

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

**Regular Meeting -- December 18, 1998, 1:00 pm**  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 1:00 pm on Friday, December 18, 1998, in the BSOA Conference Room. President Wendell Ingraham (arrived at 1:55 pm) and Secretary Dee Rothschiller and Directors Bill Neece, Packy Cronin and Jack Crowther were present. Directors Skip Radick and Stewart Peacock were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Jim Muscat, Grant Burroughs and Marlene Kennedy.

Vice President Neece called for public comment at 1:20 pm. There being no public comment, Vice President Neece called the meeting to order at 1:20 pm.

## **APPROVAL OF MINUTES**

*Director Crowther moved to approve the November 17, 1998 minutes as corrected.*

*Director Rothschiller seconded the motion. Motion carried, 4 yea votes to 0 no votes.* President Ingraham was not present for this vote.

## **FINANCIAL REPORT**

November Financial Reports: Dutton provided a brief overview of the financial reports. Edwards noted that to date, the District is about 11% under budget.

*Director Rothschiller moved to approve the unaudited November 30 financials as reported. Director Cronin seconded the motion. Motion carried, 4 yea votes to 0 no votes.* President Ingraham was not present for this vote.

Year-End Overtime Compensation: Edwards explained the 80 hour compensation time accrual limit in the newly adopted policies and procedures. Staff indicating that they would like to be paid for all their accrued comp time were: Burroughs (\$7,358.40), Muscat (\$5,502.35) and Dutton (\$2,502.63). Dutton noted the pay out would come out of the "compensated balances" account with the cash coming out of the District's operating costs.

*Director Crowther moved to pay down the comp time to 0 hours as noted in the manager's report. Director Cronin seconded the motion. Director Neece called for discussion. Motion passed, 4 yea votes to 0 no votes.* President Ingraham was not present for this vote.

## **OPERATOR REPORTS**

Sewer System Operations:

**Year End Flow Report--**Grant Burroughs estimated that the flows through the end of December will be approximately 90 million gallons for 1998. He reported that 68 million gallons of capacity are left for storage which is enough capacity to July of 1999 assuming no irrigation. Burroughs reported that the heating system has been failing in the treatment plant. Williams Plumbing has been hired to fix it. In addition, an independent heating specialist will be looking into it. Williams Brothers is on the line for getting it fixed.

**Outfall Replacement Project**--There are a few things on the punch list to finish, nothing of major significance or a safety issue. VanDyke will finish the punch list in the Spring when they begin work on Schedules II & III. Liability wise, there shouldn't be any hazardous areas. The Board directed District staff to inspect the outfall line and check for potential hazards and to mark them if they exist.

**Storage Building Project**--The concrete slab was poured yesterday and the roof is almost finished. It appears as if the contractor will meet the December 24 deadline. The parts and supplies in the trailers will be moved after the holidays.

Water System Operations:

**Year End Water Production Report**--Muscat reported on the water production for both the mountain and meadow villages and provided a leak report in the board packet. Training will be provided to the fire district on hydrant operations as time permits. The Board directed Muscat to put in writing to the fire district the operation procedures for all hydrants.

**Backup Generator**--Edwards has met with Jack Eaton, Interstate Detroit Diesel, and Eaton is looking at downsizing the generator. He is also looking at possibly using three smaller generators by step/starting the pumps at the booster and pumping stations. Edwards will make recommendations to the Board at their January meeting.

**Telemetry System Modifications**--Muscat reported that, with the exception of a few bugs, the telemetry is working well. Staff is still planning to move the telemetry from the mountain to the meadow, and adding telemetry to the Westfork water tank. The District has not heard anything from Fluidyne on the Aspen Groves water system. Edwards will write a letter to Fluidyne and copy it to Radick on what needs to occur before the system can be transferred. The District needs to develop standards for water extensions.

**Neil Consulting Contract**--Edwards reviewed the December 4 letter from Jake Neil, Neil Consulting. The Board discussed Edwards' recommendation of holding Neil Consulting to the penalty of 75 days from August 15, 1998. The Board directed Edwards to once again notify Neil Consulting of a contract termination. Directors Neece and Cronin will assist in selecting a new engineering firm to complete the project.

**Asset & Water Rights Transfers**--A letter from John Brown to Steve Barrett regarding land and easement transfers was provided in the board packet. Boyne was informed that the District will not allow the removal of the old Cascade tank until the new Cascade system has been adequately tested. Mark Cunnane has been hired to assist with engineering calculations needed to file water right documents with DNRC.

**IAWP REPORT**

Project Close-outs: Edwards reported that there are a few minor punch list items need to be completed prior to closing out the Williams Brothers contract.

Filtration Treatment Plant: Williams Brothers submitted a change order for \$6,608 for lighting under the cat walk for the third filter and to convert the filter meter signals to a 20 milli-volt signal.

### **LONG TERM COMPLIANCE WORK PLAN (LTCWP) REPORT**

Discharge Permit Application Status: Per the Board's request, Edwards will submit a letter to DEQ reiterating the District's position on the request for a discharge permit. Edwards and MSE-HKM have been assisting DEQ with responses to the public comment. The District should have an answer from DEQ in January, including the snowmaking.

Snowmaking Lease Agreement: Edwards reported on the meeting he and President Ingraham had yesterday with Boyne representatives Brian Wheeler and Steve Barrett. In regards to compensation, Boyne's point of contention is the user fees that Boyne must pay from the date the sewer permit was issued for the Summit Hotel. They proposed assigning a lease value equivalent to the user fees that they will pay on the Summit Hotel.

*Director Crowther moved to modify the draft lease to include compensation equal to the billed user charges of the Summit (as calculated to January 19, 1999). Director Cronin seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.*

Snowmaking Project- Design Phase RFPs: The RFP for the snowmaking project is being published in the Bozeman Daily Chronicle for two weeks with the response date of December 24. Edwards informed Todd Teegarden, DEQ, that the District is proceeding to the design phase. Teegarden thought separating the snowmaking project from the LTCWP and doing a separate Environmental Assessment (EA) would expedite the snowmaking approval. Ray Armstrong, MSE-HKM, is working on it. Edwards will keep Teegarden informed. The District's variance request on the storage detention time was denied by DEQ, which means that aeration must be installed in both storage ponds planned for the mountain treatment plant site.

Treatment Plant Land Transfer Report: Edwards reported on a recent meeting with Gallatin County officials, Westland representatives and Director Ingraham on the proposal for a land exchange for the treatment plant site as shown on an attachment in the manager's report. The major issue discussed was the secondary road access. The District proposed a gated access off of Little Coyote that would be controlled by the District, and the county indicated that they would probably agree with this approach. This was proposed to Steve Barrett, BSOA Board Chairman, for presentation today at their BSOA board meeting. The Board directed Edwards to attend BSOA's January 15 meeting to discuss the access issue with the BSOA Board. The District Board would like the BSOA Board to endorse the proposal and then, if needed, go to their membership for a vote as soon as possible. Edwards will fax the proposed agreement to Westlands next week.

### **SEWER CONNECTION PERMITS**

The Board reviewed and approved Mitchell's revised sewer application.

Mitchell, North Fork Creek, add .05 SFEs to original request.

Fee: \$350 (\$175 PIF, \$175 Boyne Surcharge)

*Director Rothschiller moved to approve Mitchell's sewer permit application as submitted and fees as noted by District staff. Director Cronin seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.*

### **OTHER BUSINESS**

Director Indemnification: As a result of CI 75, legal counsel Mona Jamison is preparing director indemnification language which will be presented at the next meeting.

Policy Amendment: The new policy requires 40 hours per week as the criteria to qualify for full benefits. Edwards proposed amending the policy to 35 hours a week to continue to qualify Marlene Kennedy as an employee who is eligible for full time benefits. Edwards is to prepare an amendment on minimum hours required to be eligible for benefits.

*Director Rothschiller moved to approve the amendment to the policy and procedures manual. Director Crowther seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Ingraham voting.*

Edwards reported on the wage study proposal from Dick Larson. It was decided not to accept the proposal as it was higher than expected and it is not a budgeted expense for this fiscal year. Edwards has already informed Larson of this decision.

### General Correspondence:

The written request from Paul Pariser to include the parcel next to Firelight Subdivision within the District was discussed. Edwards sent a letter to Pariser on December 2, 1998, letting him know that the parcel would not be allowed to connect to the WSD sewer and water systems as it is outside of the District boundaries and capacity is limited.

### **ORDINANCE AMENDMENTS**

The third reading to amend Ordinances 97-1001 and 97-1002 was tabled until the next meeting.

### **EXECUTIVE SESSION**

At 3:55 pm Director Rothschiller moved to go from regular session into executive session to discuss manager Ron Edwards' employment compensation and employee performance evaluation. Executive session was adjourned at 4:00 pm. Director Rothschiller moved to go back into open session at 4:20 pm.

*Director Rothschiller moved to give Edwards a \$2,500 bonus and a 5% increase in salary to commence on his anniversary, December 18. Director Neece seconded the motion, motion passed unanimously.*

### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, January 19, 1999, at 7:30 am in the BSOA office.

### **ADJOURNMENT**

*Director Rothschiller moved to adjourn the meeting at 4:30 pm.*



Dee Rothschiller, Secretary



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

Acceptance of Monthly Financial Statements

Date 17-Dec-98


The Board of Directors at its 12/17/98 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

Statement of Condition as of 11/30/98

Assets:	<u>\$ 13,951,176</u>
Liabilities	<u>\$ 6,619,930</u>
Equity	<u>\$ 7,331,246</u>

2 Income Statement as of 11/30/98

Total Revenues	<u>\$ 130,233</u>
Total Expenses	<u>\$ 74,542</u>
Net Revenues	<u>\$ 55,691</u>

  
Wendell Ingraham, President  
Bill NEECE V.P.

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

Acceptance of Monthly Financial Statements

Date 11/17/1998

The Board of Directors at its 11/17/1998 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

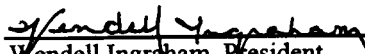
SEWER OPERATIONS

1 Statement of Condition as of 10/31/98

Assets:	<u>\$ 13,988,644</u>
Liabilities	<u>\$ 6,515,594</u>
Equity	<u>\$ 7,473,050</u>

2 Income Statement as of 10/31/98

Total Revenues	<u>\$ 237,462</u>
Total Expenses	<u>\$ 108,256</u>
Net Revenues	<u>\$ 129,206</u>

  
Wendell Ingraham, President

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

**Regular Meeting -- November 17, 1998, 7:30 am**  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 7:30 am on Tuesday, November 17, 1998, in the BSOA Conference Room. President Wendell Ingraham and Secretary Dee Rothschiller and Directors Stewart Peacock, Skip Radick, and Packy Cronin were present. Directors Jack Crowther and Bill Neece were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, and Marlene Kennedy; Joseph Eve & Company representative Tiffany Gribbel; Legal Counsel Mike Wheat and Mona Jamison (via phone); Neil Consultants representatives Jake Neil and Lyle Meeks; and Fire District representatives Bob Stober and Dick Wambsgans.

President Ingraham called for public comment at 7:34 am.

### **PUBLIC FORUM**

Referring to a situation with a hydrant serving The Pines Condominiums, Bob Stober requested that out of service rings be put on hydrants not in service. Directors discussed the situation and agreed that placement of out of service rings will be the responsibility of the developer and Edwards will incorporate that in with the transfer documents. Stober offered to loan the District the fire department's out of service rings and reflector poles. Stober is to provide the District with a standard drawing for fire hydrant construction. To keep the fire district informed, Edwards will send them conveyance agreements for newly accepted developments/systems. Responding to a question on who is responsible for shoveling hydrants in the winter, Stober stated that if the fire district had paid employees, they would be shoveling. However, since this fire district is volunteer, he cannot ask his volunteers to shovel snow. President Ingraham asked that Stober ask the community to help with adopting a hydrant.

With no further public comment, President Ingraham called the meeting to order at 8:00 am.

### **APPROVAL OF MINUTES**

October 20, 1998, Regular Meeting Minutes: *Director Rothschiller moved to approve the October 20, 1998 minutes as written. Director Radick seconded the motion. Motion carried, 5 yeas votes to 0 no votes with President Ingraham voting.*

November 2, 1998, Special Meeting Minutes: *Director Rothschiller moved to approve the November 2, 1998, minutes as written. Director Peacock seconded the motion. Motion carried, 5 yeas votes to 0 no votes with President Ingraham voting.*

November 10, 1998, Special Meeting Minutes: *Director Cronin moved to approve the November 10, 1998, minutes as written. Director Radick seconded the motion. Motion carried, 5 yeas votes to 0 no votes with President Ingraham voting.*

### **FINANCIAL REPORT**

October Financial Reports: Dutton reviewed the financial reports noting that reserves will be used due to additional work and pipe on the outfall line. Dutton is to update the Board

on where we are with reserves at the next meeting. Dutton has added several new fixed asset accounts for recently accepted sewer system extensions and will begin depreciating them out. An account for interest has been added. Dutton explained that booking the Blue Grouse Well as a double asset was recommended by the auditors. The Board asked that the auditors explain the booking.

The District is on target with the budget. Edwards reported that expenses will slow down in the winter and he does not see any problems or major expenses in the next 3 months, barring emergencies. Operating costs will increase in about April when the plant starts up again. The pumping costs for the new tank in upper Cascade will be a new unbudgeted expense once it is on line. ***Director Rothschiller moved to accept the unaudited October financial reports. Director Radick seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.***

Open/Close Bank Accounts: Dutton verbally presented bank accounts that either need to be opened or closed and asked the Board for authorization. ***Director Rothschiller moved to authorize the opening and closing of the bank accounts as presented by Dutton. Director Peacock seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.***

President Ingraham asked that future requests to open and close accounts be put in writing, showing that accounts are secured, and presented to the Board for approval. President Ingraham will then sign the written request, similar to the procedure for the acceptance of monthly financial statements.

#### Final Audit Report:

Tiffany Gribbel from Joseph Eve & Company reviewed the audit standards they used for the June 30, 1998 year end audit and then reviewed the audit. Gribbel stated that the net income of \$2,165,385 looks very good. President Ingraham questioned whether PIF monies should be a line item in non-operating revenue. Gribbel indicated that PIF monies could be put into the notes. Correction noted- that on page 19, PERS employer contribution should be 6.7%. There were no findings with compliance requirements. There were findings with internal controls, non being material weakness.

***Director Rothschiller moved to approve the June 30, 1998, audited financial statement with the noted correction on page 19. Director Peacock seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.***

#### **OPERATOR REPORTS**

##### Sewer System Operations:

**Outfall Replacement Project**--Schedule I of the outfall project is essentially complete with the exception of a few punch list items. Edwards will meet with VanDyke and Allied tomorrow on a few change order items totaling around \$10,000. The project did take a little longer than VanDyke anticipated but the project went well. VanDyke will return as soon as the weather permits in the spring to work on Schedules II & III.

**Storage Building Project**--The walls are up, exteriors wall are up and sheeted, and the trusses should be here this week. The contract deadline is December 24.

**Treatment Plant**--Pond #3 has been completely drained and a foot valve may possibly be installed this week. EPA federal investigators were here yesterday following up on the Williams Brothers complaint in regards to the filters. EPA officials do not believe that the District has any liability with this issue.

**Flows**--Flows are running around 150-200 thousand and will start picking up once the resort opens.

Water System Operations:

**Backup Generator Bids**--The District received four bids from three bidders. Tractor & Equipment--Olympian Generator: \$59,955. Interstate Detroit Diesel--Kohler Generator: \$41,409. TWEnterprises--DMT Generator: \$32,326. TWEnterprises--Generac Generator: \$36,465. Edwards recommend awarding the generator bid to Interstate Detroit Diesel. *Director Radick moved to accept Edwards recommendation to award the bid to Interstate Detroit Diesel for \$41,409. Director Cronin seconded the motion. Motion passed, 4 yeas votes to 0 no votes with President Ingraham voting.* Director Rothschiller was not present for this vote.

Edwards is to have Jack Eaton from Interstate Detroit Diesel visit Big Sky to look at all the options and make any recommendations for change to the Board.

Cascade Water System: Edwards reported that Gaston Engineering feels that using both water tanks in Cascade is a bad idea from a maintenance standpoint. Relying on engineers' recommendations, Edwards stated that the old tank should be shut in and used only in case of fire emergency, not potable water and not on line to use for the short term. President Ingraham directed Edwards to write a clear position of the Board on the old tank in the transfer agreement for the new Cascade water system. Edwards will contact Carl Anderson for a recommendation on using the system for the next two years during the Boyne two-year warranty period with the new upper tank and then incorporate Anderson's recommendations in the conveyance agreement.

**LONG TERM COMPLIANCE WORK PLAN (LTCWP) REPORT**

Discharge Permit Application Public Meeting on November 12:

Edwards reported on the public meeting of November 12, estimating approximately 150 people were in attendance most of which were against any discharge to the Gallatin River. The Board discussed the idea of hiring a public relations specialist to get information out to the public, but it was decided that a PR campaign would do little to change public opinion on the issue. Edwards is to prepare a statement from the Board, which summarizes all the options that have been reviewed, explains why this is the last option and states why the Board is pursuing the permit.

Meeting Notices: Even though the public hearing notice for the discharge permit application was published in papers and notices mailed to all property owners in the District, DEQ received many comments about the lack of notice. Edwards suggested

publishing a general notice for future meetings and not publish the entire agenda due to deadlines of local weekly papers, the Board recommended publishing a general notice of meetings in the local papers and complete agendas in the Bozeman Chronicle. Edwards will check with DEQ on noticing requirements for future public hearings.

**Snowmaking Lease Agreement:** Mike Wheat presented a draft lease agreement for snowmaking and spray irrigation on the sites and reviewed the original settlement agreement where this was originally presented. Wheat will have two separate leases for the sites, one for 99 years and one for 10 years. President Ingraham noted that previous meetings with Boyne involved discussion of no cost to the District in the lease agreement. Wheat feels that we are at a point where the final agreement can be presented to Boyne, anticipating the agreement to be finalized by year end. If required, the snowmaking sites indicated on the exhibits will be surveyed in the spring.

