying a \$4,000 impact fee on my lot or others or any lot for that matter until you really show how we are getting a balanced approach to meeting the projected capital improvement costs across the board. Thank you very much for hearing me.

President Bill Ogle: Thank you, George. Does any Board member have a question? No questions? Thanks, George.

George **Metcalf**: Thank you very much for hearing me. The lot is now \$60,800 if you want to...

President Bill Ogle: Becky Pape

Becky Pape: I'm here, I would guess to question the amount or stark figure of the impact fees and I did question the hookup fees. And Ron explained to me that it takes as much pipe to hook in a single family home as it does a whole subdivision. So I can understand, so I would in turn question the actual number of the hookup fee starting at \$750. So I find that to be too high. I'll give my reasons in a minute. And I find the impact fee starting at **\$4,000...**I understand the need for **it...**I believe that that's too high of start place. The reason I am questioning it and its not questioning how the District is trying to solve its problems, or understanding what the problems are...since we probably have a better understanding than most of them. It is because that I think perhaps these numbers were set in a vacuum in the sense that you may or may not be aware of all the fees that the owners will bear from the various sundry taxing districts. So, if you will indulge me, I'm going to read to you a list of every fee I could figure out that might wind up on a...a...**BSOA** property on a good day or a bad day. Okay. Starting with property taxes for **BSOA** property which are substantially different than Canyon properties, they have only four taxes. Here's what we have, we have a general tax with about 304 mils committed to education; we have the **Gallatin** Canyon Fire

District. I can give these to Marlene if she misses them. We have the **Gallatin** County Conservation District, I believe that is soil conservation. We have the Big Sky Zoning Tarring us. Because we live in Big Sky we have the Forest Fire tax. Although in parts of the canyon they don't so I figure they assume we play with matches in here. Big Sky Sewer and Water District 363. We also have at least two **RIDs** that I know of...for Meadow Village roads 318 and there is another one out there that might be Sweetgrass **Hills...and** those are also taxing bodies. After that the Transportation District, which can charge a mil levy and does extend beyond the boundaries of BSOA but is waiting kind of like a hooking presence over us depending on whether Taylor (Middleton) wants to run the buses to say Kansas City or not during the course of the ski season... and how many buses he would like to add on. Because essentially that's going up at a rate of \$49,000 a year with the resort tax absorbing all of it at this point. So it went from \$99,000 to \$149,000 between funding sessions. And the sky is the limit as far as that goes. When the resort tax runs out because of its previous commitments to fire department...ah...equipment to the sewer and water district bonding...ah...we could get taxed for that transportation district. **Overlayed** on top of that, for the entire area is the Resort Tax District, which again is an indirect tax but is another form of taxation. And, also hulking in the background is the Park District which may or may not be in canyon but certainly according to Jane Jelinski **will** be within the boundaries of the BSOA. So that would be somewhere around nine districts for BSOA properties, with the tops of around five canyon properties. Now having spelled that out, I would like to give you the picture here. We've got essentially 30 homes for resale, there are a couple new ones in there but mainly the resale homes listed among all the realtors. Over 16 of them have been listed for two years or more and we can't say well that segment of the market happens to be flat. What people know, because we do fully disclose, what the obligations are that go with these properties. The majority of these properties are 3 bedroom, 3 bath homes--some go larger to 4 or 5 but only two of the 30 homes listed are 2 bedroom 2 bath homes...well 2 bedroom, 1 bath in the case of **Packy Cronin's** house. So as you know some these have been listed three, four and even five years. Ah there is an enormous load if you start at \$4,000 per SFE, under normal circumstances, you're automatically going to be at 1.6 **SFEs** for a 3 bedroom, 3 bath home. If you dare to through in a hot tub or a jacuzzi, you're at 1.95. So your start up price of \$4,000 is already pushing that impact fee to somewhere around \$5,500. Add to that the sewer quarterly charges which total for the year over \$500, I believe. What's that figure, roughly around **\$500-\$600** dollars.

Manager Ron Edwards: \$25 a month times one SFE.

Becky Pape: Yeah, it depends on what your SFE number is, but if the average house being built is 3 bedrooms, 3 baths...because it is more re-sellable, and that's true because not very many people come up asking for 2 bedroom, 2 bath homes and because the price of land is so high and everything else is so expensive you feel the only way you will be able to get your money out is if you do that extra bedroom. **Ah...so** basically you are looking a very large impact fee to start with. Add to that the...the...um...and I hate to even bring it up, the water **company...um...which...if** the



deal goes through, Ron and others have told us they are going to triple the water rates. They just raised the sewer quarterly rates, or monthly rates. They will probably need a bond issue, maybe 5-6 million dollars depending on just how bad the water situation is, and it has got to be at least as bad as the sewer situation was whether we get that company or not. And I don't know at what point you are in those talks but either way if Lone Mountain Springs retains that and it doesn't become part of the District we're still looking at a horrendous mess and I don't know how it will straighten it out. In zoning, first we are taxed for zoning on the property taxes and then when you go to get a land use permit they charge  $\frac{1}{4}$  of 1% or .0025 times the cost of construction for a land use permit, or **\$150--whichever** is greater. Now those fees could be raised at any time depending on how much time is being dedicated to the Big Sky Zoning District. So that's another set of fees overlaid on top of what we were talking about before the taxes. **Um...as** you might have read in the paper, the county is going to begin charging impact fees and that would be... and these are suggested **fees...because** they did have a report done on it and they haven't been quick to act on it...the county commissioners. \$496 per lot for fire protection in addition to being part of the **Gallatin** Canyon Fire District which allows them to tax us on our property taxes. And I am not questioning the need for that, I'm just telling you what these other charges are going to be. Also, any new **developments...and** I don't think I'm faint for being pro-development or con, I'm **kinda** coming as a devil's advocate today. Are you aware of what these properties are going to carry. \$1,596 per lot for roads, and this is for county roads. Now the interesting part is that we don't have a single county road from the mouth of the Canyon all the way to the entrance of the park. So we in turn, anyone starting a new subdivision within BSOA aside from all these other charges would have pay \$1,596 per lot.

President Bill Ogle: If the county does it.

Becky Pape: Right, but there is reason to believe they are going to do it. **So...so** I'm not threatening you with this, I'm just saying that's what the most recent newspaper article suggested. And I did talk to the planning department today and they're absolutely dead and straight certain about the fire fee but they are not quite certain about the road fee. But then to make it applicable to us with no county roads, is not a bag of tricks. **Alright...then** on the Fire District it's \$125 up front if you're going to build a house, aside from being taxed on your property taxes for it, and that's basically what you pay for fire. In addition to this county impact fee. Add to that condo association fees, which can range anywhere from \$1,000 to \$4,000 a year. About \$4,400 seems to be the max...somewhere between the biggest of the Beaverheads and some of the largest Hidden Villages. Then we have the Big Sky Owners Association Architectural Committee. You have to walk in with plans signed by an architect. Either way if you take a plan out of a plan book and ask an architect to sign it, it'll probably cost you about \$3,000 or \$4,000. If you pay for a real plan, it could cost you around \$15,000. Plus, \$275 for their permitting process. Which **will** be increased as **Dee tells me, and we all know because they** have a \$17,000 shortfall that's being charged against the owners. They're not paying their way at this point. So, we are

either going to have to raise...they're going to have to raise their fees or we're going to have to kill em all. And then finally, again, what charges the owners are **assuming...Ah...the** post office is **\$20,000...again** being charged against the owners, who are synonymous with BSOA and sewer and water. So, I **think...I** mean I may have missed a few fees here and there...Um...how do you enjoy a property like this? How do you live here? How do you live here as a widow on a fixed income? How do you live here as a young family with young kids and carry these costs. Um...do you want to see... Two things will happen with these impact fees. That dead market in homes that is quite right now will wake up like a crazy thing even if they're goofy homes. And there are a few goofy homes on that list. The as-built will begin to sell again, that's fine. But I cannot guarantee you that when new properties carry all these costs and they have to be built into the sales price by a developer...a \$4,000 impact fee, a high lot cost, a taxation and permitting by the State and every other body on earth...whether it won't force all growth and development in the Canyon which works against your best interests in being able to finish your build out in a timely fashion to honor the court **commitments...the** court required commitments and everything else. So, I'm not arguing one way or the other. You actually have the power to change the demographics up here by some of these decisions. Or you can say maybe we don't quite \$4,000 per SFE at this point. Over the long haul we are going to and we will probably need the second bond issue for sewer and water if we build out into infinity or whatever it is...but maybe we should start a little lower because I don't know how much more these people can carry given the situation. Remembering, of course, everyone of these other fees that I have indicated to you can arbitrarily go up whether it is a BSOA fee, a condo association fee, or the 66% increase...threatened increase in our property taxes. Thank you sweetie. We have been told they will freeze that property tax and maybe let it ride for another **four**-year cycle. Either way it's gonna wake up four years from now and zap us on appraised values unless they change the formula. So we've got things hanging over us that will actually dictate that only 6 movie stars come in and buy the place and hold it for 10 minutes sell it to another friend of theirs who holds it for 10 minutes but there will be no sense of community. And, I guess I want you to consider how are we going to accommodate many different age groups and income groups **and...and** make this, you know, work in this community knowing what this fee structure is. I don't want you to set these. And I hope you didn't set them in a vacuum without realizing what the other taxing obligations and assessing obligations were and that's why I came here to testify today. Okay.