**Snowmaking Project Design Phase:** The District will have to hire an engineer for the design phase and Edwards recommended advertizing for Request For Proposals. *Director Cronin moved to proceed with the snowmaking project, finish the RFP and advertise for an engineer. Director Radick seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ingraham voting.* Director Rothschiller was not present for this vote.

**Report on Treatment Plant Land Transfer:** Edwards will be meeting with Gallatin County and Westlands representatives to get input from Gallatin County on the land transfer. Edwards has added language that allows the site to be used for storage in the event the discharge permit application is not approved.

## **SEWER CONNECTION PERMITS**

The Board reviewed and approved the following application:

The Pines, Phase II, 4-plex building: 5.6 SFEs. Fees: \$20,600 (\$19,600 PIF, \$1,000 Connection/Inspection). Edwards recommended preliminary approval conditional on receiving the state building permit.

*Director Cronin moved to conditionally approve The Pines sewer permit application as submitted and fees as noted by District staff. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ingraham voting.* Director Radick abstained from voting.

## **OTHER BUSINESS**

**Neil Consulting Contract:** At the last board meeting, the Board directed Edwards to write a letter of termination to Neil Consultants. Jake Neil and Lyle Meeks appeared to report on the status of the project and explained their reasons why the project was not complete. Neil feels they can complete the report within three weeks. Edwards noted that under the contract, August 15 was the finish date. Meeks had informed Edwards that a draft report would be mailed to the District by the October board meeting. The District never received the report. Edwards would like to see what is done--meet with Lyle Meeks and Dave Baldwin, assess what is done and then try to determine if it can be completed in three weeks. Jake Neil stated that he will be back at the end of this week or early next week.

Edwards will report to the Board within two weeks on what his recommendation is as to contract termination.

1998/99 Resort Tax Agreement: Edwards received an approval from the resort tax district for leak detection to be an allowable expense. The District needs to sign an agreement for the \$50,000 resort tax \$50,000. Edwards or President Ingraham will sign it.

Resolution 98-02, District Policy Manual: Edwards read Resolution 98-02 being presented to the Board for adoption.

*Director Cronin moved to adopt the District Policy Manual under Resolution 98-02. Director Rothschiller seconded the motion. Motion passed with a roll call vote of 5 yeas to 0 no votes with President Ingraham voting.*

Resolution 98-03, District Procedures Manual: Edwards read resolution 98-03 being presented to the Board for adoption.

*Director Cronin moved to adopt the District Procedures Manual under Resolution 98-03. Director Radick seconded the motion. Motion passed with a roll call vote of 5 yeas to 0 no votes with President Ingraham voting.*

General Correspondence: A few people have commented that the District needs to get metering in place. Edwards will write a general response prior to the next board meeting. There were no other specific items for discussion.

#### **ORDINANCE AMENDMENTS**

Edwards distributed the two amended ordinances. Legal counsel Mike Wheat was present and Mona Jamison participated via phone.

Amend Ordinance 97-1001 (Second Reading): Edwards reviewed the proposed amendments. In Article 1, definition of bedroom--Edwards will check with legal counsel as to the effect with CI-75. Edwards will add language for reasons/parameters that a permit can be extended. Article III on Sanitary Restriction on SFE reallocation needs the language changed.

*Director Peacock moved to accept the second reading of amended Ordinance 97-1001 as discussed. Director Radick seconded the motion. Motion passed, 5 yeas to 0 no votes with President Ingraham voting.*

Amend Ordinance 97-1002 (Second Reading): Edwards and legal counsel reviewed the proposed amendments. The vacant lot charge was discussed with legal counsel, noting that it is justified in terms of maintenance and a vacant lot can benefit from the availability of being able to hook up. A description of the basis/purpose of the charge will be included with Jamison and Wheat working on the language. The section on charging the customer for full SFEs from the date of permit issuance was modified to the date of physical connection. The Board discussed phasing out the \$3,500 PIF exemption on lots in Cascade Block 1 & 6, Meadow Village and Sweetgrass Hills. Wheat recommended that the Board

adopt some sort of credit system for prior exempt lots and then give a reasonable time for the credit to be used and then phase out the credit. Jamison recommended giving notice that the credit will not continue in perpetuity. The phase out of the credit and PIF is a new charge that effects certain rate payers and may fall under CI-75. Edwards recommended amending all sections except those dealing with fee/rate increases (item C-1). The Board delayed action on item C-1 in the ordinance until the effect of CI-75 is clearly understood. The District will need budget approval in June and will present the ordinance changes effecting rates at the same time. The time period for phasing out the SFE credit exemption needs to be decided--possibly being one building period. Edwards and legal counsel will work on the language in the ordinance. The time limit will be decided later.

*Director Radick moved to approve the second reading of the amendments to Ordinance 97-1002, going back to the original ordinance in regards to fees and as discussed by the Board and legal counsel. Director Peacock seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ingraham voting. Director Rothschiller was not present for this vote.*

## **EXECUTIVE SESSION**

At 12:10 pm, Director Peacock moved to go from regular session into executive session to discuss employee raises for Bill Dutton & Grant Burroughs.

At 12:47 pm, Director Rothschiller moved to adjourn executive session and go into regular session. Director Peacock seconded the motion.

*Director Radick moved to give Bill Dutton a 3.5% raise retroactive to his anniversary date and with provision to review in six months. Director Cronin seconded the motion. Motion passed unanimously, 5 yea votes to 0 no votes with President Ingraham voting.*

*Director Rothschiller moved to give Grant Burroughs a 3.5% raise retroactive to his anniversary date with provision to review in six months. Director Radick seconded the motion. Motion passed, 3 yea votes to 2 no votes with President Ingraham voting.*

## **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, December 15, 1998, at 7:30 am in the BSOA office.

## **ADJOURNMENT**

*Director Rothschiller moved to adjourn the meeting at 1:00 pm. Director Peacock seconded the motion.*

  
Dee Rothschiller, Secretary



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

**Special Meeting -- November 10, 1998, 3:00 pm**  
WSD Office

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting for 3:00 pm on Tuesday, November 10, 1998, in the WSD Office. President Wendell Ingraham, Secretary Dee Rothschiller, and Directors Packy Cronin and Jack Crowther were present. Directors Bill Neece, Stewart Peacock and Skip Radick was not present.

Others present were WSD staff Ron Edwards and Marlene Kennedy and MSE-HKM representatives Ray Armstrong and Robert Seamons. Individuals from the public in attendance were Wayne Hill and Marilyn Hill.

With no public comment, President Ingraham called the special meeting to order at 3:20 pm.

### **DISCHARGE PERMIT APPLICATION: PUBLIC MEETING**

Edwards stated that the intent of the special meeting was to prepare for the public meeting on the discharge permit application that was scheduled by the Department of Environmental Quality for Thursday, November 12, 1998, in Bozeman at the Gallatin County Courthouse. Edwards and Ray Armstrong reviewed the information they intend to present at the meeting and answered questions from the Board. Items completed under the interim action plan will be presented. Written comments received by DEQ were discussed and the District has prepared a draft response to DEQ. The response to written comments will be prepared as a handout for Thursday's public meeting. Armstrong pointed out that the original sewer board from 1993 opted for discharge only as a last resort. Wayne Hill asked why the demography about the wealth in Big Sky has been inaccurately stated and that the big bucks are not in the sewer district. Marilyn Hill asked that the following two questions that people have asked her about be answered at the public hearing: 1. If this treated water is so pure and clean why do we need to discharge in the Gallatin? 2. Accidents can always happen for discharge of untreated sewage into the Gallatin, it'll happen at Big Sky.

### **NEXT MEETING**

The next regular board meeting is scheduled for Tuesday, November 17, 1998, at 7:30 am in the BSOA office.

### **ADJOURNMENT**

*Director Cronin moved to adjourn the meeting at 4:48 pm.*



Dee Rothschiller, Secretary

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

**Special Meeting -- November 2, 1998, 7:30 am  
BSOA Conference Room**

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting for 7:30 am on Tuesday, November 2, 1998, in the BSOA Conference Room. President Wendell Ingraham, Secretary Dee Rothschiller, and Directors Stewart Peacock, Skip Radick, and Jack Crowther were present. Director Packy Cronin arrived at 8:30 am. Director Bill Neece was not present.

Others present were WSD staff Ron Edwards, Lone Peak Lookout writer Neil Hetherington.

President Ingraham called for public comment at 7:40 am. There being no public comment, President Ingraham called the meeting to order at 7:40 am.

### **STORAGE BUILDING CHANGE ORDER CONSIDERATION**

Ron Edwards reviewed a proposal from Walker Construction to change the roof for the storage building from an asphalt shingle to a metal roof.

*Director Crowther moved to approve the change order for the non-clad Delta type roofing adding a net increase in the amount of \$2,082 to the contract with Walker Construction. Director Rothschiller seconded the motion. Motion carried, 5 yeas to 0 noes with President Ingraham voting. Directors Neece and Cronin were not present.*

### **ORDINANCE AMENDMENT REVIEW**

Ron Edwards reviewed the draft amendments to Ordinances 97-1001 and 97-1002.

*Director Radick moved to approve Ordinances 97-1001 and 97-1002 as amended as first reading. Director Crowther seconded the motion. Motion carried, 6 yeas to 0 noes with President Ingraham voting. Director Neece was not present.*

### **OTHER BUSINESS**

November 12 Public Meeting: The Board briefly discussed the public meeting scheduled for Thursday, November 12th. The Board directed Edwards to schedule a meeting with MSE-HKM before November 12 to rehearse the presentation that will be given.

Water Metering Policy: The need for water metering on a District-wide basis was discussed. It is the consensus of the Board to develop a metering policy and begin implementing meters as soon as possible. The Board directed Edwards to prepare metering policy to present at a future Board meeting.

#### **NEXT MEETING**

The next regular monthly Board meeting is scheduled for Tuesday, November 17, 1998, at 7:30 am in the BSOA office.

#### **ADJOURNMENT**

*Director Peacock moved to adjourn the meeting at 10:35 am.*

A handwritten signature in cursive script, appearing to read "Dee Rothschild".

Dee Rothschild, Secretary

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

**Regular Meeting -- October 20, 1998, 7:30 am**  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 7:30 am on Tuesday, October 20, 1998, in the BSOA Conference Room. President Wendell Ingraham and Directors Bill Neece, Stewart Peacock (left at 8:15), Skip Radick, and Packy Cronin were present. Secretary Dee Rothschilder and Director Jack Crowther were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, and Marlene Kennedy; Lone Peak Lookout writer Kevin Kelleher; and Fire District representatives Dick Wambsgan and Ralph Delzer.

President Ingraham called for public comment at 7:35 am.

### **PUBLIC FORUM**

Dick Wambsgan stated that the fire district wanted to know what the District has been doing in regards to leak repairs. It was noted that the leak repairs will be addressed under the water operator's report scheduled later in the meeting.

With no further public comment, President Ingraham called the meeting to order at 7:36 am.

### **APPROVAL OF MINUTES**

*Director Neece moved to approve the September 15, 1998 regular meeting minutes as written. Director Peacock seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ingraham voting.*

### **FINANCIAL REPORT**

September Financial Reports: Bill Dutton reviewed the financial reports noting that the audit changes will be made on the October financial reports. Farmhouse partners will soon be paying \$10,000 of their deferred fees and that will also be reported on the October financials. The line item for the treatment plant chemicals was higher than anticipated due to lack of experience and history with the new plant.

*Director Radick moved to approve the unaudited September financial reports as prepared. Director Neece seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ingraham voting.*

Draft Audit Report--FY 1997/1998: The Schedule of Findings in the draft audit report were reviewed. Dutton and Edwards are to acknowledge and respond to the findings by the end of the week. The Board directed Dutton to use banks that provide the best service and to establish another direct deposit account, at possibly American Bank, to alleviate the problem of excess deposits at Big Sky Western Bank that are not covered by FDIC. Edwards will invite the auditors to the next regular meeting to review the audit report. This is the last year of a three year contract with Joseph Eve & Company to perform the District audit. Edwards has been satisfied with their work and would not be opposed to using them again. However, the audit will have to go out for bid.

Project Cash Flow Analysis: Dutton reviewed a performa cash budget chart showing the funding scenarios for completing projects such as the outfall line, landscaping, storage building, aeration in the ponds, and the water facilities plan. The Board needs to consider borrowing money on a short term basis (2-3 years) so that projects can be completed, possibly without raising user fees or going to a bond election. Dutton is preparing an SRF pay request to cover \$119,000 in expenses for landscaping, aeration, etc., which will run the SRF loan up to the original \$417,000. The District has 60 days from the original bid opening date in September to award schedules II & III of the outfall line project to VanDyke using his bid of \$763,057 for the entire project. VanDyke has indicated that he will continue to work on the outfall line this fall if the bid is awarded now.

*Director Neece moved to approve awarding schedules II & III of the outfall project to VanDyke Construction contingent upon internal financing using SRF funding. Director Radick seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ingraham voting.*

In regards to other capital sources on the proforma cash chart, the Board requested Dutton to note the running tab of funds for the long term plan.

Budget Reallocation: *Director Neece moved to approve the budget reallocation of \$36,000, as presented, for water leak detection and repairs as a condition for resort tax reimbursement. Director Cronin seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.*

## **OPERATOR REPORTS**

Water System Operations: Muscat reported that all the leaks found earlier this year have been repaired and documented. The peak water use went from around 800,000 gallons per day in past years to around 400,000 this summer and we are now recording around 250,000 gallons. This reduction in water use is due to the combination of irrigation restrictions and fixing water leaks. Through recent leak detection, a lot of small leaks have been discovered, mainly at Yellowstone Condos and Westfork Meadows, and they will be fixed next year. Edwards stated that even though the resort tax district has not defined allowable reimbursable expenses, the District will apply for resort tax reimbursement for all water leak repairs and leak detection costs. Dick Wambsgans requested that the District give a brief report on leak repairs to the resort tax board at their next meeting.

Backup Generator Project: Edwards reported that at the last board meeting the board rejected the two bids that came in and the generator was to be rebid. Edwards has had the original bid specs reviewed by Paul Marcoff, an electrical engineer from A.C.E. in Belgrade. The bid specs will be revised and should result in a reduction in cost and give us a generator that will work. Edwards hopes to advertise rebidding the new specs next week. Board members will be notified of the bid opening date and if a quorum can be established, the bid will be awarded on the opening date. Ralph Delzer asked that the District specify a deadline to the fire district as to when the generator will be in Big Sky. The District will send a letter to the fire district stating the delivery will be by March 1. Delzer asked that

use procedures be set for the generator. Edwards sees the need for training both District and fire district personnel in using the generator. The issue of where it will be stored needs to be determined. At this point the district does not have a building to store it in.

Water Tanks: Delzer asked about the monitoring of water tanks. Edwards explained that all tanks with the exception of Westfork are on telemetry. Neil Consultants are to be looking at the possibility of the replacement and relocation of the Westfork tank. With the development that is occurring in that area, Edwards discussed the existing opportunities for replacement of the tank.

Water Facilities Plan: Edwards has not received the draft water facility plan from Neil Consultants even though it was due on August 15 and Neil can be penalized \$100 a day for non performance. Neil Consultants reported last week that the draft was done and that it would be mailed on Thursday, October 15, and as of today it has not arrived. Edwards expressed his dissatisfaction with Neil Consultants stating that he would work towards contract termination.

Cascade Water System Transfer: Muscat reported on the start up and transfer progress of the upper Cascade water system. Big Sky still needs to show us that the system will work before the District can accept it. Carl Anderson, MSE-HKM engineer hired by the District, brought up the fact that the water will now have to be pumped up hill to the new tank and estimated \$7,000 in additional pumping costs. Anderson recommended that the District keep the existing Cascade tank instead of abandoning it. The District has not made any commitments to Boyne to abandon the existing tank and will make that determination if it is proven the mountain community can live without it. Edwards will invite the fire district to a meeting to be scheduled with Gaston and Boyne to address the upper Cascade water system issues.

Edwards noted that the District has two separate water systems and that the Board may want to consider having a different rate structure for the mountain than the meadow as pumping costs for the Cascade water system will be more than the meadow. This issue may be discussed at a later meeting.

Sewer System Operations: Edwards reported that the projected flows indicate that we have the capacity to store water into the middle of July 1999 without irrigating. However, the District plans to start filtering water in February with the anticipation of irrigation to begin in May.

Outfall Replacement Project: (see Financials, Project Cash Flow Analysis)

Storage Building Project: Walker Construction was the low bidder at \$96,850, and was awarded the bid plus an alternate bid for a shed roof for \$6,376. The contract finish date is December 24. Director Rothschiller has requested a change order bid be prepared for a metal roof, but it has not been received.

Storage Pond Landscaping Project: Doug Starz has begun the landscaping, starting near the Chase Building, with the rest of the planting to be done in the spring. Edwards will talk with Starz about possible additional landscaping needs on the east end of the pond and around the treatment plant.

Aeration Odor Control Project: The District will need two additional aerators.

Treatment Plant Building: The plant is near completion with Williams Construction having a few punch list items to finish and MSE-HKM needing to complete the O & M manual. Edwards hopes to have the project completed by the end of December.

### **LONG TERM COMPLIANCE WORK PLAN (LTCWP) REPORT**

Follow-up to September 29 Public Hearing: Edwards provided a brief report on the public hearings, stating that the hearings went well with the exception of low attendance. The special interests groups (Yellowstone Coalition, Trout Unlimited, etc.) were not at the hearings, but have been sending comments to the DEQ. Edwards will meet with DEQ this Thursday to review the numerous public comments that DEQ has received by the extended October 21 comment period. Edwards proposed preparing one response that incorporates all of the comments. DEQ may have a public meeting in Bozeman on November 12. Kevin Kelleher, Lone Peak Lookout, stated that he will be writing an article that says they are against any discharge permit and that other alternatives, such as requiring developers to build more golf courses for spray irrigation, need to be explored. The Board stated that the District will proceed within the parameters of the law for a discharge permit and that the DEQ will make the final determination.

Report on Treatment Plant Land Negotiations: Edwards briefly reported on his land negotiations meeting of Monday, October 19, with the Simkins group. Directors Neece, Radick and Cronin met with Edwards after the board meeting to see the concept drawing and have questions answered.

### **SEWER CONNECTION PERMITS**

Applications reviewed by the Board were:

1. Tom Vetter, Lot 9, Southfork Subdivision, 1.2 SFEs, Fees: \$4,950.
2. James Dixon, Lot 8, Blk , Meadow Village, 2.2 SFEs existing with 2.95 SFEs after remodeling, Fees: \$50.

*Director Radick moved to approve the sewer permit applications for Vetter and Dixon as submitted and fees as noted by District staff. Director Neece seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ingraham voting.*

3. Glacier Condo Association, Meadow Village, 6.35 SFEs existing, reconsider request to add 2.6 SFEs for 2 washing machines, Fee: \$750: Edwards will notify Jim McEnroe that our SFE audit to date has found that Glacier can hookup one machine with no increase in SFEs.

In response to an inquiry about allowing additional outdoor hot tubs in developments that are already designated as built out, Edwards will research the legality of homeowners draining hot tubs on the ground. If this is permissible, amendments to the sewer ordinance will be needed.

#### **NEW BUSINESS**

Resort Tax Agreement: The District has not received a definition of allowable reimbursable expenses for water leak repairs from the resort tax district board. The District will go ahead and apply for resort tax reimbursement for all water leak repairs and leak detection costs.

Resolution 98-02--Adopt District Policy Manual and Resolution 98-03--Adopt District Procedures Manual: The resolutions were tabled until Director Rothschiller could be present to vote on adopting the manuals.

#### **NEXT MEETING**

The next regular monthly Board meeting is tentatively scheduled for Tuesday, November 17, 1998, at 7:30 am in the BSOA office.

A special meeting will be held on Monday, November 2, 7:30 am to discuss ordinance amendments/resolutions. Edwards will invite legal counsel, Mona Jamison and Mike Wheat, for input on ordinance amendments.

#### **ADJOURNMENT**

*Director Neece moved to adjourn the meeting at 10:00 am.*



Dee Rothschiller, Secretary



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

Acceptance of Monthly Financial Statements

Date 10/20/1998

The Board of Directors at its 10/20/1998 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

SEWER OPERATIONS

Statement of Condition as of	98/30/1998
Assets:	<u>\$ 12,906,467</u>
Liabilities	<u>\$ 5,666,524</u>
Equity	<u>\$ 7,239,943</u>

2 Income Statement as of	98/30/1998
Total Revenues	<u>\$ 119,745</u>
Total Expenses	<u>\$ 130,482</u>
Net Revenues	<u><u>\$ (10,737)</u></u>

  
Wendell Ingraham, President

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

Acceptance of Monthly Financial Statements

Date 9/15/1998

The Board of Directors at its 9/15/1998 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

SEWER OPERATIONS

Statement of Condition as of	6/30/98
Assets:	<u>\$ 12,068,665</u>
Liabilities	<u>\$ 5,626,613</u>
Equity	<u>\$ 6,442,053</u>

2 Income Statement as of	6/30/98
Total Revenues	<u>\$ 1,145,518</u>
Total Expenses	<u>\$ 52,409</u>
Net Revenues	<u>\$ 1,093,109</u>

WATER OPERATIONS

Statement of Condition as of	6/30/98
Assets:	<u>\$ 755,255</u>
Liabilities	<u>\$ 103,565</u>
Equity	<u>\$ 651,690</u>

2 Income Statement as of	6/30/98
Total Revenues	<u>\$ 24,607</u>
Total Expenses	<u>\$ 22,397</u>
Net Revenues	<u>\$ 2,210</u>

Wendell Ingraham  
Wendell Ingraham, President  
These year end financial statements are subject  
to audit adjustments by Joseph Eve & Co.

15 Sept 1998

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

Acceptance of Monthly Financial Statements

Date 9/15/1998

The Board of Directors at its 9/15/1998 Board meeting reviewed and accepted the financial statments as follows (amounts are rounded to the nearest dollar):


SEWER OPERATIONS

Statement of Condition as of 8/31/98

Assets:	<u>\$ 12,796,179</u>
Liabilities	<u>\$ 5,545,844</u>
Equity	<u>\$ 7,250,335</u>

2 Income Statement as of 8/31/98

Total Revenues	<u>\$ 175,108</u>
Total Expenses	<u>\$ 108,201</u>
Net Revenues	<u>\$ 66,907</u>

  
Wendell Ingraham, President

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

Regular Meeting -- September 15, 1998, 7:00 am  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 7:00 am on Tuesday, September 15, 1998, in the BSOA Conference Room. President Wendell Ingraham (arrived at 7:16 am), Vice President Bill Neece, Secretary Dee Rothschiller and Directors Jack Crowther, Packy Cronin and Stewart Peacock (left at 8:12 am) were present. Director Skip Radick was not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs, Jim Muscat and Marlene Kennedy; and Glacier Condominiums representative Jim McEnroe.

Vice President Neece called for public comment at 7:05 am.

### **PUBLIC FORUM**

Director Rothschiller reported that John Tropsa contacted her with the idea that the current ponds should be filled in and then new ponds should be constructed on the BSOA park land.

With no further public comment, Vice-President Neece called the meeting to order at 7:10 am.

### **APPROVAL OF MINUTES**

*Director Crowther moved to approve the August 25, 1998, minutes with corrections as noted. Director Peacock seconded the motion. Motion carried, 4 yeas votes to 0 no votes without Vice-President Neece voting.*

### **FINANCIAL REPORT**

The financial approval forms were provided in the packet and Dutton noted that providing there are no changes in the auditors report, the financials will be as reported.

June Financial Reports: *Director Crowther moved to approve the June financials reported as of 6/31/98. Director Peacock seconded the motion. Motion passed 5 yeas votes to 0 no votes with President Ingraham voting.* Vice President Neece was not present for this motion.

July/August Financial Reports: Dutton reviewed the budget versus actual financial reports, noting line items that were either under or over budget. The asset #1661, radios, should be deleted from the report as the radios from LMS have never been accounted for. Dutton will make recommendations to the Board if reallocating funds into the tools & tool maintenance category #8335 is needed. Mark Barajas was hired as a temporary summer employee and when Edwards advertises for the operator position, Barajas will apply. Dutton relayed the auditors request that formal board motions be made to open and close bank accounts.

*Director Crowther moved to approve the opening and closing of the bank accounts as noted on Dutton's memo dated September 15, 1998. Vice President Neece seconded the motion. Motion passed, 6 yeas votes to 0 no votes with President Ingraham voting.*

Edwards will propose a motion for the October meeting to reallocate funds to designate \$30,000 solely for leak repairs to comply with the reimbursement requirements set by the resort tax board.

*Director Rothschilder moved to approve the unaudited July and August Financial Reports as prepared. Director Crowther seconded the motion. Motion carried, 5 yeas votes to 0 no votes with President Ingraham voting. Director Neece was not present for this motion.*

## **OPERATOR'S REPORT**

### Sewer System Operations:

Burroughs distributed the flow report, commenting that we are pretty much where we thought we would be with flows. Mark Barajas has set the irrigation system on a schedule that should not be a nuisance for anyone. No odor complaints have been received for several weeks since the temperature has dropped. Steps being taken to alleviate potential odor problems next year include aeration of the pond and the use of algicide. The Board congratulated Burroughs on the successful open house at the treatment plant and noted the coverage in the local newspapers.

**Outfall Line Replacement Project--** Ten bids on the outfall line replacement project were received. VanDyke Construction's bid at \$763,057 for all three schedules was the lowest bid, and substantially lower than the engineers' estimate at nearly \$1 million. As an overall cost savings for the whole project, Edwards recommended awarding the whole project to VanDyke. The Board discussed giving a notice of award for schedule I to VanDyke and then prior to awarding schedules II & III put together a financing plan over the next couple of weeks.

*Director Crowther moved to approve the bid for schedules I, II and III conditioned on acceptable financing on schedules II and III, and authorized the general manager to sign the notice of award for schedule I effective today. Director Neece seconded the motion. Motion passed, 6 yeas votes to 0 no votes with President Ingraham voting.*

**Storage Building Project--** Edwards reported that the bid opening for the storage building project will be today at 11:00 am at C & H Engineering. Since the addition of an 18 x 18 blower room, the bid will be more than the original \$50,000 estimated. Alternates to the bid were requested so that items could be deleted if needed to keep costs down. Per the District's request, the Big Sky Architectural Committee reviewed and approved the plan.

The District has not received a response from Gallatin County Planning on the District's request for a waiver of fees for the land use permit. As an alternative to the specified shingle roof, Director Rothschiller requested that staff check into the cost of a metal roof like the treatment plant.

**Pond Landscaping Project--** Edwards reported that the Notice of Award and contract has been signed with the only company, Mountain Scapes, that bid on the landscaping project. Edwards will talk with Todd Teegarden to check into using SRF funding. With SRF funding, Davis-Bacon wages would have to be paid. Edwards will write a letter to interested parties in the community for a commitment on funding and set up a separate fund account for the project. Vice President Neece requested that the Board consider a change order in the spring to include landscaping around the east end of the pond.

**Aeration Odor Control Project--** Keeton Industries was in Big Sky last week to get the new aeration equipment going on pond 3. Since we have not experienced an odor problem recently, Edwards recommended delaying the completion of the blower until the blower room is built. Edwards will also check into using SRF to fund this project. Edwards requested additional authorization for spending up to \$25,000. The Board noted that Edwards already has a discretionary limit of \$5,000 that he can approve, plus the Board's prior authorization to spend up to \$20,000 on the aeration project.

Land Negotiations: Edwards updated the Board on the possible relocation of the LTCWP advanced treatment plant to Section 31 (Westland/Simkins land). Moving the plant across the stream would eliminate the need to build storage pond #2 as the aeration pond would not have to be filled in. Acquiring the Westland/Simkins land will also entail a swap for land along the Spur Road. Concept drawings will be done next. The District hopes to have an agreement in principal done by the September 29 public hearings. Directors noted their desire to resolve the land issue.

Water System Operations:

**Backup Generator Project--** Two bids for the backup generator were received by the bid deadline of 11:00 am on September 4. The low bid was from Interstate Detroit Diesel for \$41,409. Two bids were returned unopened as they were not received prior to the 11:00 am deadline. A returned bid from TW Enterprises was faxed to the District a couple of days later with a request for reconsideration as it was originally sent priority mail on 9/3/98 and that it wasn't his fault the mail was not sorted at the post office by the 11:00 am deadline. The Board discussed throwing out all the bids and re-advertise or accept the two bids, per the 11:00 am deadline.

*Director Neece moved to reject all generator bids and re-advertise for bid. Director Cronin seconded the motion. Motion passed, 3 yea votes to 2 no votes with President*

*Ingraham voting. The bid will be advertised for a 4:00 pm bid opening in two weeks.*

Edwards is to re-advertise the bid after receiving a second opinion on the specs from another electrical engineer and possibly have alternates as comparable.

#### **AMEND AGENDA**

Vice President Neece requested the agenda be amended, switching items 5 (sewer connection permits) and 6 (long term compliance work plan), to accommodate Jim McEnroe.

#### **SEWER CONNECTION PERMITS**

Applications reviewed were:

Dennis Henley, Lot 4, Block B, Aspen Groves: 1.8 SFEs, Fees: \$7,050. Henley withdrew his original application on 06/09/98 and is now reapplying with the same plans for a request of 1.8 SFEs.

*Director Cronin moved to approve Henley's sewer permit application as submitted and fees as noted by District staff. Director Neece seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.*

2. Glacier Condominiums-- Jim McEnroe requested reconsideration for 2.66 SFEs for additional washers in common area. Jim McEnroe explained the unique circumstances for needing additional washing machines as a time convenience to the existing units and that there will not be added usage as it is the same units using the pay machines. McEnroe stated that if the request is not approved, the Board may see more personal washing machines in individual units which the District does not assess. The Board asked McEnroe if Glacier's request was approved would the association sign some sort of document that no additional machines be allowed in private units until the long term plan is complete.

*Director Neece moved to have the District perform an SFE audit at the Glacier Condominiums and then to make a decision on the request at the next meeting. Director Rothschilder seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.*

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

Water Operations: Muscat reported on leak detection and provided examples from the recent repairs at Silverbow Condominiums. A leak detection company out of Kalispell will be here September 21-25. Muscat asked that the District make a stand with the resort tax district that leak detection costs and repair costs be applied to the resort tax funding for leak

repair. The Board asked that district staff (Edwards and Muscat) write a letter to the resort tax board and request that the WSD be on the agenda for the next resort tax meeting. Staff are to educate the resort tax board about the District's definition of costs/expenses for leak repairs and ask for their clarification of allowable expenses. A hard copy of what we consider leak repair expenses will be given to the resort tax board as well.

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

#### **Facility Plan Submittal/Public Hearings on September 29:**

Edwards reported that HKM is sending copies of the long term plan to the District today. Hearing notices have been published in newspapers and posted in the community. Next Wednesday or Thursday Mona Jamison will be here to help set up a hearing format-- board members are invited to participate.

A draft newsletter was included in the board packet and Edwards asked that board members get to him today if they have any comments. The newsletter will go to the printer tomorrow.

Edwards is to establish a publishing schedule for a newsletter, and put it in the newsletter (semi-annual: fall/winter and spring/summer).

### **OTHER BUSINESS**

**Office Building:** Edwards reported that the board packet included Nick Salmon's revision to the proposed office building. It is proposed to build 3,000 sq ft building initially, and not finishing off the second floor. The Board generally feels the building needs to be built for WSD use, not built for rental purposes or supplying parking for the MV PUD. The parking could be leased by MV businesses. Edwards is to bring up the WSD building idea at the next leadership Big Sky meeting. The District will have to make some decisions on the building, however for now, the Board is planning for WSD use only with a common meeting room.

**DEQ Environmental Study:** Edwards reported that the environmental study is not going to happen. Edwards recommended retaining about \$10,000 of the original \$50,000 in the study budget for follow through on items such as GIS, etc. The other \$40,000 will be reallocated to other projects.

**New Developments: Sewer & Water Extensions:** Blue Grouse came in for an extension for Phase III. Allied Engineering will be submitting the Phase III plans and O&M manual for the Blue Grouse booster station.

**General Correspondence:** Edwards has drafted a response to Judith Current's letter regarding odor problems.



Ordinance Amendments: Edwards briefly reviewed the draft revisions to Ordinances 97-1001 and 97-1002 and proposed having a special meeting to deal with the ordinances. Legal counsel will need to review the proposed changes and Edwards suggested having counsel present at a special board meeting. Edwards asked the Board to consider what they thought would be a reasonable charge for water and sewer for a vacant lot as opposed to the current charge of .5 SFE per month for sewer and water. Edwards is to research what Bozeman does in regards to impact fees on original lots. Edwards is to add a section to the ordinance that would deal with the situation similar to Glacier Condominiums request concerning washing machines. The meeting date is scheduled for October 27 at 7:30 am.

Policy and Procedures: Dick Larson would like to finish the documents by the first of October. Staff will be meeting to review the documents and the revised documents will be sent to the board for review and possible adoption in October. Edwards is also working on employee job descriptions.

#### **LEGAL**

The lawsuit the District filed against DEQ several years ago has been dismissed by the District.

#### **NEXT MEETING**

The next regular Board meeting is tentatively scheduled for Tuesday, October 20, 1998, at 7:00 am in the BSOA office. A special meeting for ordinance revisions is scheduled for October 27 at 7:30 am.

#### **ADJOURNMENT**

*Director Cronin moved to adjourn the meeting at 10:35 pm.*



Dee Rothschiller, Secretary

I:\office\minutes\09-15-98.min (Board Approved--10/20/98)

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

**Regular Meeting -- August 25, 1998, 7:00 am**  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 7:00 am on Tuesday, August 25, 1998 in the BSOA Conference Room. Vice President Bill Neece and Directors Jack Crowther, Skip Radick, and Packy Cronin were present. President Wendell Ingraham, Secretary Dee Rothschiller and Director Stewart Peacock were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs, Jim Muscat and Marlene Kennedy; Neil Consultants representative Lyle Meeks; and Allied Engineering representative Terry Threlkeld. Members of the public present were Joel Beardsley, Caroline Henley, Dick Wambsgan, Phil Kirk, Kirk Dige, Bob Stober and Katie Grimm.

Vice President Neece called for public comment at 7:10 am.

### **PUBLIC FORUM**

Joel Beardsley requested that the WSD Board force the Simkins to sell their 10-acre parcel below the existing ponds to the District and that the District focus on building additional storage there instead of the old golf course driving range that is near her house. As an alternative to the 10 acres, Beardsley suggested building the storage pond on a district owned 12-acre site next to Sage Brush Flats and the Spur Road. Beardsley read a letter that was sent to the board by Dr. Jeff Strickler. Responding to Beardsley, the Board stated that they cannot tell the Simkins what to do with their land. In regards to the 12-acre site, it will not provide enough storage capacity to consider it for a pond. Commenting on the letter, Edwards made a point of clarification that the DEQ recommends, not requires, a 1/4 mile separation of sewer ponds from residences. Edwards distributed a letter citing the Troy, Montana case where a pond was allowed within the recommended 1/4 mile separation. Beardsley asked that the District get a legal opinion as to the location of pond #5 in the meadow. The Board believes that District counsel Mona Jamison had prepared a legal opinion on the subject a few years ago and will check with her. Edwards discussed the recent conversations with Simkins in regards to land deals, noting the possibility of acquiring a portion of Simkins' land across the Westfork of the Gallatin. Edwards may know something more in possibly 10 days.