President Bill Ogle: Thank you, Becky. Cathy Gorman.

Cathy Gorman: I was asked to come here today to read to you a letter that was written by Paul Cronin. It's dated February 17 and it's written to the sewer district members 363 board members. Bear with me while I read this. (Letter read was not transcribed. A copy of the letter was provided in the Board packet.)

President Bill Ogle: Mr. Dabney?

William Dabney III: I'll pass, thank you.

President Bill Ogle: You'll pass? Okay. Terry Threlkeld, you're up.

Terry Threlkeld: Greeting. **Um...**I have a quick question before I offer some very brief comments. That is normally in a public hearing format, which you guys seem to have very well structured, there is some sort of a mechanism in which you're going to address comments. Either written responses that are published or something like that. **Is** there anything like that proposed or contemplated?

President Bill Ogle: In terms of the Boards comments to the input that we receive from the public?

Terry Threlkeld: Right. In other words generally there are **options...like** if you would say well this **persons...we** are going to do this, we not going to address this, this is covered in the regulations...but there is some sort of addressing of questions and issues that were raised.

President Bill Ogle: I think what we plan on doing, is to first of all is transcript the testimony we received and distribute it to the board members and the manager will then, along with the Board, determine what comments need to be made. It is not our intention, certainly, and I hope you realize that we are not trying to put this on the back burner. Otherwise, we wouldn't even be here. So its our intention that we comment on all items of substance and then certainly the commentor would have the opportunity if he felt that his issue was not **directed...ah...by...** or not dealt with by comment to write us again. But it is not our intention to have that happen. What I think we are trying to do if find out what the concerns are and respond to them.

Terry Threlkeld: Do you anticipate the format being something that is published in the Lookout or a letter back to the commentor?

President Bill Ogle: It would be going back to the commentor who made the question so that it would be personal.

Terry Threlkeld: Okay, that was the only question I had. I will just start with a quick comment and that is that the people who are likely to be affected most by the proposed impact fee structure and that is what I wanted to address here are people who aren't here right now, there are people that seem to be addressing their interest but most of the people who would truly be impacted by buying a new subdivision lot aren't here right now. There will be people that will be new in the community and so they don't really have a chance to offer you a comment on this. As most of the board knows, I use to work down here and was involved in RID 305 and I was present with...um...Dee when we basically did **some of the SFE impact fee structure initially. And our main** intention at that time was to provide some equity between people who were coming in

to the District or online for the first time and people who had been paying what they...we called a **PIF** (planned investment fee) that is the half rate assessment that we have been talking. Those people would obviously have some sort of an investment into the system over time and the Board of Directors back in 1992 didn't feel that was fair to have somebody new come into the system and basically have all the rights and privileges as everybody else did on the system without some sort of parody, or some sort of compensation. Thus, the thought of an impact fee. At that time we tried to make that fee equivalent to that investment in the system of an unbuilt lot from one of the original three subdivisions. If we start talking about round numbers, and...um...I am using very round numbers so Ron can jump on me quick if I am way out of line...but the cash out of pocket that someone who owned one of the original Sweetgrass Hills, Cascade, or Meadow Village lots it was probably somewhere in the neighborhood of \$900 or \$1,000. With interest maybe that is worth \$1,500 or so today. And to me that would seem to be, of we are looking for equity and fairness, that would seem to me to be a fair arrangement. What I see now, and this is just an observation, is that we are no longer pursuing fairness. This seems to be some sort of a spot tax on new development...um... obviously there are lawyers involved that can address the legal issue of fairness. But I am just talking about a state of equity, putting everybody in the system in equal footing...um...and to do anything else I think is discriminatory and I think it is going to be hard to make that stick. So I would encourage you guys to reconsider your fee schedule and to come up with something that puts new users on your system on an equal footing with people that have been here and been paying for perhaps...as developed. I would close but just pointing out that we have been talking about the \$4,000 per SFE impact fee structure. People have eluded to that being the only cost, but really when we look at things, when I was down here we did some averaging and we found that the average house in **Westfork** was about 1.3 **SFEs**. The average house in the Meadow at that time was about 1.7. So really we are talking about a \$5,200 dollar surcharge, or a \$5,600 surcharge for a house in say **Westfork** if they were subject to that and a \$6,800 impact fee if it was the typical house in the Meadow. So its more than \$4,000 and it's a lot of money. And, I just would urge you guys to go back to the drawing board and think about fairness in that issue. Cause that seems to be the reoccurring thing. Thank you for the opportunity to comment.

President Bill Ogle: Thanks, Terry. Anyone else wish to comment?

Steve Schumaker: My name is Steve Schumaker and I am a small business owner in Big Sky and I started by business in Big Sky and I recently purchased a lot in Southfork Subdivision. And, I just wanted to say that I am opposed to the Ordinance 97-1001.

President Bill Ogle Thanks, Steve.

Manager Ron Edwards: Because of the fee?

Steve Schumaker: Because of the fee.

President Bill Ogle: Anyone else wish to comment? Mr. Bing.

Doug Bing: Hi ladies and gentlemen, my name is Doug Bing. I spoke to you when Ordinance 96-1001 was receiving public comments on Section 3-12 A, the connection impact fee exemptions, and I will state the same thing again. I have a project and I have paid those fees in protest, and another one coming on line and I do not feel that exemption is fair in its way that it is being implemented. The .5 SFE that you are using as your index is not something that your landowners have any control of and its a known fact that the old sewer district billing records and the ownership of interest records were not the most accurate and I don't know how to recommend a fair an equitable way, but the .5 SFE quarterly assessment I am opposed to.

Manager Ron Edwards: Exempting them from that or opposed to the .5 SFE assessment as a matter of.

Doug Bing: I am opposed to you using that as your index for the exemption, because I don't think it is fair to all landowners. As previous testimony, some...ah...

Manager Ron Edwards: Historically, that is how it has been done and we haven't really changed anything other than the amount of the fee. It was \$2,500. Lots that have paid in have been exempt and the only thing that has changed here is the amount of the fee. And that's kind of the underlying comment we here is the fee is too high, but if we were to change how these lots were exempted, I think the room would be four times as full.

Doug Bing: Well, as I stated, I made the same comment when you held public hearing on the first ordinance. So I am opposed to the construction impact fee and its method of allocation.

President Bill Ogle Thanks Doug. Anyone else wish to comment? Ken Kobelt

Ken Kobelt: I didn't think I had a comment., but after listening to Becky I guess I do. Hi, I am Ken Kobelt, I have been here for 23 years. When Paul Cronin put the Southfork Subdivision on line, there was a chance to buy a lot relatively cheap that we could afford. My daughter bought two lots, she know nothing about what is going on now because she is in Egypt. But after listening to Becky, I don't know if I can afford this lot now. I mean the cost of hooking up...the cost of buying it was fine--I mean it was a low priced lot and I see some other people here from the Southfork that are just working people also that bought lots for that very reason, but now I'm not so sure... I'm not sure what all this added up to, but I will have to sell my lot before I even got it here. What's that? So I'm against the...the...this...the..

President Bill Ogle You're against the impact fee?