With no further public comment, Vice President Neece called the meeting to order at 7:27 am.

### **AMEND AGENDA**

The agenda was amended to discuss Item 5B (Water Operations) and Item 6 (Water Facilities Plan Report) in response to the issues noted by the Fire District.

### **GALLATIN CANYON CONSOLIDATED RURAL FIRE DISTRICT**

Kirk Dige asked the Board to respond to three main water issues of concern to the fire

district: 1) Storage issues--is anything being done. 2) Water supply--are the leaks being fixed. 3) Emergency power--the District should not continue to allow hookups to the system unless fire storage is sufficient.

Generator: Edwards reported that the bid opening for the back up power/generator will be September 4 at 11:00 am. Once everything is done, the back up generator costs will be near \$70,000. The biggest delays have been due to engineering problems as the original generator that Boyne specified, prior to the transfer, would not have worked on the three booster stations. Money has not been the reason for the delay.

Water Supply: Jim Muscat and Lyle Meeks commented on their recent study of the water supply. Phil Kirk feels that promises have not been met by the District and the fire district hasn't been kept informed. Edwards noted that the District has corresponded with Fire Chief Bob Stober. Bob Stober expressed concern about the lack of water storage in the event of a 24-hour power outage. In addition, Stober said there is more domestic demand for water due to new construction but not more storage--the bottom line is building is eating into the supply side. Edwards explained what the District has been doing to improve the water supply and that the District now has more water than ever. Through leak detection and operation improvements, Lyle Meeks stated that the system can do more than it has been doing and that things are looking good in regards to water quantity. Muscat reported that American Leak Detection has found approximately 30 leaks on individual services. Meeks recommended the highest priority should be leak detection, and the second priority should be storage. Meeks also recommended increasing the pipe sizes in Westfork Meadows and to increase the size of the storage tanks in Westfork Meadows and Sweetgrass Hills. Meeks reported that within six weeks very definitive data for decision making should be available through the master plan. Meeks recommended bidding in the spring for water system improvements.

Phil Kirk noted that both districts are public agencies and that the fire district depends on the District for water supply. The fire district feels like they have to be the bad guys in regards to a moratorium and they are discouraged with the progress made by the District. Meeks stated that the system is in better shape than it has been in 20 years with the improvements already made in the water operations, the tanks are full all the time, the generator is out to bid, and master plan will be completed in six weeks, he doesn't think that any discussion of a moratorium is needed. Edwards noted that irrigation restrictions have helped in recharging the tanks and in fixing leaks, the District has recovered about 200,000 gallons. Vice President Neece reminded everyone that the water system was not transferred to the District until last November, which set the timelines for improvements back. In addition, this Board considers safety as an important issue and but in good faith the Board, looking at statistics, cannot endorse a moratorium.

Bob Stober recommended that more money be budgeted for leak repair. Edwards noted

that the District is working on policy development to set who pays for what. Lyle Meeks stated that, in most cases, the district does not take on the responsibility beyond the curb stop. Dick Wambsgan recommended making improvements in Westfork lines and that the leaking system is his major concern, asking if the \$80,000 is going to fix everything. Edwards estimated that it will take \$50,000 for Yellowstone leak repairs and \$30,000 for other leaks. The District will bid out the Yellowstone project this winter to be repaired in the spring. Meeks recommended setting a replacement schedule that the community can handle financially. Meeks asked that fire district educate the community about the improvements needed in the water system and the amount of money it will take.

Edwards requested that Bob Stober provide a copy of the map that Allied Engineering prepared on the elevations of the tanks. The District will also need the fire district to compile a list of property that has sprinkler systems so that notices can be sent when the mountain water system is changed to the new tank. The fire district will need to check the fire sprinkler systems as the pressure may be affected. Edwards asked the fire district to set standards for fire hydrant installation and proposed installation to only be done by permitted installers.

In the recent testing of pressure on hydrants, Meeks has been finding many discrepancies from the data provided by fire district on static pressure. In Westfork, the PSI measured 25 PSI and fire district reported 40-45 PSI.

Lyle Meeks will be meeting with Westlands to in regards to pipe sizing in Section 1. Westlands is prepared to either tie into the current system or to provide their own water.

#### **WATER FACILITIES PLAN REPORT**

Edwards distributed the draft water system use ordinance. Meeks encourages communities to make the entire line from the corporation line belong to the individual owner. The ordinance proposes that the District own to and through the corporation line. The owners would be responsible from the corporation line or "point of delivery" as defined in the ordinance. Definitions of "what is a main" and "what is a service" are needed. Each existing condo will be modeled and be included as an exhibit in the ordinance if needed. The draft ordinance will be revised to say that the "permit fee will cover district inspection and a meter and horn." Meeks suggested additions to the metering section (specify meter, penalties for tampering with meters, procedure for testing meters and consumer pays for test if found not faulty. Meeks recommended Sensus radio read meter, noting battery life is about 10 years. The Board discussed both requiring meters be installed by a certain date and requesting that meters be installed and then give metered water users a lower fee. For now, metering will be voluntary with amending the ordinance after maybe five years and then requiring all owners install meters. Edwards will contact legal counsel for an opinion on who pays for improvements to the system--everyone in the district or just the benefitting property/development.

*Director Radick motioned to approve the first reading of Ordinance No. 98-1001, Water System Use Ordinance, with revisions as discussed. Director Crowther seconded the motion. Motion passed, 4 yea votes to 0 no votes with Vice President Neece voting.*

Edwards is to write a letter to the fire district that states the District is sensitive to their needs, answers their concerns with what the District has accomplished and notes the past correspondence to Bob Stober and our attendance at their meetings. The Board would like the District to go on record, responding to the Fire District's allegation of lack of communication by the Water & Sewer District.

#### **AMEND AGENDA**

The agenda was amended to discuss Item 5E, Sewer Outfall Line Report, next as Terry Threlkeld was available to provide a report.

**SEWER OUTFALL LINE REPORT**--Terry Threlkeld, Allied Engineering, submitted the report on the sewer outfall line the first part of August. Allied requested consensus from the Board on how much of the project they want to do, under what timelines and the dollar value. Edwards proposed advertising for so many linear feet for replacement this fall and the request alternate bids for the remaining feet being replaced over two years. For the money, Threlkeld recommended replacement starting at the top and get below the snowmaking site (Lone Moose Meadows), approximately 4,000 feet. Edwards talked to Rusty Collier to come up the an easement alignment.

*Director Crowther moved to advertise the outfall line replacement for bid, capping at \$350,000 for construction and supervision for the first phase and to begin replacement construction to start as soon as possible. Director Cronin seconded the motion. Motion passed, 4 yea votes to 0 no votes with Vice President Neece voting.*

Threlkeld estimates the whole project to be at 1 million dollars. Threlkeld will advertise the bid on August 28 and September 4 as a total project in three phases. Specs will include District prerogative to change contractors. Bid opening will be at Allied Engineering on September 9 at 11:00 am. The bid will not be awarded at that time.

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

**Aeration:** Edwards reported that the blower is here and we will try to get it installed this fall and work towards getting the big pond aerated. The effect of the aeration equipment will require an 18 x 18 sub floor and all this will go into the storage building. Estimated building cost is \$60,000. Bid advertisements will go out this fall.

**Lagoon Landscaping:** Landscaping bid opening for landscaping the storage ponds will be Friday, September 4 at 11:00 am. Vice President Neece will open the bids. The bids will go to Carl Thuesen for review and a recommendation.

Odor Control: Edwards reported that the drop in temperature and the use of an aquacide chemical have essentially eliminated the irrigation odor problems. The District does not anticipate any odor problem with snowmaking or when the snow melts.

Flows/Irrigation: Edwards reported that the District needs to get rid of 1 million gallons of treated water a day by October 14. Grant Burroughs reported that flow comparisons are about the same as last year. The filters are running good and he has the recirc pumps maxed. Getting rid of water isn't the problem, production of treated water needs to be increased and a backup recirc pump will be used. Irrigation needs will be re-evaluated around September 10 with possibly irrigating just chlorinated, not filtered, water if needed.

Mountain Water Tank: Edwards will be bringing in an engineer from MSE-HKM for the new Mountain water tank start up. The old tank may be used for fire protection.

## **FINANCIALS**

Preliminary Year End Report--June 30, 1998: Bill Dutton reviewed the preliminary year end report that was provided in the board packet. He reminded the board that the figures could change, all depending on the audit report which will not be available for a couple of weeks. Dutton noted that the auditor would like a motion on record that the CD renewals are approved by the board. Overall the sewer budget is over in income and under in expenses.

*Director Crowther moved to approve the renewal of CD #1831 at 5.8% for one year.*

*Director Cronin seconded the motion. Motion passed, 4 yea votes to 0 no votes with Vice President Neece voting.*

July Financial Reports--Sewer and Water Operations: Dutton distributed and reviewed the July financials. The board liked the new format, consolidating the water and sewer report. The financials will need approval after the auditors prepare their year end report.

1997/98 Audit Update: The draft audit should be completed within two weeks.

Delinquent Accounts: Dutton reported that out of the 17 accounts reported delinquent in July, about 9 of them will go to the Gallatin County tax roles. Dutton will try to make telephone contact and give individuals an opportunity to pay before the delinquent account goes to the county in September.

1998/99 Budget Funding: Edwards noted that one item needing funding is the water study engineering at \$39,568. If only funding the engineering contract, Edwards suggested doing a resolution to lend the water operations money from the sewer operations. Some revenue will be generated through water permitting. Edwards will check into leasing, or rent to

buy, the generator and that will take care of \$12,500 for that item. The Board will reconsider the budget and water rates in March or April.

#### **APPROVAL OF MINUTES**

*Director Crowther moved to approve the July 21, 1998, regular meeting minutes as prepared. Director Radick seconded the motion. Motion carried, 4 yeas votes to 0 no votes with Vice President Neece voting.*

*Director Crowther moved to approve the August 13, 1998, special meeting minutes as prepared. Director Radick seconded the motion. Motion carried, 4 yeas votes to 0 no votes with Vice President Neece voting.*

#### **IAWP REPORT**

Storage Pond #2--Land Negotiations: Edwards does not have a date yet, but the Board would like to have firm information on negotiations prior to the BSOA annual meeting on September 4.

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

Status Report: Two public hearings are scheduled for September 29 at the Westfork Fire Station. The Long Term Compliance Work Plan hearing is at 3:00 pm and the DEQ will have a hearing at 7:00 on the draft discharge permit. If the state mandates that we spend \$5 million to build an advanced plant, then we need to have the discharge permit. It would not be cost effective to spend \$5 million for treating an additional 20 million gallons of effluent. The permit would enable the District to get rid of 117 million gallons of treated water.

Snowmaking Project: The Agreement in Principle is signed. MSE-HKM engineer Ray Armstrong has been requested to recommend one or both sites. Boyne supports the snowmaking, however they will value the lease and will probably recoup the "no charge" lease through proposals on user/impact fees.

#### **SEWER CONNECTION PERMITS**

JD Mach, Southfork Phase I, Lot 6: Withdraw application request for 1.6 SFEs, Fee: \$6,350. The board did not have any problems with Mach's request.

#### **OTHER BUSINESS**

District Policy Development: Edwards distributed the draft policy and procedure manuals.

#### **NEXT MEETING**

Edwards received a request from the BSOA to speak at their annual meeting on September 4. There will be an open house at the treatment plant on Friday, September 4, 1998, from 3:00-5:00 pm. Staff members will provide tours and board members should be available to

greet the public. The next Board meeting is tentatively scheduled for Tuesday, September 15, 1998, at 7:00 am in the BSOA office.

**ADJOURNMENT**

*Director Radick moved to adjourn the meeting at 11:25 am.*

A handwritten signature in cursive script, reading "Dee Rothschild", written over a horizontal line.

Dee Rothschilder, Secretary

08-25-98.min (Board Approved 9/15/98)

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

**Special Meeting -- August 13, 1998, 5:00 pm**  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting for 5:00 pm on Thursday, August 13, 1998, in the BSOA Conference Room. President Wendell Ingraham (left at 7:00 pm), Secretary Dee Rothschiller (left at 5:45 pm), and Directors Jack Crowther, Skip Radick (left at 5:45 pm) and Packy Cronin were present. Directors Bill Neece and Stewart Peacock were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs, Jim Muscat, Mark Barajas, and Marlene Kennedy (left at 7:00 pm); and consultant Dick Larson.

There being no public comment, President Ingraham called the meeting to order at 5:05 pm.

### **SNOWMAKING AGREEMENT WITH BOYNE USA**

Edwards distributed a copy of the final draft of the snowmaking option agreement which was prepared by District and Boyne legal counsel. The agreement is an option to lease land to the District. In turn, Boyne will receive a delay in paying permit fees, with no interest, for the Summit Hotel but the quarterly fees must be paid according to the current ordinances. Edwards noted that purchasing the land has not been ruled out. As written, the agreement proposes entering into a lease within 90 days. Edwards recommended moving the term up to 30 days.

*Director Crowther moved to accept the draft of the snowmaking option agreement as presented with the exception of amending "entering into the lease within 30 days" and to clean up the language in reference to Table 3.0-1 as discussed by the Board. Director Radick seconded the motion. With a roll call vote the motion carried, 5 yeas votes to 0 no votes with President Ingraham voting.*

### **OPEN HOUSE**

The District will have an open house at the treatment plant on September 4, after the BSOA homeowners meeting. Board and staff will be available from 3:00-5:00 pm to answer questions and provide tours of the plant.

### **POND UPDATE**

Edwards reported on the District's solution to mediate the odor problems. The air blower arrived yesterday, electrical wiring is being scheduled to be installed.

### **SIMKINS/WESTLAND**

Edwards discussed a conceptual proposal where Simkins would provide the District 12 acres of land--located across the Westfork of the Gallatin, below their proposed residential development--in exchange for the District's 12 acres along the Spur Road. The engineers are working on concept plans to be ready by the end of August.

#### **DISTRICT POLICIES & PROCEDURES DEVELOPMENT**

Dick Larson distributed and reviewed draft policy and procedure manuals the he prepared for the District. Based on legal opinion the District is following state employee guidelines and a statement to the effect will be included in a resolution when adopting the policy manual.

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, August 18, 1998, at 7:00 am in the BSOA office. There will be a special meeting within the first two weeks of September to address the facility plan, and ordinances.

#### **ADJOURNMENT**

The meeting ended at 9:00 pm with only staff present.

A handwritten signature in cursive script, reading "Dee Rothschild".

Dee Rothschild, Secretary

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

**Regular Meeting -- July 21, 1998, 7:00 am**  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 7:00 am on Tuesday, July 21, 1998, in the BSOA Conference Room. President Wendell Ingraham (arrived at 7:25 am), Secretary Dee Rothschiller, and Directors Bill Neece, Jack Crowther, Skip Radick (left at 11:30 am), Stewart Peacock (left at 7:45 am) and Packy Cronin were present.

Others present were WSD staff Ron Edwards, Jim Muscat and Marlene Kennedy; Lone Peak Lookout writer Aaron Brock; and Allied Engineering representatives Terry Threlkeld and Scott Smith.

With no public comment, Vice President Neece called the meeting to order at 7:15 am

### **APPROVAL OF MINUTES**

*Director Crowther moved to approve the Public Hearing/Special Meeting minutes of June 11, 1998, as prepared. Director Rothschiller seconded the motion. Motion carried, 6 yea votes to 0 no votes without President Ingraham present.*

*Director Rothschiller moved to approve the June 16, 1998, minutes as corrected. Director Radick seconded the motion. Motion carried, 6 yea votes to 0 no votes without President Ingraham present.*

### **FINANCIAL REPORT**

July financial reports will not be available until the August meeting due to year-end reporting. Auditors, Joseph Eve & Company, will be here August 3-7. The District has requested October 1 as the deadline to receive the final audit report. To cover expenses for additional auditing requirements, \$1,500 was added to the budget for the audit. Delinquent account notices, indicating that non-paid accounts will go to the tax rolls, were mailed.

### **OPERATOR'S REPORT**

Sewer Report: Edwards distributed the flow reports prepared by Grant Burroughs. Solutions in regard to complaints about the odor and the irrigation schedule were discussed. Edwards reported that MSE-HKM is working on getting aeration equipment for the pond, with cost estimates of \$10,000-\$15,000. The irrigation programmer will be heard tomorrow to set a night time schedule. Edwards will have District operator Mark Barajas check the golf course heads for spray location. Barajas currently maintains the horse pasture irrigation.

The Board directed Edwards to publish a public notice that explains the odor situation and what the District is doing to remedy the situation.

Scenarios of a filter or pump failure, with back up plans, were discussed. The Board

requested Edwards to spec for a third pump and move forward at getting a back up.

*Director Radick moved to give Edwards the authority to spend up to \$20,000 for pond aeration equipment. Director Crowther seconded the motion. Motion passed, 7 yeas votes to 0 no votes with President Ingraham voting.*

Water Report: Jim Muscat distributed a well production chart, stressed the importance of adopting an irrigation ordinance and recommended that the Board require automated irrigation systems. Through leak detection, Muscat has been finding leaks of 2-10 gallons per minute at curb stops. Edwards reported that irrigation notices were sent out to all homeowners, landscapers and property managers. Edwards distributed a draft irrigation ordinance for Board review. Edwards proposed a \$25 violation fee for third time irrigation violators of single family homes. Edwards will consult legal counsel on what the District can do in regards to violators at condominiums. Before turning off a violator's water, the Board requested that a certified letter be sent. The Board discussed individuals putting in new landscaping and may talk to the architectural committee about delaying installation of landscaping during the drier months of July and August. For now, the Board recommended a the two-step notice process without shutting off the water, but publishing a list of second time violators in the newspaper. Edwards will research the legal ramifications of turning off water.

*Director Neece moved to approve the first draft of the irrigation and restrictions regulations ordinance. Director Radick seconded the motion. Motion passed, 7 yeas votes to 0 no votes with President Ingraham voting.*

Edwards will publish the second draft of the ordinance. Edwards will set up a special water/sewer ordinance meeting in August. Notices are to be posted at the Big Sky Western Bank, Blue Moon Bakery, a mountain location, and the Post Office.

Offering water audits was mentioned. Montana Power will be contacted for information. Muscat recommended that an article on proper landscape watering and water conservation be published. The Board requested a weekly article on water conservation be published for the whole year and for one staff person to be assigned the task and be responsible for it.

Water Main Break: Muscat reported on the water main break last Thursday at the meadow village chapel site. It has been fixed. Williams Plumbing will be billed to reimburse the District for costs--Muscat's time, water sampling, parts, etc. Language needs to be added to the ordinance about the financial liability of repairing breaks. Muscat recommended that no digs be allowed on Friday in case of a break, as repair parts are not always immediately accessible.

Sewer Outfall Line Report--Terry Threlkeld and Scott Smith of Allied Engineering

presented their preliminary report on the outfall line, and distributed a flow analysis report and a geotechnical report. TD&H's survey caused problems as the information was not in an electronic readable format. The Department of Fish and Game will require a 310 permit prior to any construction due to creek crossings and Threlkeld met with their representatives yesterday. The engineers presented options for the District to consider, slip lining was not recommended. They proposed using a 15" line on the outfall line, starting at the bottom by Aspen Groves, and provided cost estimates. It would be cheaper to replace the line with minimum 12" diameter by \$25-\$30,000 dollars. However, a 12" line would not provide for future expansion, i.e. servicing Lone Moose or Moonlight. Edwards has offered to Big Sky Lumber to increase pipe size to 15" if they pay the cost difference. The Board recommended 15" sizing, but not charging BSL unless they hookup. Edwards will check with Big Sky Lumber about straightening the alignment. Threlkeld will contact Morrison-Maierle to get an answer, but it has to come from BSL. Edwards requested bid specs for rock work. Removing the existing line and using the same ditch or leaving the line and digging a new ditch was discussed. The Board requested solid covers for manholes with locks.

Due to unforeseen delays, Allied requested an extension to August 3 for a completion date. *Director Crowther moved that the District extend the contract to August 3 as requested. Director Radick seconded the motion. Motion passed, 7 yea votes to 0 no votes with President Ingraham voting.*

Threlkeld reported that the specs will be ready to go to bid by mid August and the permits should be received around then. The District plans on awarding bids at the end of August if all the preliminary work is completed.

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

Water Facilities Plan Report: Edwards reported that Neil Consultants is in Big Sky today to gather information and to start modeling the water system.

Back-Up Generator: Scott Ritter is preparing back-up generator specs with estimated costs at \$40,000. Edwards is to send the Big Sky Fire District a letter on where we are and what we will be doing once a decision has been made.

#### **IAWP REPORT**

Construction Progress Report: Williams Construction is working on a few finish items at the treatment plant. Edwards is to make sure the insurance coverage is adequate for the treatment plant.

Storage Pond Landscaping: Carl Thueson submitted a copy of the preliminary landscaping plan. Planting of the larger vegetation was recommended to begin after September 1.

Storage Pond #2--Land Negotiations: Edwards reported that traffic is a main concern with BSOA. Edwards distributed a letter from BSOA dated July 17, 1998, that itemized the BSOA's concerns. BSOA did not sign the agreement in principle and withheld any action at this time, but will continue the discussion. Westland/Simkins responded to the agreement with other conditions. The Board directed Edwards to prepare a letter to BSOA, to be signed by all board members, stating that BSOA has until August 1 to respond to the agreement in principle or the District will have no choice but to build pond #5 in the meadow. The letter will be copied to commissioners. A public meeting will be scheduled around August 15 if the BSOA does not proceed. Edwards is to respond to Westland/-Simkins letter as discussed by the Board. Director Rothschiller reported that the Gallatin County Commissioners will be here on July 30 to address traffic calming on Little Coyote.

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

Status Report: The long term plan is ready to go to DEQ. Edwards will check with MSE-HKM Engineer Ray Armstrong to see if it could be ready for August 15. If not, a hearing will be scheduled for September 4 in the morning, possibly incorporating pond 5.

Snowmaking Project: Edwards distributed a letter from Brian Wheeler, Boyne, dated July 20, requesting an extension to pay Summit Hotel fees. Edwards is to write a response letter that states the Summit's fees must be paid by the July 29 deadline unless a snowmaking agreement has been signed into. If an agreement is signed, the District will allow the Summit Hotel fees to be paid 1/3 up front, 1/3 in one year and 1/3 at project completion; capacity will not be reserved as no expansion is being created.

### **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 Farmhouse Partners, Phase II--\$25,000 deferment: Dab Dabney submitted several documents for board signature--agreement to defer sewer impact fees, promissory note, trust indenture, subordination agreement, and subordination agreement deed of trust. President Ingraham will sign the documents once Edwards verifies that the District is first lien holder. The fees of \$10,000 for Phase I will be due in August and Edwards is to send a letter.
2. Medical Clinic/Etc, Mt Village, Lot 5--6.57 SFEs, Fees: \$1,250 connection fee, impact fee not assessed as Boyne demolished the gondola 1 and 2, the doctors office, ski patrol, storage area and play care for a total of 7.73 SFEs. The new structure will have 1.16 SFEs less than the demolished structure and these SFEs will be void. Edwards needs to add language to the ordinance to cover this issue and the transferring of SFEs.

3. Lohss, Aspen Groves, Lot 19, Blk A--2.15 SFEs, Fee: \$8,275. Recommend approval.
4. Landis, Aspen Groves, Lot 10, Blk A--2.15 SFEs, Fee: \$8,275. Recommend conditional approval.
5. Gilchrist Timber Co, Cascade, Lot 14, Blk 1--4.55 SFEs (remodel), Fee: \$50. This is a large remodel job and comes in just over the 40% SFE increase allowable in the ordinance. Recommend conditional approval, but the District needs to address impact fees on remodeling.
6. Mach, Southfork, Lot 6--1.6 SFEs, Fee: \$6,350. Recommend conditional approval.
7. Cronin, Southfork, Lot 17--1.6 SFEs, Fee: \$6,350. Recommend approval.
8. Glacier Condo Association, Meadow Village--2.6 SFEs for adding two additional washing machines (6.35 existing), Fee: \$750. They are . Recommend denial because Glacier has reached their capacity, shows as "built out" on Table 3.0-1.

*Director Crowther moved to approve the noted sewer permit applications as submitted and fees as noted by District staff, with the exception of Glacier Condo Association. Director Rothschiller seconded the motion. Motion passed, 7 yea votes to 0 no votes with President Ingraham voting.*

#### **OTHER BUSINESS**

Request to Purchase Fill Material: To improve the aesthetics of the entry corridor, McDougal has offered to buy the fill material being stored at the east end of the storage ponds. The reason the Board originally decided to keep the fill was to have it available for future pond construction. The Board denied the request, waiting until all construction is done. This decision is consistent to similar requests that have been denied in the past.

Grizzly Flats/American Bank: American Bank is asking for District approval to tie into the sewer system. As stipulated in an original agreement with the LeRoys, the Board can only consider the request if the septic system is condemned. Edwards will respond to the request.

New Office Space: Nick Salmon has prepared a preliminary plan that was provided in the board packet. The Board selected one of the preliminary footprints as workable. Curley Shea will be contacted to review the plan. Edwards will contact Salmon to prepare a performa cost analysis and better building design for the next board meeting.

District Policy Development: Edwards updated the board on Dick Larson's work session of July 9. Edwards has contacted Mona Jamison to research whether the District is a municipality.

Health Insurance: As a savings in premiums, Edwards noted that employee coverage was changed to a 60-40% plan, going from a 80-20% plan. The District will make up the difference for employee claims.

*Director Rothschiller moved to close the regular session and go into executive session.*

#### **EXECUTIVE SESSION**

The Board discussed personnel matters concerning pay and job parameters. Pay scales and merit increases will be covered in the policy manual being prepared by Dick Larson, and is scheduled to be presented to the Board in October, 1998.

*Director Neece moved to close executive session and go into regular session.*

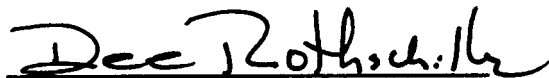
*Director Rothschiller moved to bring the Water Operator's salary up to the Sewer Operator's salary. Director Neece seconded the motion. Motion passed, 3 yes votes to 1 no vote with President Ingraham voting.*

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, August 18, 1998, at 7:00 am in the BSOA office. Edwards will work on a special meeting for the ordinance and notify the Board members of the date.

#### **ADJOURNMENT**

*Director Crowther moved to adjourn the meeting at 12:05 pm.*



Dee Rothschiller, Secretary



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

**Regular Meeting -- June 16, 1998, 7:00 am**  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 7:00 am on Tuesday, June 16, 1998, in the BSOA Conference Room. President Wendell Ingraham, Secretary Dee Rothschiller and Directors Packy Cronin, Stewart Peacock, and Directors Skip Radick (arrived at 7:50 am) were present. Directors Bill Neece and Jack Crowther were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Jim Muscat and Marlene Kennedy; Lone Peak Lookout writer Aaron Brock, Farmhouse Partners representative Dab Dabney and Westlands representative Bill Simkins.

President Ingraham called for public comment at 7:10 am.

### **PUBLIC FORUM**

Dab Dabney distributed his June 12 letter requesting a break in the sewer user fee charged from the date of permit issuance. Director Cronin suggested putting this on the agenda for future consideration. President Ingraham noted that the Board recognizes this issue as an inequity that requires an amendment to the Ordinance. Edwards will work on amendments and send them out under separate cover to the Board within a week. Edwards will talk with legal counsel about whether or not a credit or refund of these fees can be done.

With no further public comment, President Ingraham called the meeting to order at 7:30 am.

*Director Rothschiller moved to amend agenda item VIII(A) (Ordinance 98-1002) to the top of the agenda. Director Cronin seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ingraham voting.*

### **ORDINANCE 98-1002: ALLOCATION OF SFES FOR SEWER PERMITTING**

*Director Cronin moved to suspend the first and second readings, and move to the third and final reading of Ordinance 98-1002. Director Rothschiller seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ingraham voting.*

The Board briefly discussed the Ordinance which releases an additional 125 SFEs for sewer permitting.

*Director Radick moved to adopt Ordinance 98-1002 and Director Peacock seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ingraham voting.*

### **APPROVAL OF MINUTES**

*Director Rothschiller moved to approve the May 19, 1998, minutes as prepared. Director Peacock seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ingraham voting.*

### **AMEND AGENDA**

*Director Cronin moved to amend the agenda to address items 3e (Refund Policy) and 5a (Resolution 98-01). Director Peacock seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ingraham voting.*

### **REFUND POLICY--AMEND ORDINANCE 97-1002 (Third Reading/Adopt):**

*Director Peacock moved to adopt the refund policy to amend Ordinance 97-1002. Director*

*Rothschiller seconded the motion. Motion carried, 5 yeas votes to 0 no votes with President Ingraham voting.*

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

Resolution 98-01 (Third Reading/Adopt): *Director Rothschiller moved to accept the third reading and adoption of Resolution 98-01 to recognize the transfer of LMS to the District. Director Radick seconded the motion. Motion carried, 5 yeas votes to 0 no votes with President Ingraham voting.*

#### **FINANCIAL REPORT**

May Financial Reports--Sewer Operations: Dutton reviewed the statement of condition. \$250,000 of the "undesignated fund" that is Boyne's payment will be transferred into the restricted fund. First Interstate Bank has the best rate at 6.1% and Dutton will transfer the funds of \$250,000. A weeks notice to use the funds is required and there will be no penalty. The terminology "undesignated fund" is not clear. The remainder will be called "operating fund" instead of "undesignated fund".

In response to President Ingraham's questions on making sure LTCWP is funded, plant investment fees are going into a segregated account for monitoring purposes. Dutton will do a separate report showing the PIF and the Boyne surcharge funds separately.

Overall, the District is operating on or under budget on expenses.

May Financial Reports--Water Operations: Dutton reviewed the water financials reporting that we have about \$30,000 in cash.

*Director Rothschiller moved to approve the unaudited May Financial Reports for sewer and water operations prepared. Director Cronin seconded the motion. Motion carried, 5 yeas votes to 0 no votes with President Ingraham voting.*

Delinquent Account Report/Past Due Report: On July 15 delinquent notices, that say the overdue balance will go to the tax roles, will be mailed. Dutton will identify notified delinquent accounts at the next meeting.

FY 98-99 Budget Review & Approval: Edwards recommended adopting a budget before going into the new fiscal year, July 1. The District will have to deal with the resort tax funding after allocations are made. The Board would like to see next year's resort tax allocation process take place prior to the new fiscal year.

As a point of clarification to the June 11 Budget Hearing comments, Lone Mountain Springs had been giving out meters in the past. LMS purchased about 100 residential meters at one time. Edwards recommended that one permitting fee include the cost of the meter and then the homeowner pay for the cost of the installation. Directors expressed concern that community perception of metering is that there will be little charge for part time residents. Edwards noted that there will be a base charge whether the service is used or not, plus additional use charges.

*Director Rothschiller moved to adopt the FY 98-99 Budget as prepared and reviewed. Director Cronin seconded the motion. Motion carried, 5 yeas votes to 0 no votes with President Ingraham voting.*

President Ingraham requested that Edwards respond in writing to the people who commented at the public hearing.

### **OPERATOR'S REPORT**

Edwards noted that at one time he had suggested that the District charge developers for inspection of new lines. Staff will make recommendations to the Board.

Sewer Operations--Sewage & Treatment Plant Flows: Edwards distributed a comparative month by month chart of the flows. Compared to last year, flows are down in May and June and so far we are looking pretty good for 1998. Peak flow is half of last year, with the peak flow on May 6. Mountain flow is about 25% of the total flow. We average about 260,000 gallons per day and this should decrease once summer weather is here. We aren't getting rid of much flow through irrigation yet. The District is ordering chemicals to take care of the odor problem that occurred late last week. Edwards believes it is from algae growth in the pond.

Water Operations: Muscat distributed a summary sheet of water operation activities. The main focus has been leak detection and elimination with still a lot of leakage indicated. At the request of the Board, Muscat is to attend future fire board meetings. Muscat urged the Board to continue to work on specs for water inspection, requiring poly pipe. Edwards has draft specs ready that Neil Consultants will review. A special meeting will be scheduled in the next couple of weeks to work on the water operations specs.

For the resort tax meeting on July 1, Director Cronin will do the presentation and Muscat will answer questions. Edwards will organize a simple, but formal 15 minute presentation with Cronin and Muscat. All Board members and staff were encouraged to attend the resort tax meeting.

Mark Barajas was hired full time for the summer as a water operator.

Sewer Outfall Line Report: Allied has done their survey and geotechnical work and met with Morrison & Mairele and should be going in with preliminary design in the next week or so. They will probably be on the July agenda to present their design work.

Water Facilities Plan Report: Neil Consultants has been gathering data. Edwards will have Lyle Meeks review the water operation policy and provide options to the Board.

Edwards has been working with Matt Williams to clean up water rights to the system. There may be a good opportunity to get the water rights to MV well #3 that MPC originally objected to. Annual water rights must be filed every November until build out is complete.

Dave Baldwin is working on the well options.

### **IAWP REPORT**

Construction Progress Report: US Filter is here, finishing the start up on filter 3. A couple of automatic valves have failed and they will be fixed under warranty. Edwards explained possible reasons why the valves failed. Ray Armstrong and Todd Teedgarden will be invited to do a final walk through. Edwards report included a chart of expenses--\$209,000 is left without the bond authority.

Change Orders: No change orders were presented for board action. Flume replacement was discussed and is estimated at \$30,000. The District has asked for a price from Williams Brothers. If it too high, it will be funded out of reserves. US filters is looking at changes in chemical feed points--possibly around \$500.

Storage Pond Landscaping: The DOT and Dam Safety have approved landscaping. Per Todd Teegarden, DEQ, the District can spend up to \$25,000 without going to bid. Edwards will contact Carl Thueson to publish something about bidding on planting specs. Edwards will work with the other entities to get commitments. Blixseth has said we can get lodge pole trees from his property and he will lend us the equipment.

Storage Pond #2--Land Negotiations (Simkins): Edwards reported on a meeting he attended a week ago with the Simkins representatives, President Ingraham, and Mike Wheat. Debra Mcatee indicated an appraisal will be available for Simkins/Westlands land in about a week. A traffic study has been done, but the District has not seen it. Director Rothschilder reported that she has talked to Commissioner Bill Murdock about calming the traffic on Little Coyote. Murdock believes that a cul de sac can be built on Little Coyote. Board members supported the draft of the agreement in principal involving Boyne, the District, Westland\TM and BSOA that was provided in the board packet. With this agreement, it seems that all parties are getting something. A date of August 1 was set for parties to accept the agreement, or the District will start work on the pond in Meadow Village--the District does not have any other alternatives. If there is progress and we are close, the Board can extend the date.

## **LONG TERM COMPLIANCE WORK PLAN**

Status Report: HKM has responded to the first discharge permit letter from DEQ. If the district is limited to one discharge location, Edwards would opt for the Gallatin.

Snowmaking Project: The upper site test holes have been completed. The amended LTCWP will be submitted to DEQ. Edwards distributed a draft of the snowmaking agreement to be entered into with Boyne. The District doesn't want to be charged for the land and is working towards that goal. If Boyne requests that the site be moved in the future, Boyne will have to cover the cost of moving towers and the District would move the pipe. The term "lease" needs to be eliminated--use convey, allow use, etc. Edwards would like the board to review the draft document this week so he can proceed.