Ken Kobelt: Yes. At that level. I can see an impact fee, but that's...that plus all this

other stuff that she was talking about that is getting up a little out of my range and I imagine quite a few other people that are in the Southfork's range also. And then we have, from what I understand some other ones that are exempt from this impact fee that, you know, probably should be paying something too. I am not that schooled on this. I just learned about this today, so... Thank you.

President Bill Ogle: Thanks Ken. Anyone else? No one else? Board members, comments?

Director Bill Neece: Is there a perception out there of what an impact fee should be? It seems that everything we have heard is, excuse me if I am wrong, is against the impact fee itself. 97-1001 is basically a good ordinance except for the amount of the fee. Is that the general gist of what I have heard? I noticed that Becky, somebody else, said something about \$1,500 to \$2,000. But it was...

President Bill Ogle: It was \$2,500 per SFE.

Director Bill Neece: It was \$2,500 per SFE, it's what it always been.

Manager Ron Edwards: Terry you were here when that was in place.

President Bill Ogle: You're saying that was \$750..

Director Bill Neece: The lots have been paying sewer fees since 1973, those are the ones, and we haven't changed that. I think what we have is a lot of public has become aware of what is actually going on. I don't think we have changed a whole lot, we are not changing the way things have been done. All we have done is raise that one fee \$1,500, over what it has been in the past. That is what we have done.

Becky Pape: Bill, can I ask you a question? Was it for one SFE, **\$2,500?**

President Bill Ogle: It was. It was the way the ordinance is written, per SFE. The problem has been in the past. It was never billed that way.

Becky Pape: That is what I want to know.

President Bill Ogle: If you read the Ordinance, that is the legal way that it is written. It is per SFE and who knows why, or what. It was never billed that way. It was just billed a flat \$2,500 whether it was one or two or twenty. That's the way it was.

Becky Pape: I guess the point is that it might have been charged, and I don't know for how long, because I can't say that we have had the sewer and water district into eternity. I mean...

President Bill Ogle: It was an RID.

Becky Pape: At this point, I guess, if you know for sure that most of the homes, excluding condos, are going to be 3 bedroom 3 bathroom homes you have to only to look at the list. I can take you through all of Big Sky and show you what are threes, and how few there are of smaller properties. You know right off that if you start at four as they said, you are at \$6,000 or \$6,500 or whatever, regardless of what tract whether its a **Westfork** or a South **Westfork** or a Blue Grouse Ribbon that may employee working people. You have to understand, and I know you do because you are a previous homeowner, the pressures that hanging over us every time we turn around the comer. And, as long as someone comes and smokes a little dope or something, says we have to have a new district, you know that's the vision of the day. We got to buy into that agenda or we have to go to war. And we have to go testify New Year's eve, and we have to go testify when we are sick or well or anything in between, to say while it's a lovely idea in abstract, but I don't think its going to work in this situation because it won't do much good if we have all the bells and whistles if we can't afford to listen. If our children can't afford to inherent it or carry these properties, or we can't afford to sell it, give it away or do anything with it. So, I think that these can be self defeating rates. And if the jump, with all the other financial obligations from \$2,500 to \$4,000 is too much, perhaps you can take it in smaller stages. Perhaps you don't necessarily have to start at \$750 per hookup. You can pity the poor homeowner and say well okay I will start at \$500 there and I will take the other back to \$2,800 and we will gradually accrue this and it may take slower to build out to maximum capacity. But I can tell you right now there probably is a great number of people in this room that are interested the day we reach maximum absolute capacity. I hope I don't even live to see it. So I don't know how anybody else feels. We could live with a little less than absolute maximum capacity, regardless of what court decisions say. We would like to see the area to continue to grow in a slow to moderate fashion, and not, you know, **runamuck** so that it all flattens out again. But if this is impacting in order to provide for that next build out, you know, we're not that worried about it right now and I know you have concerns. But don't just make us pay six times over when we sit there and watch Mr. **Simkins** get his free hookup because he had a handshake deal with Chet Huntley, or his father did, 20 years ago. That's all well and good. Let John take care of that problem. I don't even want to inherent John's water system and I'm going to do that too. And lord knows, I've lived through every sewer and water problem you could ever dig up. You know, I am the queen of sewer and water.

President Bill Ogle: Does any other board member wish to comment?

Director Bill **Neece**: I would just like to finish this. I am trying to elude to a point--I am just trying to finish here.

Becky Pape: Okay.

George **Metcalf**: Bill, could I just make a quick comment? You asked what would be objected to. In my words, what appearance is because of no data, the fee has been set arbitrarily no matter what its amount is. Secondly, the justification for it has not been

demonstrated. Why do you need it in relation to all other revenue sources. And, thirdly, there has not been, Ron has said it, there is no clear justification to me for the exemptions. Okay, so it is the arbitrariness and the lack of information from the District that creates the negative reaction in addition to the sheer confidence, as Becky has been saying.

Director Bill Neece: My point is that I am just trying to get a feel, since we very seldom have the opportunity to field this many people at one time. When the impact fee was based at \$2,500 and it wasn't billed per SFE, even though it was written that way it wasn't billed that way, if it was \$4,000 as a flat rate and not billed per SFE, is that more acceptable. I guess I am just trying to ask the question.

Steve Schumaker: Would it cost that much for everybody to pay \$4,000 or would it be. Over in Southfork we are paying \$6,000 and there's not that many lots in Southfork that are paying \$6,000 to cover everybody including the people that are paying nothing or \$750. Or is there?

Mrs. George Metcalfe: What are the other revenues being generated in the community being used for and what is the basis then for saying that this impact fee has to be for sewers. What is being done with the resort tax? What are being done with the other taxes? Where is the budget that they use for the cost of the sewer? And, we don't have revenues out of the taxes being generated to cover those. Therefore, we need to address an impact fee.

President Bill Ogle I don't think this is the place to get into that.

Mrs. George Metcalfe: But that is the question I have

President Bill Ogle: I understand, I understand what you're saying.

Manager Ron Edwards: I would be happy to answer that if you can come up and spend a half hour. I can give you spread sheets all day long and what's projected for the interim plan, the long term plan, what we are collecting in user fees which goes to offset O&M. I would be happy to do that.

George Metcalfe: Ron, you should publish that.

Manager Ron Edwards: You won't understand half of it.

President Bill Ogle: George, we have been through this and that's why I don't want to say much about this. I have a very, very good Board. They come to meetings, they work their butts off. And, we have meetings, after meetings, after meetings, after meetings where we ask and beg for people to come. When we had the hearing on this issue, there is some misunderstanding. We had not just two hearings, but four board meetings about this, which were open and announced. And, we're being approached as



the bad guy. That's just not true. This board has never been that way, and we are willing to listen and we will put out a fact sheet that will show you. But I think it is just almost beyond belief, for me, to sit here and say that anybody knows for sure what kind of fee is going to recover the kind of costs that we have been staring in the face up here. So I don't want to spend a lot of time talking about it. But, I guess, what I am hearing here is that there is some equity problems, fairness, whatever you want to call it. There is a concern about a possible lack of attention to history. The fact that we have a system that we're being not asked, not developing in any sense of organized development, we are being told under penalty by the State that you have to have a short-term and long-term plan that at the current date is in excess of \$15,000,000. And, that has got to happen in five years. So, we are faced with some staggering costs. We have been dealing with an organization that has changed not once, but twice. We have had some extremely difficult times getting them to interpret regulations properly and appropriately. It goes on, and on, and on. But I do want you remember one thing, all through this in negotiations, in board meetings, in discussions with the public, we have been open. I am not going to take a shot at the letters at all. I think that is good response and the Board will receive them in an open manner. The things that we face are the unknowns and the fact that we can't seem to get contractors to do the job as quickly as they might, and as properly as they might. We always have some kind of dispute with some organization of the government and it just never ever ends. But, the Board, I think above all, is willing to listen to the members of the public who have an interest. Because anybody who serves on this board, or any other board in Big Sky, that has the kind of power that we have, have got to, and as far as I am concerned this Board does realize that we are community. We are the community, we do have interests, we do own property, all of us. I don't think our interests are trying to drive development costs up. I think our interests are trying to get this damn thing fixed. It is a **fulltime** job and it is a nerve wracking job. And, especially when we have a water company that we fix one side of the equation and the really source side of equation--it's not mystery. I think Dee and I, not that we have any special knowledge, but we have been involved in trying to find water to deal with fires for a long time. So, I think the conclusion or the part of the meeting that is good, is that you are giving us good criticism and we will respond to it. I think you will see the Board respond in a fair manner and we will explain why we have to come up with this money. And, as far as resort tax, we have taken a lot of money of the resort tax. We have taken over 1.3 million dollars out of the resort tax to repair the system and we have a commitment from the resort tax for over 8 million dollars in the next 15 years to support this system. Just the sewer system alone. Knowing full well that we are moving into a water system that: A) has inadequate storage in the meadow, B) has, not to get to storage, we don't have the source. There is all kinds of problems. There is people in here that can tell you more than that about it. But, there are big time problems that are going to slow things done of their own accord. And, when we go to source, if we get the water company, when we look for funds we will be looking everywhere we possibly can. Right now, our money comes from the voters. We ask you to approve a bond issue and, George I apologize if we didn't tell you every little thing, believe me it isn't because we didn't try.

George Metcalfe: No you didn't.

President Bill Ogle: It's just a case of, you know we are just one step ahead of the devil, and then the other side of the equation for us for individuals is the developers. The developers want this, they want that, and we have to take a very tough stance with those people. Because they are faced with significant costs. There is a question of fairness also. So to balance all that and still get it so you can go in your bathroom and use the facilities and turn on the faucet and have sweet water come out the faucet in an adequate amount. And, then in the summer time, well anytime, if you have a fire you know there is going to be at least 2 or 300,000 gallons in the reservoir to fight the fire. That is all we are here for. So I having said that will recognize Wendell, who has something to say.

Director Wendell Ingraham: Yeah, I am a relatively new board member. And, George, one of the reasons one I came on the Board was in hopes of improving communication. I think it is always helpful that the public doesn't always understand how we do things, and we need to communicate better with the public. I guess there is also an obligation to other people involved in the community to communicate as well on how things work properly. I guess the only thing that I am a little confused about at this meeting is that most of the people I think are concerned here are relatively new purchasers, if I am correct. And, I am just curious for my own education, were those purchasers aware that there was already an existing impact fee and a hookup fee. I mean that it already existed.

George Metcalfe: No, I had heard, but I had no idea of amounts.

Director Wendell Ingraham: Well that's why I am saying--because what Bill Neece was trying to say before and I know that were are constantly finding things that we thought were operating one way and actually operating a different way. But I must tell you

George Metcalfe: But I must tell you the most serious issue wasn't whether we knew about impact fees or not. It was the condition of the sewer system and, you know I say this in no bad way to anyone here. It's amazing how things go on for a long time and then are discovered, you know. And it was the fact that...that discovery, legal terms, was not shared with some of the new buyers. I can assure you that the groups I've talked to would not have bought those lots at that time because we couldn't see any action on this. And indeed, as we know, the action only came when the State

Director Wendell Ingraham: George, that responsibility relies with a lot of different people involved in the process of developing and selling and servicing property. Not just one entity but, as I said before, I guess what is a little confusing to me is that if the old ordinance which had been in effect for quite sometime was understood clearly by the community the impact fee charge was \$2,500 per SFE which was increased to \$4,000 per SFE and hookup fee was increased from \$500 to **\$750**. So any way you look at it, to me it's a lot of money. The old way or the new way is still a lot of money for the average

citizen that wants to come in and build affordable housing. So, I think that part of the process is the complete communication on how things are done in this community. You know, which we are further responsible for communicating better to the public. I appreciate the comments.

President Bill Ogle: Any other Board member which to comment?

Director Dee Rothschiller: Would it be more equitable if these fees were spread out--all the vacant lots even if you had been paying S--rather than just sticking it to, if you want to call that the Southfork, Blue Grouse and Looking Glass. If the impact fee could be a smaller amount and spread out over more lots.

George Metcalfe: My reaction, it that it seems like to me if you found a way to spread impact fee over all of the properties, the total impact just like the property tax bill that was proposed tonight. While none of us like taking those additional costs. Very clearly we would be faced with a perception of far more equity than is demonstrated by this proposed ordinance.

Director Dee Rothschiller: We have to raise the money. How are we going to do it. We have to raise it.

George Metcalfe: I think we all have to share it and, in particular, I need to tell you it is very hard as one of the new comers to accept the idea that those that contributed, willingly and unwillingly, to the problems that we now face many of them are exempted. That is not going to stand. You **can't** do that guys. Distributed across the board we can eat it. You have credited back their accounts. Leave the credits in, okay. Don't willy-nilly exempt large sections of 1,400 **SFEs** without serious consideration of the impact on everyone else. Equities.

Becky Pape: I guess my feeling, is that it's one thing to have paid in for 23 years on a piece of land that people have been here that long so you get credited for that amount. What did you say it might be, \$1,900 or something. A half of SFE, was that it. I am not sure what you said.

President Bill Ogle \$1,500.

Becky Pape: \$1,500. So then you would have the balance due. But I guess the underlying thing is that no one is comfortable, nor ever will be, regardless of the settlement in principle--which I rescinded my vote **on...on** the board level. It is that we will be paying for the water, we will have paid for the sewer system whether through the resort tax or any other way, as well as all our fees paid over the years. **In...in** no way am I comfortable in paying John's obligations to the Simkins family, or Everett's And, it won't keep me up at night but there is in no way, that in consciousness, I can swallow that. Because he has every right to develop his land, I am not questioning that, he is the owner of it and so on. But the fact that we would have to subsidize that--you know

for millions of dollars as Cathy spoke to--makes it very hard to swallow when we are faced with all the other burdens that people want. They want the zoning and they want all these other districts and an up-to-date fire department, which we all want and is in everyones best interest, a nice place to live, but I am having a real hard time swallowing that while John is off to Tijuana somewhere do a tango. We are going to be paying for that and I am not happy with it. And, so if you want to know about direct talk, that is direct. It's never been easy to swallow, Bill, and I understand that you are going back and forth with Steve on it. It just isn't going to play. It just isn't going to work and I actually hope, not because I don't appreciate the board's efforts in trying to solve that lawsuit, I hope in essence that Paul wins--in that John does have to absorb that. He should have an uncomfortable moment in his life because we have suffered countless thousands of them because he was off somewhere while our pipes were blowing up or our sewer was backing up.

George **Metcalf**: Good point.

Becky Pape: And that's my point. And this is not doubting the integrity, hard work, or effort of anyone on this board, at all. If I felt it wasn't being done right, I would be here all the time nagging you to death. I just came today because it is going to be a darn hard pill to swallow when they develop that with 8 zillion **SFEs** over there and I know that, you know, part of Mr. **Simkins** success is part--you know I did it for him, I worked those seven days a week. Go for it Tom. It doesn't work.

President Bill Ogle: This probably isn't the place for this question. Urn, but since there is so many of you here, what's your attitude on trying to take the same approach on the water company and the issues in the lawsuit as we did with the response to the moratorium. Is continuing development and activity in the community, is that important? Or, would another vacation be a problem?

Becky Pape: If you want to know the truth, urn, we were probably the most comfortable people in the world with the moratorium because we could see everyone frothing at the bit to build in a situation that we knew and did disclose. You weren't my client. I mean I can only invite people over to the house and tell them don't let your dog drink the water it may drop over because mine did. Urn, these are things that if its fixed, and it's in the best interest of the health and safety and it plays a little hardball for a while to get the point resolved, it might be the way we have to go. And I am not trying to shut down--God knows guys. I spend way to much on the advertising. Urn, it's got to be done right. And it's the old line if you destroy the goose who lays that lays the golden egg, or kill half the people here, or don't have water like we did in August, as we did in August. Urn, which was a horrendous situation, though it couldn't have been more timely, because I got to go to the BSOA board meeting and see everybody with none of their hair styled--all hanging in their faces. It was fabulous. Probably the best moment in my life, watching all the Sweetgrass Hills ladies come unkempt. Urn, you've got to understand that these are serious issues but we don't want to bear the burden of the cost for John's negligence. And it isn't John's, it's Everett's

Everett said don't do it John, wait 'til it blows up, then they'll have to take it over. Ah, how much do we have to take over to make this resort succeed. How many buses do we have to pay for to get up there to get that \$46 lift ticket. There is a point where you have to draw the line and maybe cause we are old and ornery we were ready to, to draw it a long time before some of the new comers, but I feel that in a matter of equity why should they have to go through what we did to survive here. I don't think they should have to suffer like that, I don't want my children to suffer a great deal. I am happy to do it for them, so I've done the suffering. Let's get this all out there so we can live more pleasantly in the future.