## **SEWER CONNECTION PERMITS**

### Sewer Applications:

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

### Previously submitted applications reviewed were:

1. Summit/Boyne, Mt Village--214.65 SFEs, Fee: \$967,425 Edwards received a fax copy of state permit.
2. Farmhouse Partners, Cascade, Lot 5F, Blk 1--13.30 SFEs, Fee: \$94,600. Recommend approval as state building permit was received.

3. The Pines, Tract A, COS 1605--5.6 SFEs, Fee: \$20,600. Received state building permit, Edwards recommended deferring approval until sewer extension plans are approved.
4. Cook, COS 1701--2.95 SFEs, Fee: \$11,075. Received engineers letter stating line sizing is adequate. Recommend approval.

*Director Rothschiller moved that the previously submitted applications be approved. Director Cronin seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ingraham voting. Director Radick acknowledged the conflict of interest he has as the developer of the Pines, but since there were only 4 directors present at this time, he needed to vote.*

New applications reviewed were:

5. Bough, Pinewood Hills, Lot 11--2.15 existing SFEs, remodel (no change in SFEs), Fee: \$0. Recommend approval.
6. Lartigue, Southfork, Lot 5--1.6 SFEs, Fee \$6,350. Recommend approval.
7. Radick, Aspen Groves, Lot 22, Block A--1.95 SFEs, Fee: \$7,575. Recommend conditional approval until BSAC approval is received.

*Director Rothschiller moved that Bough, Lartigue & Radick applications be approved. Director Cronin seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ingraham voting.*

Dennis Henley submitted a letter withdrawing his application to build in Aspen Groves at this time as he needs to sell his Meadow Village house prior to building his new house in Aspen Groves. He will reapply when he sell his house. The Board accepted the withdrawal and Henley may reapply at any time.

Application requesting extension to pay fee:

8. Beaverhead--8.2 SFEs, Fee: \$58,400. Cathy Reichstetter requested an extension to pay fees by June 16 as she had been out of town. Reichstetter's letter was dated and submitted June 10.

*Director Radick moved to accept Reichstetter's request to delay payment until 5:00 pm on June 16. Director Rothschiller seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ingraham voting. Edwards is to send a letter to Reichstetter today.*

**OTHER BUSINESS**

Lone Moose Management Request: Edwards reported on the inspection of the Santec system in Wyoming. He supports Lone Moose's request for the District to run the plant on a contract basis. He outlined the reasons for his support in his managers report, noting the need for a thorough agreement to be signed. He sees the plant being on line next spring. Edwards wrote a letter to DEQ saying they are looking into contractually operating the plant. The board supported the agreement as long as the District is legally covered for liability. Edwards will write a letter to proceed. Wheat will draft the contract.

DEQ Big Sky Study--Status Report: Moonlight committed to \$15,000, Boyne has not committed to anything. The Board wants commitment of support by the next board meeting or the project is pulled.

Office Space: Wheat has been asked about condominiumizing a possible community building on the approximate one-acre next to the treatment plant. Edwards hasn't heard anything from Curley Shea or Jerry Scott about Shea's land swap proposal.

Ken McBride--Request for Sewer Service Extension: McBride is moving his A-frame house to his homestead site south of Westfork and has verbally requested to hook up to sewer and water without any plant investment fees. The Board declined action until a formal request is received, but noted that fees would apply.

District Policy Development: Dick Larson is scheduled for Thursday, July 9 at 4:00 pm to work on policy development. Board action will not be necessary at this meeting, but board members are requested to attend.

Annexing: Grizzly Flats sold to American Bank and they are looking at their options to be included in the District. Water already serves that building. Edwards believes it should be annexed in. Legally we don't have the capacity for sewer, at this time. The District is committed to providing water service for Grizzly Flats and Sarah Hall (Plank Road--4 lots by North Fork Creek).

Raises: Edwards noted that his anniversary date was in December and Muscat's anniversary was in May. An increase of 5% was included in the budget. The increases were approved retroactively to anniversary dates. A compensation policy will be done with Dick Larson, including pay based on merit performance and cost of living.

#### **NEXT MEETING**

A special meeting will be held on Thursday, July 9, 1998 at 4:00 pm. Edwards will set a special board meeting to address a water ordinance. The next regular Board meeting is tentatively scheduled for Tuesday, July 21, 1998, at 7:00 am in the BSOA office.

#### **ADJOURNMENT**

*Director Cronin moved to adjourn the meeting at 10:30 am.*



Dee Rothschiller, Secretary

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

Acceptance of Monthly Financial Statements

Date 6/16/1998

The Board of Directors at its 6/16/1998 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

SEWER OPERATIONS

Statement of Condition as of	5/31/98
Assets:	<u>\$ 11,044,659</u>
Liabilities	<u>\$ 5,689,240</u>
Equity	<u>\$ 5,355,419</u>

Income Statement as of	5/31/98
Total Revenues	<u>\$ 218,410</u>
Total Expenses	<u>\$ 47,286</u>
Net Revenues	<u>\$ 171,124</u>

Wendell Ingraham  
Wendell Ingraham, President

WATER OPERATIONS

1 Statement of Condition as of	5/31/98
Assets:	<u>\$ 766,608</u>
Liabilities	<u>\$ 109,136</u>
Equity	<u>\$ 657,471</u>

2 Income Statement as of	5/31/98
Total Revenues	<u>\$ 16,722</u>
Total Expenses	<u>\$ 20,585</u>
Net Revenues	<u>\$ (3,864)</u>

June 16, 1998  
Date Signed

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

**Public Hearing/Special Meeting -- June 11, 1998, 4:00 pm**  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting to hold a public hearing on the FY 1998-1999 proposed budget. The meeting was held at 4:00 pm on Tuesday, June 11, 1998 in the BSOA Conference Room. President Wendell Ingraham, Secretary Dee Rothschilder, and Directors Jack Crowther, Packy Cronin and Stewart Peacock were present. Directors Bill Neece and Skip Radick were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, and Marlene Kennedy; Lone Peak Lookout writer Aaron Brock and the following members of the public: Harry Meabon, Betty J. Meabon, Nancy Mikeson, Marilyn R. Hill, Mary Vitolo and Carol Collins

President Ingraham called for public comment at 4:05 pm. With no public comment the special meeting was called to order at 4:05 pm.

### **PUBLIC HEARING--FY 1998-1999 BUDGET**

Ron Edwards read the written comments received from June Shaver, Hill #1342, and then reviewed the proposed budget. Proposed sewer rates would stay at \$32.75 per SFE per month. Proposed water rates would increase 51%, going from \$7.95 to \$12.00 per SFE per month. The proposed budget was prepared with the assumption of receiving resort tax funding as requested. If the District's resort tax application is not funded as requested, the District will have to hold another public hearing on the budget. That is, if the Board desires to commit to all projects/expenses as proposed for the fiscal year.

### **COMMENTS:**

Harry Meabon--As the District gets a better feel for water expenses, administrative costs for sewer and water needs to be allocated so we get actual costs. It's a tough number to get at, but we need to do it.

Ron Edwards--The budget wasn't prepared according to actual time and expense.

Nancy Mikeson--I have some concern about only seeing 40 residential meters (page 4 of the budget).

Ron Edwards--Residential meters will cost about \$150 each and the District has a proposed budget of \$6,000 for this.

Nancy Mikeson--I don't want to be paying for the manicured lawns of others. Is there a timeline on getting metering in place?

President Ingraham--The Board's goal is to get metering in place.

Director Cronin--Why are we budgeting for this? Tell the homeowner this is the meter you



buy and put it in.

Nancy Mikeson--40 meters a year seems like a real small number.

Ron Edwards--This is just for the first year. If we had more money, we could do more meters. More metering could occur by shifting responsibility to customers, additional resort tax request, or put in the rate base.

President Ingraham--The Board wanted to identify metering as a priority, but felt the 51% increase in the water rate was probably enough.

Director Cronin--Why should resort tax dollars pay for metering older homes when new homes are required to install meters at their cost?

Director Rothschiller--I think you would find a lot of people would be interested in funding their own meters and installing them. Send them a post card and ask them.

Ron Edwards--You have a lot of options. The District could buy meters and homeowners could cover the cost of installation or vise versa. Total cost of \$250 approximately each.

Director Cronin--Require people who don't have metering in their house to put it in.

Ron Edwards--One of the scope items in the facility plan is metering. No one on the Board doesn't support metering. What we did, given the resort tax monies that are out there, was to ask for \$50,000 and then made estimates on the number of meters that could be done. Doing a survey is a good idea.

Director Cronin--Put it to the people.

Ron Edwards--With metering, there will be a fixed base rate for use or not, and then additional charges for usage.

Mary Vitolo--Are there meters now?

Ron Edwards--We are trying to figure out where they are, but we estimate there are about 100 meters out there.

Marilyn Hill--Is it possible for one person to have a meter and start using it for billing.

Ron Edwards--The problem is the rate structure, as we currently bill on SFEs. Initially the base rate would have to be fairly high and then we could fine tune once we have the data. We could be in meters in a couple of years. Not everyone would have to be on a meter--

their would be a flat rate and meter read rate.

President Ingraham--Two important things to talk about are that the District just took over the water company, and we have hired engineers to look at the water situation. The District will be looking at the entire facility plan, metering, etc. The current rate structure doesn't support the expenses. We are trying to ease into having the rates cover the costs. We are trying to balance the act of those who use pay. We want to get there as soon as possible.

Ron Edwards--The same meter would be used in billing for sewer and water.

President Ingraham--Excellent suggestion to poll the community. If that is what they want, we will move it up on priority.

Mary Vitolo--Who gets meters first?

Ron Edwards--That would have to be Board policy. I would suggest big commercial first as they are probably the biggest users. In addition, we would probably meter Westfork for base data, as many homes there are already metered.

Harry Meabon--There are two separate water systems, mountain and meadow.

Ron Edwards--This budget is relying on resort tax monies to do it.

Director Cronin--These are good questions for Neil Consultants to address.

Director Crowther--Neil Consultants was selected because of their water meter experience.

Mary Vitolo--A lot of this budget is hypothetical, like depreciation.

Ron Edwards--That is true, as we haven't got the values from the engineers. Knowing where the financials have been I suspect that the \$90,000 is somewhat inflated. We haven't taken over the tank on the mountain yet or the lines in Cascade, and these are just estimates.

Mary Vitolo--Are most of these costs overinflated?

Ron Edwards--No, the staff go over each item; spent year to date, estimates of year end expenses, and then present the budget to the Board. President Ingraham and Director Crowther, along with staff, went over the budget line by line. We don't go through and over estimate everything.

Mary Vitolo--I wondered what the process was and appreciate you going through that

Bill Dutton--The District is still experimenting with chemicals for the treatment plant, all the tweaking isn't done.

Ron Edwards--The District operator worked with engineers to get the plant costs.

Bill Dutton--The Montana Power bill increased substantially this past year.

Ron Edwards--And, on water, that is significant as you're always running the pumps.

Mary Vitolo--What are condo dues on budget?

Bill Dutton--They are association/condo dues on the unit K rented for office space for the District.

Ron Edwards--BSOA dues are also paid.

Nancy Mikeson--I commend the members of the Board and staff for donating their time.

Ron Edwards--The Board members can be paid, but they have elected not to be paid.

Mary Vitolo--It is just a one year budget. Will you consider increases every year?

President Ingraham--No. Sewer did not increase this year and water increases are minimal to deal with some of these issues. We are dealing with these issues as lightly as possible for a minimum impact to the community. We are committed to trying to give relief on the sewer side as things are fixed. Our depreciation may not be inflated once we get the study done. We are bringing the costs in line as quick as we can.

Bill Dutton--An operator fixed three leaks recently and saved 50,000 gallons of water a day.

President Ingraham--Mr. Meabon was previously on the Board and helped bring us in line for our sewer problems. Now we need to do as much as we can to make sure that we have adequate water for the community. The sewer bond pretty much took care of the interim plan. We still need to deal with expansion and will have to do another bond. Until we get the water engineering report, we won't know what we will need.

Ron Edwards--We have some of the history of water rates.

Bill Dutton--Rates in 1979 or 1980 were \$8 a month and they were applying for an increase. In 1982 they increased 50%, going to \$12 month.

Harry Meabon--It went to an SFE rate. The 1994 hearing was the last rate increase. Anybody with 1 SFE got a \$.05 cheaper rate than the flat rate.

Mary Vitolo--I have records from 1981 and will share the information.

There being no further comments, President Ingraham closed the public hearing.

#### **OTHER BUSINESS**

Resort Tax Request: Edwards distributed the letter he received from Mike Richards. A District representative needs to attend the July 1 Resort Tax District meeting to present our request for funds and to answer questions. The resort tax board restructuring will take about 30 days which will delay awards until August. Edwards recommended proceeding to adopt a budget and then amend it if necessary. Director Cronin recommended that the Board form a campaign and try to get support for this request. Directors will lobby people to get support.

The Board discussed the timing (August) of allocating resort tax funds and that it doesn't coincide with fiscal year budget planning for other organizations. Changing the District's budget year was mentioned, along with requesting the Resort Tax District to award funds in June for a July-June fiscal year.

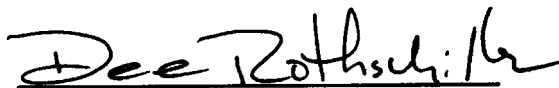
The Board supports doing a survey to show support for the water metering project. Possibly using a newsletter format to inform the owners of the budget and then do a survey on the support for metering.

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, June 16, 1998, at 7:00 am in the BSOA office.

#### **ADJOURNMENT**

*Director Crowther moved to adjourn the meeting at 5:30 pm.*



Dee Rothschild, Secretary

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

**Regular Meeting -- Tuesday, May 19, 1998, 7:00 am**  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 7:00 am on Tuesday, May 19, 1998, in the BSOA Conference Room. President Wendell Ingraham, Secretary Dee Rothschiller, and Directors Bill Neece, Jack Crowther, and Stewart Peacock (left at 8:30 am) were present. Directors Skip Radick and Packy Cronin were not present.

Others present were WSD staff Ron Edwards, Bill Dutton and Marlene Kennedy; Aaron Brock, new reporter for the Lone Peak Lookout; Westlands/Simkins representative Bill Simkins; and Boyne USA representative Brian Wheeler.

With no public comment, President Ingraham called the meeting to order at 7:10 am.

### **APPROVAL OF MINUTES**

*Director Rothschiller moved to approve the April 7, 1998, and the May 5, 1998, minutes as prepared. Director Crowther seconded the motion. Motion carried, 5 yeas votes to 0 no votes with President Ingraham voting.*

### **FINANCIAL REPORT**

April Financial Reports--Sewer Operations: Bill Dutton reviewed the balance sheet for sewer operations. Director Rothschiller asked the District to check with DA Davidson for interest rates. Edwards noted that the Big Sky Chapel obligation needs to be added to the balance sheet asset base. Dutton reviewed the budget report. President Ingraham reiterated his concern for the need to establish a cut-off limit for flagging categories that are over budget.

*Director Crowther moved to approve the unaudited April Sewer Operations Financial Reports as prepared for sewer operations. Director Peacock seconded the motion. Motion carried, 5 yeas votes to 0 no votes with President Ingraham voting.*

April Financial Reports--Water Operations: Dutton reviewed the April financial reports for water operations.

*Director Neece moved to approve the unaudited April Water Operations Financial Reports as prepared. Director Rothschiller seconded the motion. Motion carried, 5 yeas votes to 0 no votes with President Ingraham voting.*

### **AMEND AGENDA**

To accommodate Brian Wheeler, President Ingraham amended the agenda to address the LTCWP.

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

Brian Wheeler was present to discuss the snowmaking option letter. Big Sky Lumber keeps making proposals to Boyne which complicate Boyne's decision making for the area. BSL is interested in looking at what the District is proposing in regards to snowmaking. Their Goals are compatible with the District to find a long term solution for wastewater treatment and disposal. Boyne wants to eventually make snow on ski terrain. Outline of plan would include starting with a 50-acre tract setting a time period 5-10 years, pursuing other options for land disposal above. The first site proposed will not work due to Boyne's development plans. Wheeler also mentioned that there are two golf courses being discussed for the area, on the Simkins and McDougal land. Boyne also wants some assurance that capacity will be available for Boyne developments if they contribute land for the snowmaking project. Boyne will have comments on the option letter in writing by May 27.

### **FINANCIAL REPORTS**

1998/99 Draft Budget: Edwards and Dutton reviewed the revised 1998-99 draft budget. If the preliminary budget is adopted as proposed, water fees would increase 51% from \$7.95 to \$12.00 per SFE per month and sewer fees would stay at \$32.75 per SFE per month. This budget is dependent upon funding with resort tax monies. If the resort tax request is not funded, the proposed budget will have to be revised by shifting funding of specific items to the rate base. Resort tax funds may not be allocated in time for final adoption of the budget at the June 11 public hearing.

Sewer budget items discussed included: outfall line, sewer maintenance building, staff policy/procedure manual, safety manual, Big Sky study, and the facility plan. Water budget items discussed included: tools, pipe freezing unit, metal detector, and a valve servicing unit.

Staff are looking into other *health and business insurance* providers and getting estimates.

The issue of *office space* was discussed, noting that the current lease will expire in two years. \$5,000 was budgeted for use in addressing office space, possibly relocating with other entities into a community building. Board members appointed to a committee to work on this issue were: Bill Neece and Dee Rothschiller to represent the District and Jack Crowther to represent BSOA since Crowther is on BSOA's office space committee. Neece asked that BSOA and the District provide square footage requirements. This issue is to be on each monthly agenda.

The Board directed staff to work on acquiring a *storage/maintenance facility* building so that the treatment plant yard can be cleaned up. Edwards will talk to Todd Teegarden about funding a building with SRF funds.