President Bill Ogle: Paul.

Paul Roepneck: We're talking about water here and I think that we are our own entity in a little bit on this situation. I am a Florida resident and it is nothing for us to have a \$110 a month water bill. Now what are we paying up here?

President Bill Ogle: \$20 bucks.

Paul Roepneck: I mean this a fact and in Florida, we are right there where all the water is at. We have been living in a awful good thing up here with the low water bills we have had.

Becky Pape: But we also had low water quality or no water.

Paul Roepneck: We are in as bad of shape in Florida as we are up here, but we are paying for it there and we will eventually have to pay for it here.

Becky Pape: I understand that. Our fees aren't high enough that water.... in a community. What I don't understand is that we would have to repair the line that put in for somebody elses development. Urn, whose profit took off that development as people bought the things and walked away from those pipes and said lots of luck Charlie. And that's what happened.

Paul Roepneck: Yeah but, Becky, haven't we been fighting on any rates of any water bills. I mean seriously..

Beck Pape: I haven't been fighting.

Jack Fontana: Wait a minute, I can shed a little light on this. The State has turned him down many times on his price increases.

Paul Roepneck: But if the thing is turned over to a board like this, they can go to the State and get a rate increase.

President Bill Ogle: Paul, I think your comments are appropriate. And, Jack, I guess

the only thing I can respond to that is that the water company is losing about \$100,000 a year right now, just **on...on** bare operating costs. There is no question about it. And for them to get a rate increase, what the perception is going to be if there is a rate increase hearing, there is going to be some people that will go up there to object to it. And, with probably not a great deal of lack of **information...it** costs money to build storage. It costs money to go in the ground and build lines. And who pays for it. How long do you think it is going to solve that in a court of law? George, four years?

Becky Pape: Four years before they look at it.

President Bill Ogle: Four years before it's done. No because what's going to happen, it's just like in our case. We don't settle it, it goes to court, they go ahead and adjudicate it and it takes you--for us we go through it for a year, okay. The judge, if it is a judge or jury trial, he may take six months. So there we got 18 months. He gets the decision, the decision goes to appeal, to the Supreme Court. That's going to take another 18 months to 2 1/2 years. So, during that process what happens with the water company is going to be this. The water company is going to sit there, you got a situation where it is owned--and it is owned by a private individual--he will either sell it, or to another private organization. Or we will take it over, hopefully. If we don't take it over, you will pay the rates that it takes him to make a profit to return his investment. Because everything he puts in up here he is going to charge right back to you, the user. So I don't care how you do it. The public is going to pay for that one. End of story. No questions asked. Whether the District takes it or John continues to own it, the only hope is that the District can operate it effectively and efficiently enough to save the rate costs you might see passed on in profit to a private owner. That's been the conceptual logic that we've had and, I have to be honest with you, I have pressed for it because I think the community has to have some kind of coherent water and sewer system. And, governed by one body, and governed by the community. Ah, I guess, I don't want to go on with the discussion we are having without more input. But the subject here is our ordinance. The rest of it is, we are trying to get a feel since we have enough people here. It's a real battle sometimes to figure out where to go and the fact that the specter of the courts and you know we have the problem of dealing with the bureaucrats. Getting them to make a decision in three or four months is incredible. Then you go through that process to a court of law where you are going to go to district court and then to Supreme Court through a four year contest. So, yeah, we very desperately want to make this ordinance something.....(side 2 of tape 1 ended) (start of tape 2, side 1) Unless somebody has got a magic idea to make it something we can get a club or a baseball bat. But like it or not, we are in it together. Not only just those people that are sitting here, but the corporation also. And, I don't negotiate with Steve Barrett in a vacuum. Usually, I don't do it at all. Mike Wheat does it and the Board does it. And I think that the spirit that we try to tell them is, you know, there is no magic here. This has got to work for everybody. And lately this has been pretty good. And after last Tuesday, it has been real good. Jack.

Jack Fontana: Does the regulation today..the cost of the impact fees..are they taking

into consideration are they assuming we are going to take over Lone Mountain Springs?

President Bill Ogle: When we set those fees, quite generally what we did is, we took a perceptive view of what the land costs would be to install the stuff we had. Because at that time, nobody stepped forward with property to say here you can have additional storage. Here you can have a place for your new plant. Here you can have additional property you need for storage now. Nobody did that. So we had to look at land values. We had to plug that in. Which is not in the cost that you see, that **\$15,000,000**. It's not there. So what's happening with land values around here. Now like it, or not, Sweetgrass Hills lots have gone from \$65,000 three years ago to, I think they are selling for around **\$90,000-\$100,000**.

Becky Pape: \$110,000.

President Bill Ogle: So you take a look at a 33% or a 50% increase in three years. What do you think we are looking at when we **finally** get something approved in five years. So we did a little bit of that--we added in the cost to maintain the system if the resort tax didn't support us. And that's all driven, the 3% tax is driven on what? Skier volume. What happens if skier volume, which is flat now, goes in the tank.

George Metcalfe: What happened to the property tax thing you proposed in your on vote.

Manager Ron Edwards: The resort tax is adequate enough under the contract bid amounts to cover the debt service.

President Bill Ogle: And the concept, George, right there was zero cost to the taxpayers. Cause we thought if we could support it with the settlement plus the resort tax, we thought what a great thing for the taxpayers. But now we are hearing...

George Metcalfe: Well let's go back to that because that spread the net very wide. Instead of trying **to..instead** of facing litigations, because of perceived problems that Paul's raised, that I've raised, and others--I really do think that you would get more support if it were spread across everyone. And marginalizing the total impact on any individual. Then anyone. And try like **hell** to avoid these settlements, and I am not saying that...

President Bill Ogle: The problem with that here, George, is that there are too many people with too much money who are willing to go out and get a lawyer and say we're going to sue you.

George Metcalfe: Yeah but, Bill, I was fascinated and you must have been when you saw the rate of response for that bond issue. Okay, now yes they did look at the resort tax going into it but you did estimate there may have to have been some taxes to meet debt service and cost over and above. I really think that you have a better chance of

getting people to.. If you read my letter, I have not said I will not pay my fair share.

President Bill Ogle No, no, I don't hear that here either. I think that everybody is saying that.

George Metcalfe: ...its a perception of exclusion and perhaps, sorry Ron, on our part not just understanding enough of what you need the money for. But I think if you explain that like you did on the bond issue, frankly, to everyone and you come up with formulas to spread the cost of all of that including the water over time, I think you will get support. And, I do think you should work hard and I think the community would support trying to find a way to relieve those properties or groups where we have the residents and folks that make this resort run that they got to have a break to this place for them to live here. And if you can work that formula by spreading it across, that's not being nice to people who can't afford a half million dollar home. Who's going to run this resort. They are the *ones* that make the resort function. Those sorts of things..I mean I don't want to criticize anything here, but I just love the effort that goes out build a chapel. When are you going to get around to housing for the workers? Okay. That's all it is.. I take.. and transparency on your part will get great support from this community whether we have homes or not when we see that the overall benefits will accrue over the long term equally to everyone. That's the deal.

President Bill Ogle: Is there any. Skip.

Director Skip Radick: I was just going to say, I think that what you have just proposed--if we do the people in this room, overwhelming approve the 2,500 lot owners that have been paying in since 1972. Their lawsuits will pale in comparison to what we have here. And so what we have tried to do from day one is to be equitable to the new people and to the people that have paid in from the beginning. And that \$4,000 figure is not anything we pulled up out of our heads. That's something that a great deal of research that went into to do it. And anyone who has questions, I am sure, and would like to see it more justified, which I guess this board is challenged to do, immediately Ron will be able to provide you with the documentation that went into those numbers. It's not anything that we just came up with.

George Metcalfe: We're not saying that.

Director Skip Radick: I am a developer and nobody is more sensitive to me what happens to impact fees.

George Metcalfe: I know you're not. We're not saying that. I think we are suggesting that maybe the impact fee, with said exemptions, is not a good place for you to start. That it is better to look at the spread of property tax over everything and without masses of exemptions, especially for the corporate interests. And I don't mind, frankly, I got \$300 and some dollars in change, thank you very much, that is in my account. **Alright.** I will donate it to you, **alright.** The thing....and if you have forgiven the others,



if you have forgiven the others, leave it there. But move away from the concept, or the narrowness of looking only at the impact fee formula and get back to going to the.. go to the community again as you did very successfully on the bond issue.