The budget allocated a 5% increase for *staff salary*.

***Replacement of the Toyota truck*** was discussed. Staff are to get replacement proposals, looking into getting a deal that would include free maintenance. The Board estimated replacement to be around \$20,000. The old Toyota truck will be used for water operations and kept at the treatment plant.

The ***water operator position*** has not been filled. The individual from West Yellowstone declined the position, citing travel costs. Edwards will meet with Burroughs and Muscat to decide if the second person in line should be offered the job.

Edwards proposed that the District adopt a ***policy on water service*** that the District will provide for new construction. Most communities maintain the water main to and through the corp stop and then property owners are responsible for the rest of the line. Edwards will work on an ordinance for Board review and consideration.

Estimates are needed from Microcom for providing ***telemetry for the Aspen Groves water system, Blue Grouse pump house and Westfork tank***. If the District requires developers to provide telemetry, there will have to be tight specs to make it compatible.

***Stream sampling*** was proposed at quarterly intervals as compared to our current monthly practice. Edwards has talked with the lab to get a proposal.

With budget items discussed, an additional \$22,000 will be put into the proposed budget. The reduction of sampling may offset this cost.

Estimates for plant investment fees and hookups won't affect the budget as these funds go into a separate reserve account.

***Director Neece moved to approve going ahead with the health and safety manual as proposed by Margaret Cassidy, MSE-HKM. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ingraham voting.***

***Director Neece moved to approve the policy and procedure manual not to exceed \$2,000. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ingraham voting.***

## **OPERATOR'S REPORT**

Flows--Flow data is well below last year, possibly due to the decrease in snowpack run off and that the skier services is not pumping their groundwater into the lines like last year.

Shoshone--When the facility was shut down, there wasn't a foundation drain problem but the water usage was high. They are looking at ways to conserve water within the building.

Fire Hydrant--Work on repairing the fire hydrant in front the Shoshone will begin this week.

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

Resolution 98-01 (Second Reading): *Director Neece moved to accept the second reading of Resolution 98-01 to recognize the transfer of LMS to the District. Director Crowther seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ingraham voting.*

#### **IAWP REPORT**

Change Order: No change orders were submitted

Storage Pond Landscaping: Edwards distributed a sketch plan and cost estimate prepared by Carl Thueson. Most of the landscaping is in the right of way and the Department of Transportation has to approve the plan. Edwards will invite all interested parties to a meeting scheduled for May 26 at 10:00 am.

Irrigation: Edwards still needs permission to irrigate on Tract B-1 in the meadow. Edwards will find out what the programmed irrigation schedule is so that he can respond to individual concerns.

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

Status Report: HKM will submit the revised plan to DEQ by June 19. DEQ has responded that the District can only apply for one Discharge permit. Edwards recommended that since DEQ is allowing one point of discharge then it should be the Gallatin River. The HKM Bozeman office will be looking into property ownership and highway right of ways/easements to allow piping to the main river system.

#### **SEWER CONNECTION PERMITS**

Sewer connection permit applications reviewed were

Farmhouse Partners Agenda item withdrew as Farmhouse is waiting for state approval.

- 2 Waters, Cascade, Lot 292, Blk 4--Permit Period. Waters submitted a letter that basically asked for an open ended permit due to their special circumstances. The Board considered the request but did not approve an open ended permit. Edwards is to write a letter responding that the Board will consider approving a permit extension request at the year-end expiration of the permit on a annual bases.
- 3 Young, Meadow Village, Lot 17, Blk 2--remodel/no change in existing 2.15 SFEs, Fee \$0. Recommend approval with no board action required. Edwards said the



intent of the ordinance was to only charge a \$50 remodel fee if the SFEs were increased.

4. Hopple, Cascade, Lot 353, Blk 6--2.55 SFEs, Fee: \$750. Recommend approval conditional on architectural approval.
5. Shaw, Meadow Village, Lot 5, Blk 4--1.2 SFEs, Fee: \$750. Recommend approval conditional on architectural approval.

*Director Rothschiller moved to approve the sewer permit applications for Hopple and Shaw as submitted and fees as noted by District staff. Director Crowther seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ingraham voting.*

#### **LEGAL ISSUES**

Conflict of Interest Policy: Edwards asked that the Board review the draft policy provided and get to him with any changes. This policy will be completed with the others that Dick Larsen will be working on.

#### **OTHER BUSINESS**

1998 Resort Tax Request: Edward reported that there will be about 1.2 million available and there will only be about \$150,000 left after the standing commitments are funded. Edwards recommended submitting a scaled back application of about \$80,000 to \$100,000 for projects such as leak repair, back up generator, metering, etc. The Board recommended the request to be as follows: water metering--\$50,000; water facilities planning--\$39,568; water leak repair--\$70,000; back-up power generator--\$12,500 for a total of \$197,068. The submittal is to correspond to the changes as suggested by the Board, including that the funds can be moved from one category to another if needed.

Amendment to Ordinance 97-1002, Refund Policy (Third Reading): Board action was tabled as 5 Board members must be present to vote on ordinances.

DEQ Big Sky Study: Edwards reported on his meeting from last week to on the Big Sky Study. DEQ came unprepared as to what had been spent on the first phase, and no one was willing to step up. Moonlight is in for \$15,000 conditional on someone raising the other \$65,000 and the District is in for \$50,000. The study may die for a lack of funding. The District will pay for Mona Jamison's time in trying to work out a deal on this project.

Public Records--District Billing Database: Edwards distributed a legal opinion prepared by John Brown with the conclusion that records must be made available, but the District does not have to provide copies. A notice, prepared following Brown's legal opinion, is to be posted as to the policy/procedure the District will follow in regards to access to ownership records.

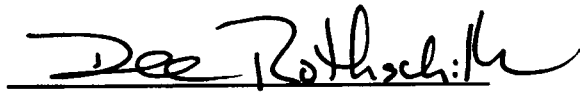
Fireworks Request: John Palmer provided a 1997 certificate of insurance. It did not include personal injury or property damage and it named the District as the insurer. President Ingraham and Director Crowther will work with Edwards to oversee that specific special events coverage is adequate. As long as there is adequate insurance coverage, the Board will allow District property to be used for the July 4 fireworks show.

**NEXT MEETING**

The public hearing on the proposed FY98-99 budget will be June 11. The next regular Board meeting is scheduled for Tuesday, June 16, 1998, at 7:00 am in the BSOA office.

**ADJOURNMENT**

*Director Crowther moved to adjourn the meeting at 10:52 am.*

A handwritten signature in cursive script, appearing to read "Dee Rothschild", is written over a horizontal line.

Dee Rothschilder, Secretary

## BIB SKY WATER & SEWER DISTRICT NO. 363

Special Meeting -- May 5, 1998, 3:00 pm  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting for 8:00 am on Tuesday, May 5, 1998 in the BSOA Conference Room. President Wendell Ingraham, Secretary Dee Rothschiller and Directors Jack Crowther and Stewart Peacock (left at 8:40 am) were present. Directors Bill Neece, Skip Radick and Packy Cronin were not present.

Others present were WSD staff Ron Edwards, Bill Dutton and Marlene Kennedy; and Westland/Simkins representative Bill Simkins.

With no public comment, President Ingraham called the meeting to order at 8:07 am.

### FINANCIAL REPORT

#### FY 1998-1999 Draft Water & Sewer Budget:

Bill Dutton briefly reviewed the draft FY 1998-1999 Budget. Sewer quarterly rates were projected with no increase, staying at \$98.25 per SFE. Water rates would increase 50.94%, going from \$23.85 to \$36.00 per SFE per quarter. The budget committee, Wendell Ingraham and Jack Crowther, will review the draft budget prior to the next board meeting.

### IAWP REPORT

Construction Progress Report: Edwards reported on the construction progress of the treatment plant, noting that golf course irrigation will start up this week. Last year's odor problem with irrigation water was discussed. With the new treatment process, the Board does not anticipate a problem this year. However, District staff are to be proactive to the situation--irrigating at night and using additional chemicals if necessary.

Change Order--Sludge Automation: Edwards requested the Board to approve a sludge automation change order.

*Director Rothschiller moved to approve a change order, not to exceed \$8,895, to automate the sludge process in the treatment plant. Director Crowther seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ingraham voting.*

Treatment Plant Tour: The Board recommended having an open house during the BSOA annual meeting on Friday, September 4 from 3:00-5:00 pm. The treatment plant could be viewed and District Board members would be available for introduction.

### FLOW REPORTS

Edwards reviewed the flow reports prepared by Grant Burroughs. I & I has started, but it is too early to determine the impact. In regards to Board inquiry about allocating additional SFEs, Ray Armstrong of MSE-HKM continues to recommend caution until peak flows can be determined.

The Shoshone does not appear to have a foundation drain problem. However, there was a large volume of water being used when the Shoshone was shut down last week. They will be looking at inside plumbing modifications to reduce the water usage.

Operator Jim Muscat is working on a water problem at the Silverbow Condominiums.

### **WATER OPERATIONS**

Water Facilities Plan: Neil Consultants has submitted a proposal for the water facilities plan for a lump sum not to exceed \$52,768 with out of pocket funds being \$6,800. Edwards requested Board approval and will have President Ingraham sign the proposal.

New Operator: Four applicants were interviewed for the third operator position. Per staff's choice, the job will be offered to West Yellowstone operator Mark Howell via letter.

Water Restrictions: The Board recommended that a meeting be scheduled with the Fire District to establish a policy for summer time water restrictions and then to notify the public of the restrictions.

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

Edwards reported that several meetings have been held regarding snowmaking and the Westlands/Simkins land.

Snowmaking: Boyne was sent a draft option letter noting two snowmaking sites. Site A-1 would be more cost effective as it would require less piping. The site will require soils work and approval from the DEQ. The long term compliance work plan must be amended if this site is used. If all works well, the pond construction could possibly begin this year. with snowmaking and the storage, about 2,000 SFEs would be gained.

Simkins/Westland Land: The meeting with Simkins went well. Bill Simkins noted that their intentions are to transfer the 10-acres to the District--all they need is an access through BSOA. The perceived traffic problem on Little Coyote seems to be the hold up and that is why they are proceeding with getting proposals to do the traffic study. Simkins estimated costs at \$5,000-\$10,000. BSOA will apply for resort tax money for their portion of the cost of the study. Simkins are trying to get the assessed values of all the properties involved to put together a package for all parties to review.

Simkins/Sagebrush Flats: Simkins has submitted the Section 1 PUD concurrency. Edwards needs to respond to Gallatin County on how the PUD will impact the area in regards to water and sewer. The well Simkins is working on will be a big factor in the District's response in regards to meeting water needs. Edwards needs to know the production rates and whether it is potable. Simkins will provide the preliminary well test results to the District. Simkins reported that they will start building the road in the next week with water and sewer lines to follow. The District needs to review and comment on the plans before

construction on the lines begin. Simkins will check with their engineers (MSE-HKM in Bozeman) on the status of the water and sewer plans and get a copy to the District for review.

#### **ADDITIONAL SFES**

The Board directed Edwards to work with staff and engineers to come up with a plan for allocating additional SFES. Edwards would like the snowmaking agreement signed before working with the engineers to release more capacity. More recovered capacity may be available through repair and replacement of the outfall line. Allocating additional SFES will be on the agenda for the next regular meeting, scheduled for May 19.

#### **SEWER CONNECTION PERMITS**

The eight sewer connection permit applications reviewed by the Board were:

- Snowy River Company, Westfork Meadows, Lot 2, Blk 4 -- 1.4 SFES, Fees: \$750. Edwards recommended approval conditional on architectural approval.
- 2. Group Seven/Gray Wolf, Westfork Meadows, Lot 5A, Blk 5 -- 6.4 SFES, Fees: \$2,000. Edwards recommended approval conditional on architectural approval.
- 3. Olson, Cascade, Lot 260, Blk 3 -- 1.2 SFES, Fees: \$4,950. Edwards recommended approval conditional on architectural approval.
- 4. Adams/Falcon, Cascade, Lot 341, Blk 6 -- 2.35 SFES, Fees: \$750. Edwards recommended approval conditional on architectural approval.
- 5. Danhof, Sweetgrass Hills, Lot 9, Blk 1 -- 1.2 SFES, Fees: \$750. Edwards recommended approval conditional on architectural approval.
- 6. Buchli, Meadow Village, Glacier #127 -- .35 SFES (hot tub), Fees: none. Edwards recommend approval. The Board discussed whether or not BSAC approval was necessary for portable hot tubs. Director Rothschiller noted that BSAC review and approval was not required.
- 7. Halligan, Aspen Groves, Lot 7, Blk A -- 1.4 SFES, Fees: \$5,650. Edwards recommended approval conditional on architectural approval.
- 8. Henley, Aspen Groves, Lot 4, Blk B -- 1.8 SFES, Fees: \$7,050. Edwards recommended approval conditional on architectural approval.

The Board discussed the conditional approval process and whether or not to continue providing conditional approval if architectural review and approval has not been received. The Board directed staff to do an analysis of the review and approval process and to make

a recommendation to the Board. Conditional approval letters will state the one year effective period of the permit.

*Director Peacock moved to approve Buchli's application, providing no architectural review is necessary. Director Rothschiller seconded the motion. Motion passed, 4 yeas to 0 no votes with President Ingraham voting.*

*Director Crowther moved to conditionally approve the sewer permit applications for Snowy River Company, Group Seven, Olson, Adams/Falcon, Danhof, Halligan and Henley as submitted and with fees as noted by District staff. Director Peacock seconded the motion. With President Ingraham voting, the motion passed with 3 yeas votes and 1 no vote which was cast by Director Rothschiller.*

#### **WSD RESORT TAX APPLICATION**

Edwards distributed a draft 1998 resort tax proposal for a total request of \$270,198 for metering, water facility planning, and water leak repairs. This request will be over and above the \$500,000 the District will already get for sewer. Edwards will redraft the proposal and send out a copy to the board next week.

#### **OTHER BUSINESS**

Outfall Line: Allied Engineering has submitted a complete contract proposal not to exceed \$150,000 with the initial design work at \$66,868 and other work itemized. As requested by Edwards, President Ingraham will sign the contract today.

Landscaping: A letter of agreement has been signed with Carl Thueson to do the design work. A meeting will be scheduled with all the potential funding entities.

Meeting Schedule: Director Peacock asked that meetings be scheduled earlier, possibly at 7:00 am, if the board continues to have morning meetings.

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, May 19, 1998, at 7:00 am in the BSOA office.

#### **ADJOURNMENT**

*Director Rothschiller moved to adjourn the meeting at 10:00 am.*



Dee Rothschiller, Secretary

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

Acceptance of Monthly Financial Statements

Date 5/19/1998

The Board of Directors at its 5/19/1998 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

SEWER OPERATIONS

Statement of Condition as of	4/30/98
Assets:	<u>\$ 10,903,119</u>
Liabilities	<u>\$ 5,680,599</u>
Equity	<u>\$ 5,222,520</u>

2 Income Statement as of	4/30/98
Total Revenues	<u>\$ 205,767</u>
Total Expenses	<u>\$ 61,125</u>
Net Revenues	<u>\$ 144,642</u>

Wendell Ingraham  
Wendell Ingraham, President

WATER OPERATIONS

Statement of Condition as of	4/30/98
Assets:	<u>\$ 764,967</u>
Liabilities	<u>\$ 130,840</u>
Equity	<u>\$ 634,127</u>

2 Income Statement as of	4/30/98
Total Revenues	<u>\$ 18,798</u>
Total Expenses	<u>\$ 22,004</u>
Net Revenues	<u>\$ (3,206)</u>

5-19-98  
Date Signed

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

**Regular Meeting -- April 7, 1998, 8:00 am**  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 8:00 am on Tuesday, April 7, 1998, in the BSOA Conference Room. President Wendell Ingraham, Secretary Dee Rothschiller, and Directors Bill Neece, Jack Crowther, Skip Radick, Packy Cronin and Stewart Peacock (left at 8:43 am) were present.

Others present were WSD staff Ron Edwards, Bill Dutton, Jim Muscat and Marlene Kennedy; MSE-HKM representative Jim Braley; Farmhouse Partners representative Dab Dabney, Cook's representative Justin Buchanan from Fluidyne; and Westlands representative Bill Simkins.

With no public comment, President Ingraham called the meeting to order at 8:13 pm.

Director Peacock suggested that the Board meetings be scheduled at a different time, possibly after 5:00, due to his store hours.

### **APPROVAL OF MINUTES**

*Director Crowther moved to approve the March 23, 1998, minutes as prepared. Director Rothschiller seconded the motion. Motion carried, 7 yea votes to 0 no votes with President Ingraham voting.*

*Director Neece moved to approve the March 24, 1998, minutes as prepared. Director Rothschiller seconded the motion. Motion carried, 7 yea votes to 0 no votes with President Ingraham voting.*

### **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. Farmhouse Partners, Cascade, Lot 5F, Blk 1 (Phase II)--13.30 SFEs & Deferment Request: Edwards reviewed the Board's discussion from the March 24 meeting on Farmhouse's request for fee deferment and noted that the original request was withdrawn at that meeting. The new request is to defer 27% of the fees over 10 years. Dabney reported that the State Board of Housing meets on April 17 and an important part of his application would be to include a letter saying the District supports the project through deferment. Dabney will have his plans ready to go to the State in about 2 weeks. The state then has 60 days to review the plans. Dabney stated he is willing to bargain on the SFEs, but needs the deferment. Dabney has committed to keep the project under restricted rent for 31 years whether he owns them or not--this is part of his deal with Boyne. The Board discussed the request at length and then voted to support the project.