Director Wendell Ingraham: George, we had no **intentions...that** is only the interim plan that we presented to the public. There is a long term plan that still has to be presented which will involve a rather substantial bond issue. So that wasn't the total cost of correcting the problems in this community by any means. And the impact fee wasn't utilized to look at and say that was the main focus of the thrust of where we are getting the income by any means. Bond issues....

George **Metcalfe**: The only one that has come out since the bond issue.

Director Wendell Ingraham: Well, I think that is because your point is that it isn't clear on how we are allocating our revenues relative to our expenses. That's the issue. Once we do that I think you will see a clearer picture on it.

Manager Ron Edwards: And, we had a budget hearing back in June. Notices went out to everybody and...

President Bill Ogle: I am going to declare a time out as chair. It is time out. It is time out. We are not going to argue the issue here. We are going to respond to the comments and move on. It has been a very positive meeting and I don't want to have anyone get in a yelling match. Nothing is accomplished with that. Does anyone else have anything they would like to say regarding their stand on the Ordinance.

Jack Fontana: Ah, I have a question. Does the \$4,000 impact fee, in this plan, is this included for the long term plan or just the interim plan.

President Bill Ogle: The long term plan. Okay, and that's because over this build out development, as Becky said, we don't it to happen tomorrow or the next day. Fifteen years is basically the life span of what we are talking about. Now Terry Threlkeld.

Terry **Threlkeld**: Last comment. To get a little more insight on things trying to drop back to the \$2,500 per SFE as a magic number. The \$1,250 was the attempt to equalize everybody, put them on an equal plane. The \$2,500 was a desperate attempt to raise some funds for RID 305 that didn't have the ability to levy anything other than.. As Wayne knows it was an attempt at trying to get some money squirreled away for ponds lining project. So if that was then protested we probably couldn't have justified it. I don't know how Ron can justify the \$4,000. I think you guys just sell parody, equality with everybody on a full lot and then everything spread across the board.

President **Bill** Ogle: With that, I think everyone has been heard. I really want to thank you for coming. I do appreciate the comments and we are going to proceed with the board meeting. I hate to cut you off short, but we've got two or three people who have

traveled a long ways to get here. Thanks a lot.

There being no further public comment, the public hearing ended at 5:00 pm.

#### **MODIFY AGENDA**

*Director Rothschild moved to waive action on agenda items 2, 3, 4, 5, and all topics under item 9 except A, the Farmhouse Partners proposal, to a future meeting. Director Neece seconded the motion. Motion carried, 4 yeas votes to 0 no votes without President Ogle voting. Director Peacock was not present for this vote.*

#### **GIS MAPPING PROJECT**

Jackson Beighle, Mountain Cadd, provided a demonstration on the pilot GIS mapping project in **Westfork** Meadows and presented the computer mapping capabilities of the **Arcview** software and its applications for the District. Beighle estimated that it would cost \$6-\$7 per lot for mapping all property with the District boundaries. To store all the data from mapping the District, Edwards stated that the District's hardware would need to be upgraded, costing about \$2,500 for one computer. The software is about \$9,095. Beighle said to do the base mapping it would cost approximately \$7,000.

Roger Staley, Madison County Planner, reported that all subdivisions in Madison County are being mapped to assist in producing a comprehensive plan on what is happening in Madison County. Staley said Madison County is willing to work together with everyone to get the work done. Madison County's goal is to get all subdivisions mapped by July 1, 1997. Staley said there is a bill before the legislature now that will allow each county to get money to have statewide mapping done. Board members agreed to Staley's request to allow Beighle to use the **Westfork** pilot project for a presentation to the Madison County Commissioners.

Once the District is mapped, Beighle recommended having Madison and **Gallatin** Counties do the maintenance as the counties will be doing mapping. President Ogle would like to see District billing information tied in to the mapping. Supporting Edward's mapping efforts, the Board members requested Edwards to put together a complete project proposal identifying all the costs and priorities for mapping the entire district.

#### **FARMHOUSE PARTNERS--SECOND PROPOSAL:**

William Dabney presented the second proposal for the Farmhouse Partners project to build an affordable 32-unit apartment complex in Cascade Subdivision. A copy of the proposal was provided in the Board packet. The scope of the project has changed a little since the first proposal to the Board on January 21. They have reduced the number of units from 35 to 32 and reduced their size about 100 square feet each. In addition, some costs have been deferred which is now allowing the Farmhouse Partners to present a second proposal to the Board. With 100% of the fees to be paid, the following payment schedule was presented for Board approval: \$100,250 at the commencement of construction; \$71,000 within nine months after completion; and

\$50,000 (secured by a subordinate note and trust deed and bearing a modest rate of interest) after the project's 15th year of operation. Dabney said the \$100,250 is as much of the fees up front that they can pay as the money comes from bank loans and equity and corporate investors will only fund 80% of the total equity. Stating the project's application to the Board of Housing has to be submitted by February 28, Dabney requested the Board to act on their proposal.

Responding to potential management problems, similar to problems at Hill Condominiums, Dabney said there will be an on-site, salaried manager. When questioned on how the fees were calculated by Farmhouse Partners, Edwards responded that the calculated fees included Boyne's surcharge fee on upper Cascade lots. In regards to the project's affordable housing being available after the required 15 years, Dabney said tax credits accumulate after 15 years and Farmhouse Partners would have incentives to probably go a minimum of 20-25 years as affordable rental property. Rent charges will be based on Madison County median income. Director **Ingraham** said the District should do what is possible to provide affordable housing.

Dabney pointed out that a risk for the Board, if they approve the proposal, is that the District may not get full payment of charges, possibly losing \$121,000. However, the Board would have the option of filing a lien on the property. Dabney suggested including a clause in the \$121,000 note; that if the property is foreclosed on, the second position note would then be paid through the lending institution. Then, as payments are made the note would be reduced. Due to the need of low income housing in this community, the Board recommended approving the proposal with a fixed upward adjustable interest rate with a ceiling of 7%. Interest will start at 3% for years 1 and 2, 5% for years 3 and 4, and locking in at 7% after five years.

*Director Radick moved to accept payment on terms discussed. Director Rothschiller seconded the motion. The motion is contingent on financing through Montana Board of Housing under Section 42 of the Internal Revenue Code and execute a nonrecourse and recovery at default to first mortgagee. Motion passed, 5 yea votes to 0 no notes with President Ogle voting.*

#### **IAWP REPORT**

Edwards provided a summary of the construction and engineering contracts and payments made to each through January 6, 1997, in his manager's report.

Williams Brothers/Treatment Plant--Edwards reported on the ordering delay on the filtration system. A meeting with Williams Brothers' attorneys and **MSE-HKM's** attorneys was held last week to discuss contractual obligations. Inspector Jim Braley reported that MSE-HKM basically proposed, if approved by the Board, extending the contract time, eliminating liquidated damages, MSE-HKM walking away from \$12,000 fees owed them for reviewing the Keystone system, minimize claims against the district from the State and **VanDyke**, limit damages to the \$150,000 difference in the systems, and Williams would order the US Filter equipment. Edwards distributed a counter

offer from Williams Brothers that was received today. Inspector Braley said MSE-HKM will ask Williams Brothers for additional information on both of their proposals and expects to get a written response within 48 hours, possibly by Thursday. According to Braley, proposal #2 looks okay other than the full payment request and MSE-HKM is also asking for a limit on the amount of claim Williams Brothers can file.

Braley will have MSE-HKM check on US Filter system's delivery schedule and what it may cost to accelerate the delivery schedule. The Board recommended sticking with the US Filter system per **MSE-HKM's** advice.

Braley said **MSE-HKM** will get back to the District on Friday, possibly to poll individual board members via telephone on the proposals.

#### NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, February 25, 1997, at 3:00 pm in the BSOA office.

#### ADJOURNMENT

*Director Radick moved to adjourn the meeting at 7:55 pm. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes. President Ogle **did** not vote.*

  
W. F. Neece, Secretary

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

### Regular Meeting -- January 21, 1997, 3:00 pm BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:00 pm on Tuesday, January 21, 1997, in the BSOA Conference Room. Vice-Chair Harry Meabon, Secretary Bill Neece, and Directors Dee Rothschiller, Stewart Peacock and Wendell Ingraham were present. Director Skip Radick and Chairman Bill Ogle were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, and Marlene Kennedy; Lone Peak Lookout writer Ann Sniecinski; and Jim Braley, MSE-HKM.

There being no public comment, Vice-Chair Meabon called the meeting to order at 3:24 pm.

#### APPROVAL OF MINUTES

The minutes of the January 9, 1997, Special Meeting were reviewed and approved as amended. *Director Rothschiller moved to approve the January 9, 1997, minutes as amended. Director Peacock seconded the motion. Motion carried, 4 yeas votes to 0 no votes without Vice-Chair Meabon voting.*

#### FARMHOUSE PARTNERS PROPOSAL

The agenda was modified to accommodate Phil Rotherham who presented the Farmhouse Partners proposal. They are requesting a reduction in connection/hookup fees from \$7,500 per SFE to \$1,250 per unit to develop a 35-unit "affordable" apartment housing project. A letter from Farmhouse Partners dated 1/10/97, summarizing the project, was provided in the Board packet.

Rotherham provided a brief outline of the rental housing project proposed for Big Sky in Cascade Subdivision, on the original Tract 5, now Lot 5E. He also explained the financing. The housing is to be developed and operated under the guidelines of the Low Income Housing Tax Credit Program and the Montana Board of Housing conducts two audits per year to enforce compliance by the developer. The units have to be available for a minimum of 15 years, and the developers are bound to rent 100% of the project to people who earn 60% of the medium income for Madison County residents. The 1 and 2-bedroom units range from 550 to 800 sq. ft., respectively, and will include common on-site coin-operated laundry facilities. Occupancy will be restricted to two people per bedroom. An on-site property manager will handle the day-to-day operations and a management firm from Bozeman will be responsible for compliance and paperwork.

Rotherham responded to questions from the Board stating that Farmhouse Partners currently has over 100 finished units in Bozeman, Belgrade and West Yellowstone. They have asked these communities for some monetary concessions, but not for a sewer fee reduction. When questioned about continuing the affordable rental housing after 15 years, Rotherham stated there are no further obligations to the low-income program and added the Farmhouse Partners would take a look at their options after the 15 years. In regards to coordinating this project with Madison County, Rotherham did not know if his partner, William Dabney, had talked with county officials. There was a question as to whether this property has any SFES currently allocated and Edwards will follow up on this. The Board

consensus is that it is a worthwhile project for the area but is concerned about setting a precedence for future requests if fees are reduced. Rotherham asked the Board to consider setting fee reduction guidelines using their project as the model. Due to the correlation of Boyne property, **SFEs**, and the Boyne lawsuit; further discussion was tabled until executive session. Edwards is to inform Rotherham of the Board's actions.

#### **FINANCIAL REPORT**

**December/January Financials:** Bill Dutton reported that financials are not done due to ongoing problems with the recent Solomon upgrade. Once the December and January financials are done, Dutton will mail them out to Board members. When Dutton **first** started at the district, he was asked to evaluate Solomon and is now recommending the District get a new software product more suitable for a utility.

Audit: The draft audit from Joseph Eve & Company arrived today. Dutton and Edwards will review and comment on the audit. The fee for filing the audit with the State has been paid and the State will allow the audit to be filed when it is finished.

#### **OPERATOR'S REPORT**

**Toepffer Repair:** Edwards updated the board on the Toepffer repair, a written summary of which was provided in his manager's report. The District finished repairing a sewer break in the middle of the Low Dog road. Grant Burroughs reported that, according to Terry Threlkeld, sewer laterals to four houses on the Low Dog Road had breaks in the line which were probably due to digging done by Montana Power Company in the road ditch. The Board advised Burroughs to document problems and probable causes to see if there may be problems stemming from MPC digging when they installed their lines.

Aerators: Edwards reported that 4 aerators are now running. Vice-Chair Meabon recommended that a staff member check on mechanical equipment during particularly cold periods to possibly avoid future problems.

**Flumes:** Burroughs has contacted **TD&H** and they will start the calibration this week or next week.

#### **IAWP REPORT**

**Construction Report:** Edwards noted that the contract **financial** numbers have not changed since the last meeting.

**Williams Brothers/Filtration Treatment Plant--** Sowls finished the roof and it will take approximately two weeks to get the building entirely closed. Once enclosed, Williams intends to bring in additional crew to pick up the pace. Basement piping is approximately 95% complete. Edwards reported that, overall, Williams is behind schedule. Edwards met with Mark Todd and Gary Nolan to discuss the construction schedule and has not yet seen the revised schedule. As directed by the Board, pay requests will continue to be held until the schedule has been received and validated by MSE-HKM. According to Nolan, Williams maintains they will have the project done with exception of the filters by the contract date, March 28, 1997.

Edwards has requested Williams to prepare an estimate for adding wall framing in the Mezzanine area in the plant for additional office/storage space. This will eventually require a change order but at this time no action is needed. There will be costs for the architect's work, not included in the estimate from Williams.

Huppert Brothers/Golf Course Irrigation: Huppert has asked the State if their storm water discharge permit can be approved under the permit that Van Dyke Construction already has from the State. Huppert has not heard from the State yet.

VanDyke Construction/Storage Ponds: Edwards noted that he had received a "Notice of Reinstatement" of insurance for Northwest Lining. A copy of the notice was included in the board packet.

### **PILOT SNOWMAKING CONTRACT**

Edwards briefly summarized the draft contract and scope of work for the pilot snowmaking contract that was in the board packet. Edwards will check on the monitoring to make sure it is in compliance with DEQ requirements. Edwards hopes to have this contract signed by the end of the week. Delta plans to arrive in about three weeks.

### **BYLAWS**

The Board reviewed the revised draft for the second reading of the Bylaws without making substantial changes. Edwards will have legal counsel review Article XI, Director and Employee Indemnification. On the signature page, next to each name, a record of voting will be included.

*Director **Ingraham** moved that the second reading of the Big Sky County Water and Sewer District No. 363 Bylaws be approved as amended. Director **Rothschiller** seconded the motion. Motion carried, 5 yea votes to 0 no votes with Vice-Chair Meabon voting.*

### **OTHER BUSINESS**

**Westfork Mapping Project:** Edwards reported that **Westfork** is mapped and includes a digital photo of the buildings. Jackson Beighle of Mountain Cadd is polishing up the final project. Edwards plans to have Beighle attend the February board meeting for a presentation. Edwards will invite interested parties from the BSOA, and **Gallatin** and Madison Counties.

Edwards reported on his meeting of January 17 with Roger Staley, Planner for Madison County and Jackson Beighle regarding the **Arcview** mapping project. Madison County is **very** interested in the project and possibly cost sharing some of the base mapping of the Madison County portion of Big Sky. Jackson will provide a cost per parcel to do base mapping of the District. Edwards noted that the computer hardware will need to be upgraded for the project.

**Insurance Quotes:** Edwards noted that two of the insurance proposals for Directors and Officers coverage have been received, and recommended that interested Board members and District staff review the proposals. Director Rothschilder reported that Ian Graham

through Chubb covers the BSOA and recommended that the District look into this company submitting a proposal. Edwards will contact Dick **Monahan** to schedule a meeting to review the proposals and come back with a recommendation to the Board.

Resort Tax: Mike Richards has requested that a member from the District Board testify at a legislative hearing, in Helena, on behalf of the Resort Tax Advisory Committee in support of a bill that would give Big Sky local control over all resort tax dollars collected. The Board agreed to support the Committee's efforts, and Edwards or a Board member will testify.

Cascade Subdivision: Edwards reported he sent a letter to Cascade Subdivision property owners last week as directed by the Board. The letter was mailed to owners of the lots adjacent to the sewer that are not connected to the Sewer collector system. The District has received several calls and personal visits from owners who are concerned about not being able to build and were not aware that the sewer was not yet tied in.

Aspen Groves: The Aspen Groves sewer extension has not been formally accepted by the District and is subject to completion of a punch list. They have requested final plat approval from **Gallatin** County. The Board directed Edwards to look at the original Aspen Groves resolution and check on the allocation of **SFE's** for this development to determine if Aspen Groves is entitled to capacity immediately and then contact Dale **Beland's** office to verify the District's obligation.

#### **EXECUTIVE SESSION**

At **5:20** pm Director Rothschiller moved to go from regular session into executive session to discuss legal issues. Director **Neece** seconded the motion.

At **6:40** pm Director Rothschiller moved to return back to regular session. Director Peacock seconded the motion.

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, February 18, 1997, at 3:00 pm in the BSOA office.

#### **ADJOURNMENT**

*Director Rothschiller moved to adjourn the meeting at 6:45 pm. Director Peacock seconded the motion. Motion passed, 5 yea votes to 0 no votes.*

  
W. F. Neece, Secretary



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

### Special Meeting -- January 9, 1997, 3:00 pm BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting for 3:00 pm on Thursday, January 9, 1997, in the BSOA Conference Room. President Bill Ogle and Directors Harry Meabon, Dee Rothschiller, Wendell **Ingraham** and Stewart Peacock (arrived at 6:00 pm) were present. Directors Skip Radick and Bill **Neece** were not present.

Others present were WSD staff Ron Edwards and Marlene Kennedy; MSE-HKM representative Jim Braley; and Lone Peak Lookout writer Ann Sniecinski (left at 4:30).

There being no public comment, President Ogle called the meeting to order at 3:09 pm

#### APPROVAL, OF MINUTES

The minutes of the December 17, 1996, Regular Meeting were reviewed and approved as amended.

*Director Meabon moved to approve the December 17, 1996 minutes as amended. Director Rothschiller seconded the motion. Motion carried, 4 yeas votes to 0 no votes with President Ogle voting.*

#### RESORT TAX DRAW REQUEST

Bill Dutton presented a resort tax pay request in the amount of \$250,000 for SRF loan debt service per the Resort Tax Committee's approval and Interlocal Agreement. The funds will be administered by Gallatin County.

*Director Meabon moved to approve the fourth resort tax draw request in the amount of \$250,000 and then submit a request for \$32,224.92 as reimbursement for the first debt service payment. Director Ingraham seconded the motion. Motion carried, 4 yeas votes to 0 no votes with President Ogle voting.*

Edwards reported that according to Mike Richards, the Resort Tax Advisory Committee hearing will go back to the regular spring schedule.

#### OPERATOR'S REPORT

Annual Flows/Flume Calibration--Edwards gave a year end summary report on plant flow, approximately 80 million gallons for 1996. Edwards reviewed the **TD&H** proposal to calibrate the mountain and meadow flumes. The proposal will be accepted and **TD&H** will do the work for \$550.

Northfork Creek--Burroughs sent a punch list to Boyne on the Northfork sewer extension. Directors expressed some concern about the length of the punch list for a new line.

Snowcrest: Edwards reported that a few **punch** list items remain and the warranty security in the amount of \$5,000 still needs to be posted. The Board directed Edwards to send Brian Wheeler a registered letter requesting the \$5,000 be paid immediately or the line will be plugged.

Permits on Extension Lines: For future permit requests, Edwards has recommended that no permits be issued on new sewer extensions until the extension has been formally accepted by the District. Board members agreed with Edwards' recommendation.

Aerators: President Ogle asked if the aerators were working. Edwards reported that the power was out over the weekend and the aerators froze in. The operators will attempt to thaw and start the aerators. President Ogle recommended temporarily removing the aerators if possible. The Board suggested exploring back up generation to avoid future freezing problems.

#### **IAWPREPORT**

Construction Progress Report:

Williams Brothers/Filtration Treatment Plant--Edwards reported that work has focused on piping in the basement of the plant. The building progress has temporarily stopped due to the snowy weather conditions. Progress will pick up once the building is roofed and sided. **Sowls** is expected to start working again on Monday. Edwards also reported that a recirculation pump may need to be replaced to be compatible with the new motor. The staff will provide a replacement estimate to the Board for approval.

The Board decided to discuss a December 31, 1996 letter from Williams Brothers' legal counsel (Moulton, Bellingham, **Longo & Mather, P.C.**) regarding the filter submittal in executive session.

In reference to a letter dated December 16, 1996, from **MSE-HKM** to Williams Brothers that discussed the need for an accurate construction schedule, the Board directed Edwards to withhold the next pay request until an accurate schedule has been submitted.

Huppert Brothers/Golf Course Irrigation: The Board asked Edwards to explain the letter from Jim Muscat to Huppert Brothers. Due to miscommunication between the contractor and golf course personnel, the old irrigation line was not blown out. District staff blew out the irrigation lines on the golf course and were then directed to write a letter to the contractor explaining what they encountered.

The Board also asked about the correspondence **from** DEQ regarding the need for a storm water discharge permit. Edwards reported that after the contractor called DEQ, the State had backed off somewhat on their request for a permit. Edwards noted that the inspection was done in July and notice was not sent until January of 1997. Edwards spoke with Todd Teegarden, and Teegarden recommended that Edwards call Roxann Lincoln and help mediate the situation.

Van Dyke Construction/Storage Ponds: The Board asked about the **12/10/96** notice of insurance cancellation for the liner subcontractor. Edwards reported that the District received notice of reinstatement dated **12/23/96**.

#### **WATER COMPANY TRANSFER REPORT**

Edwards reported that the December 31, 1996, filing deadline came and went without the final settlement being complete. According to the attorneys, this does not jeopardize the settlement, but it must now be filed with Judge Salvagni. The District still has not received a formal response from the mid-December letter to Boyne. Edwards noted the need for a meeting between Boyne and the District to discuss the settlement.

Director Rothschiller questioned the current water billing, noting that the return address on the Lone Mountain Springs' bill is no longer **Anderson-ZurMuehlen** (A-Z). Edwards reported that the accounts receivable is now being done by Tom **Halpin** as Lone Mountain Springs does not have the money to pay A-Z. To avoid accounting problems, Edwards had Dutton meet with Tom **Halpin** to work out proper accounting procedure. **Halpin** is now giving a copy of all checks he processes to Bill Dutton.

#### **OATH OF OFFICE CERTIFICATES**

The "Oath of Office" Certificates were signed by Ogle, Meabon, **Ingraham** and Rothschiller and notarized. Radick, Peacock and **Neece** will sign the "Oath of Office" certificates at a later date.

#### **BYLAWS**

The Board reviewed the first reading of the draft Bylaws for the District and made minor revisions to the document. The District will request Mona Jamison to research the definitions of industry and industrial users for its application to the fee structure in Article IX. Charges for Services, and the Ordinance. District insurance and director/employee indemnification will be addressed in new articles. Edwards will have John Brown review the edited draft.

*Director Meabon moved that the **first** reading of Big Sky County Water and Sewer District No. 363 Bylaws be approved as amended. Director **Ingraham** seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ogle voting.*

Accounts Payable-- Director Meabon noted that to be in compliance with the Montana Codes Annotated, the draft Bylaws should reflect that three board members must approve payables. This will be accomplished by three board members approving the summary of payables each period.

#### **OTHER BUSINESS**

Yellowstone Convention Center: From the file on this account, it appears that in 1990 the RID 305 tried to assess and collect \$35,125 as a connection fee for the center. Further discussion on this matter moved to executive session as it is a part of the Boyne settlement.

Sewer Permit: The Board reviewed a sewer permit application submitted by Robert McBride for 2.0 **SFEs** for a single family residential home in **Westfork** Meadows. Edwards reported that McBride contends that the 1982 Sewer Dedication Agreement exempts him from any fees. Edwards has told McBride he would be subject to an inspection fee as other developments in **Westfork** have been.

*Director Meabon moved to approve the sewer permit application for Robert McBride as submitted and with connection **fees** as noted by District **staff**. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.*

#### **EXECUTIVE SESSION**

At 5:47 pm Director Meabon moved to go from special session into executive session to discuss legal issues.

At 6:45 pm Director Rothschiller moved to return back to special session. Director Peacock seconded the motion.

NEXT MEETING

The next regular Board meeting is tentatively scheduled for Tuesday, January 21, 1997, at **3:00** pm in the BSOA office.

ADJOURNMENT

*Director Meabon moved to adjourn the meeting at 6:50 pm. President Ogle seconded the motion. Motion passed, 5 yea votes to 0 no votes with Director Peacock voting.*

  
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W. F. Neece, Secretary