*Director Neece moved to accept the \$25,000 deferment proposal from Farmhouse Partners for Phase II as presented (\$25,000 deferment over 10 years per the schedule submitted with the letter of March 30, 1998). Director Rothschiller seconded the motion. Motion passed, 5 yea votes to 2 no votes with President Ingraham voting.*

2. Cook, Tract 2, COS 1701--2.95 SFES: Justin Buchanan of Fluidyne reported that he has received a letter of approval from Mr. Gerrard. Mr. Schapp from Lone Mountain Ranch (LMR) has some concerns about the quality of the original existing lines and Fluidyne is proposing to upgrade some of the sewer lines that go through LMR, increasing the size on a couple of laterals. The septic tank will be retained to keep the solids out of the line and to reduce peaking. Buchanan requested the Board to accept Cook's proposal to tie into the Gerrard lateral. Edwards commented that the District will need to look at the extensions and even Cooks approximate 150' lateral. The line will not have to be videod. The District will not take responsibility for the line, it will be considered as a private lateral. Edwards recommended approval conditional on receiving the following: 1) a letter confirming flows through LMR, 2) a letter of agreement with LMR and Cook as to when the lines will be upgraded, and 3) a letter of approval from Mr. Gerrard.

Edwards would like the upgrades in the LMR lines done before Cook ties into the lateral. Buchanan doesn't think Cook can make it through the summer since his drainfield has failed. Edwards wanted assurance that the work will be done. Buchanan plans to start construction in the fall. Buchanan will submit a letter to the District saying the lines are currently adequately sized and can handle the additional flow from Cook's residence.

*Director Radick moved to conditionally approve Cook's application based on the three contingencies (flows and letters from Gerrard and Schapp/LMS) being completed. Director Cronin seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Ingraham voting.*

3. The Pines, Tract A, COWS 1605--5.60 SFES, Fees: \$20,600. No action recommended, waiting for State approval.
4. Summit Hotel, Mt Village--214.65 SFES, Fees: \$967,425. No action recommended, Nick Salmon reported that the Summit is waiting for State approval. Edwards has met with Brian Wheeler and Boyne will probably come in for 200 SFES.
5. Anderson, Sweetgrass Hills, Lot 34, Blk 4--2.15 SFES, Fees: \$750. Recommend approval.
6. Johnson, Southfork, Lot 21--1.8 SFES, Fees: \$7,050. Recommend approval.
7. Gerrard, Section 26, COS 994B--1.0 SFES, Fees: \$3,550. Recommend approval.

8. Snowy River, Aspen Groves, Lot 14--1.6 SFEs, Fees: \$6,350. Recommend approval conditional on architectural approval.
9. McCord, Sweetgrass Hills, Lot 1, Blk 1--2.55 SFEs, Fees: \$750. Recommend approval conditional on architectural approval.
10. Hart, Meadow Village, Lot 46, Blk 5--2.75 SFEs, Fees: \$750. Recommend approval conditional on architectural approval.
11. Heil, Cascade, Lot 255E, Blk 5--1.4 SFEs, Fees: \$10,550. Recommend approval conditional on architectural approval.
12. Sheridan, Meadow Village, Lot 7, Blk 3--2.4 SFEs, Fees: \$750. Recommend approval conditional on architectural approval.
13. Sujansky, Sweetgrass Hills, Lot 27, Blk 3--2.4 SFEs, Fees: \$750. Recommend approval conditional on architectural approval.
14. Stoner, Aspen Groves, Lot 24, Blk A--2.15 SFEs, Fees: \$8,275. Recommend approval conditional on architectural approval.
15. Beaverhead Condos, Mtn Village--8.2 SFEs, Fees: \$58,400. Recommend approval conditional on architectural approval.
16. Mish/LaHaie, MV Looking Glass, Lot 59--1.6 SFEs, Fees: \$6,350. Recommend approval conditional on approval.

The Board discussed impact fees noting the Board may readdress the issue and modify the ordinance. For the record, the Board acknowledged that Director Cronin objected to the impact fee being charged applications from Southfork.

Responding to questions about why the District conditionally approves applications, Edwards explained that, historically, conditional approval has been given to applications that for instance still need architectural review and approval. The fees must be paid within 30 days of the letter of conditional approval, but a permit will not be issued until all conditions are met. The requirement of "buildable blueprint" as noted on the application was discussed. The Board asked that more clarification be provided by staff and that the Board will address the issue later. Director Radick believes the District's responsibility is to only review plans for billable SFEs, not to interpret "buildable blueprint" or monitor approvals from other entities. Edwards noted that District practice to conditionally approve applications seems to work.

*Director Neece moved to approve or conditionally approve the noted sewer permit applications as submitted and fees as noted by District staff. Director Rothschiller seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Ingraham voting.*

Wastewater Capacity: Edwards presented the following options to the Board that would recover or expand capacity: outfall line replacement, Shoshone repair, purchase 10 acres of land from Westlands, snowmaking & pond at the mountain location, driving range storage pond, spur road storage pond, condemn Westland's land below the existing storage ponds, and condemn Westland's land plus the BSOA access.

Edwards recommended that the Board make an offer to purchase the 10 acres of land from Westlands. Edwards also recommended to proceed with the snowmaking site as Boyne is willing to provide 50 acres for snowmaking. The snowmaking's storage pond site would provide for 12.5 million gallons of winter storage. Edwards recommended that Summit's permit application be approved conditionally upon getting the 50 acres of snowmaking land from Boyne.

The Board discussed repairing the entire outfall line in a year. Engineering estimates will be reviewed and financing options will need to be discussed.

*Director Crowther moved to adopt the managers' recommendation #3a, to develop the mountain storage this summer and proceed with snowmaking. Director Radick seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting. Directors Rothschiller and Peacock were not present.*

*Director Neece moved to make an offer on Westlands land based on fair market value. If the offer is not accepted, this storage pond option will be dropped for the District's options to increase capacity. Director Cronin seconded the motion. Motion passed, 5 yea to 0 no votes with President Ingraham voting.*

## **FINANCIAL REPORT**

Financial Reports--Sewer Operations: Dutton reviewed the sewer operations financial reports and distributed the new quarterly statement. Boyne's annual payment has been received. Account 1800, Farmhouse, has a \$10,000 payment due in 4 months after build out of Phase I. Next fiscal year the financials for G&A costs will be split between water and sewer operations.

The Blue Grouse well invoice for about \$130,000 will be paid using money from the sewer operations to pay for this water operations expense. The Board will discuss the booking of this expense at a later date.

President Ingraham and Director Crowther volunteered as a committee to work with Edwards and Dutton to prepare a draft budget for next fiscal year.

*Director Radick moved the approved the unaudited sewer financial reports as prepared. Director Crowther seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.*

Financial Reports--Water Operations: Dutton reviewed the water operations financial reports and answered questions from the Board noting that the new budget format will be used next year.

*Director Crowther moved to approve the unaudited water financial reports as prepared. Director Cronin seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ingraham voting.*

Dutton noted that, in the past, the bank account statements had been reviewed by past board members Ogle and Meabon and requested that a board member volunteer to continue the reviews. Director Crowther and President Ingraham will alternate the reviews.

The Board discussed that the financial officer should be proactive and make recommendations for Board consideration as to the best banking options available to the District.

Water Billing to Vacant Lots: The District should bill all vacant lots .5 SFE for water and .5 SFE for sewer (per Ordinance 97-1002). Edwards asked the Board whether an exception should continue to be applied to Pinewood and Looking Glass lots. Also, as the rates increase, Edwards asked that the Board consider if this equitable.

*Director Radick moved that Pinewood and Looking Glass should be billed at a .5 SFE for water and sewer for vacant lots effective the date of the new ordinance. A letter of explanation of the billing stating the credit and backbilling from the beginning of the ordinance must be included with the refund. Director Crowther seconded the motion. Motion passed, 5 yea votes to 0 no votes.*

Water Billing for Condo Tracts: In regards to an inquiry about billing tract water charges, the Board agreed that condo associations could have the district split tract water charges and have the charges billed separately to individual unit owners.

Refund Policy--Second Reading: *Director Neece moved to accept the second reading of the refund policy, amending Ordinance 97-1002. Director Crowther seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.*

Edwards will check with legal counsel as to whether a public hearing notice is required. Director Neece requested that third readings of resolutions and ordinances be published. The Board asked that staff make an attempt to have the local newspapers print the agenda as a public service at no charge.

## **OPERATOR'S REPORT**

### Sewer Operations:

Outfall Line Engineering--A letter has been sent to Allied, Edwards has not received a contract.

Shoshone--Muscat has begun identifying the access points, however, work cannot begin until the facility shuts down for the season. District responsibility will be to try to identify where the source of inflow and give Boyne a window of opportunity to fix it. Edwards has talked to Brian Wheeler via phone on this subject. The Board directed Edwards to write a letter to identify the situation, stating the urgency of fixing the problem, the consequences of not fixing the problem, and include where the District's responsibility begins and ends. The letter will state that Muscat's time and expertise will be the District's contribution, all other expenses will be Boyne's responsibility.

Edwards recommended that the board revisit the policy/practice on responsibility of repair costs of an underdrain system.

Flow Monitoring--Edwards reported that the golf course can be irrigated the first of May, weather permitting.

### Water Operations:

Gerrard--The Gerrard letter was reviewed and approved by legal counsel. Edwards has signed the letter of agreement.

Silverbow Condos--Two water line breaks have been located at Silverbow Condos. The Association has been notified in writing of the problems and have been given the deadline of July 1 to repair the leaks. The District will turn the water off to these units if the problem is not fixed by the deadline.

Water Line Break--Muscat reported a water break occurred at HV tank 2, a tank that has been shut down for two years. The telemetry showed a big jump in usage about eight days ago. The problem has been fixed.

Neil Consultants--submitted a contract for about \$57,000. Edwards believes the project should be around \$40,000 and will work with Neil Consultants to finalize the contract and cost. Director Radick would rather find the money than eliminate the original scope of the

project. Edwards would consider eliminating the study on backup power.

Water Operator--The district will be interviewing four applicants the week of April 13. The Board recommended that the new operator work at identifying water leaks and setting up timeframes for metering.

Water System Transfer/Resolution 98-01 (first reading)--Edwards reviewed the draft highlights of Resolution 98-01 that formally recognizes the transfer of Lone Mountain Springs Water Company to the District. The District will eventually have to deal with preparing documents to designate the water service area, i.e. Grizzly Flats.

*Director Radick moved to accept the first reading of Resolution 98-01. Director Neece seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.*

#### **IAWP REPORT**

Edwards summarized the situation with the filter failure during the start up of the filter treatment. Edwards said that the backwash water quality was the main reason for the failure. It could have been remedied if the instructions to District staff would have been more specific. The Board recommended adequate staff training and safety be provided to prevent this or potential injuries from occurring. Ray Armstrong and US Filter will be providing operator training in the lab and the treatment plant this Thursday and Friday.

In regards to who pays for the failure, the underdrain package from US filter is being offered for substantially less if purchased now, but essentially the District will incur a repair cost near \$20,000. The District will voice their displeasure based on US filters experience and the District's lack of experience. The letter will say that the District will pay \$16,000 and the \$3,000 for the inspection should not be charged to the District.

*Director Radick moved to approve a change order to replace the failed filters which occurred during start up. The change order is not to exceed \$20,000 for replacement and installation of the filters and will include a letter voicing displeasure and asking that US Filter, in the spirit of fairness, bear the cost of the extra days for their inspection. Director Crowther seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.*

Catwalk Lighting & Catwalk for the Third Filter: *Director Crowther moved to authorize Edwards to spend up to \$15,276 for the catwalk. Director Neece seconded the motion. Motion passed, 5 yea to 0 no votes with President Ingraham voting.*

Landscaping: Edwards received a proposal from Carl Thuesen with conceptional design of the pond landscaping coming in at \$3,500--this would require an amendment to the MSE-

HKM contract. Director Radick believes that approval needs to come from all those that agreed to cost sharing, contributing equally. The Board directed Edwards to contact the parties asking for their participation at this point.

*Director Radick moved to approve spending the \$3,500 at the same time as processing the 1/3 billing to Boyne and Moonlight. Director Crowther seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.*

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

Edwards reported the District is waiting for a discharge permit. For snowmaking, the monitoring plan has been submitted to DEQ. Once the permits are issued, the District should be ready to go to public hearing.

Snowmaking: The district has requested Boyne to consider providing a letter of intent to dedicate approximately 50 acres of land for this snowmaking project.

#### **NEXT MEETING**

The Board discussed Director Peacock's request to schedule meetings after 5:00 pm. Board consensus was that early meetings worked better for the majority of board members. Future meetings will try to be scheduled at 8:00 am. A special board meeting may need to be scheduled at the end of April for permitting. A full board regular meeting will be scheduled in May to accommodate as many members personal schedules as possible.

#### **ADJOURNMENT**

*Director Neece moved to adjourn the meeting at 12:27 pm.*

A handwritten signature in black ink, appearing to read "Dee Rothschild", with a horizontal line drawn underneath the signature.

Dee Rothschild, Secretary

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

Acceptance of Monthly Financial Statements

Date **07-Apr-98**

The Board of Directors at its 4/7/98 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

SEWER OPERATIONS

Statement of Condition as of 3/31/98

Assets:	<u>\$ 10,583,632</u>
Liabilities	<u>\$ 5,519,599</u>
Equity	<u>\$ 5,064,033</u>

2 Income Statement as of 3/31/98

Total Revenues	<u>\$ 83,042</u>
Total Expenses	<u>\$ 58,815</u>
Net Revenue	<u>\$ 24,227</u>

Wendell Ingraham  
Wendell Ingraham, President

WATER OPERATIONS

Statement of Condition as of 3/31/98

Assets:	<u>\$ 793,530</u>
Liabilities	<u>\$ 157,620</u>
Equity	<u>\$ 635,911</u>

2 Income Statement as of 3/31/98

Total Revenues	<u>\$ 18,000</u>
Total Expenses	<u>\$ 17,786</u>
Net Revenue	<u>\$ 214</u>

4-7-98  
Date Signed



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

### **Joint Meeting with BSOA Board & Regular District Board Meeting**

March 24, 1998, 8:00 am

BSOA Conference Room

In addition to their regular monthly meeting, the Big Sky County Water & Sewer District No. 363 scheduled a joint meeting with the BSOA Board of Directors to discuss the Westlands Storage Pond Land on Tuesday, March 24, at 8:00 am. Individuals in attendance: WSD members--President Wendell Ingraham and Directors Dee Rothschilder, Bill Neece, Skip Radick, Jack Crowther, and Packy Cronin. WSD staff--Ron Edwards, Marlene Kennedy, Bill Dutton, Jim Muscat and Grant Burroughs. MSE-HKM representative--Jim Braley. BSOA representatives--Chairman Steve Barrett and Directors Bill Mellen, Kevin Frederick, Lisa Knorr, Bob Kester, Taylor Middleton, Mary Wheeler, Becky Pape and Neil Lynch and Executive Administrator Russ DeRemer. Westlands representative--Brian Gallik of Goetz, Madler & Dunn. Lone Peak Lookout writer Scottie Fletcher. General public--Wayne Hill, Marilyn Hill and Pat Collins. District Director Stewart Peacock was not present.

With no public comment President Ingraham called the joint meeting to order at 8:14 am after which all board members introduced themselves. Ron Edwards discussed the purpose of the joint meeting--renegotiating with Westlands for the 10 acres of lands below the ponds--and provided a history of the negotiations. Edwards noted the urgency in that there is not sufficient wastewater storage capacity to keep pace with projected growth and the easiest and least expensive option would be to build another storage pond below the existing ponds as all the piping infrastructure is there. The proposed pond on Westlands land, which was a part of the interim plan, would add an additional 20 million gallons of storage. The 200 SFES released when the moratorium was initially lifted in July 1996, have been permitted. Now, MSE-HKM Engineering has recommended releasing only an additional 200 SFES. Applications now in place, if approved as applied for, extend beyond the additional 200 SFES and that is why the District has its back to the wall on issuing permits. President Ingraham stated that there is no more capacity to issue permits without having this land transfer happen, providing for additional wastewater storage. To facilitate the land transfer, the WSD Board needs to know by May, from the BSOA Board, if the easement is going to happen.

The WSD Board members responded to inquiries such as: How long is the additional storage going to last? What are the long term plans--this additional 20 million gallons will only provide another year. How comfortable is the District with the flow measurements? What amount of I&I is being treated? Can the District make a proposal to purchase the land? How did the BSOA get dragged into this deal? Why is there now a sense of urgency? Is the road easement being held hostage? What is BSOA getting from this? Can a pond be constructed at alternate locations like Sagebrush Flats or the driving range? Are there alternate entrances available to Simkins on the Spur Road? Will the district fund the traffic study? Why does there have to be an easement through the park? Has the District considered eminent domain? Have any discounts been offered for the land? Can the

District negotiate using the parcel in Sagebrush Flats? Has the District thought about using eminent domain power to acquire the storage pond land and additional Westland land to put more ponds in the same area.

After much discussion, Edwards requested that BSOA provide an answer of what they can do as it is an urgency and permitting needs to be dealt with. In addition, it has been over a year since the BSOA was approached about the easement.

Citing issues such as safety in the park and on Little Coyote Road, lack of funds for a traffic study, not being able to sell the idea to their meadow village owners, the District's timelines, and Westlands' letter of March 4 making a deadline undefined, the BSOA Board felt they were being put in an awkward spot to have to make a decision in such a hurry.

Edwards said the WSD Board would look at traffic study funding if numbers/estimates were provided. Russ DeRemer noted that Westlands has offered to share this cost.

With there being no further comment and no decisions made, President Ingraham adjourned the joint meeting at 9:15 am.

The WSD Board reconvened at 9:30 am to continue the discussion and prioritize the District's options on the Westlands lands. Others present at the regular meeting included: MSE-HKM representatives Robert Seaman, Ray Armstrong and Farmhouse Partners representative Dab Dabney.

The Board discussed the following prioritized options:

- Purchase the 10 acres from Westlands and provide easement access in year 2002 to Sagebrush Flats or limit the number of SFEs.
2. Build a pond on the 12 acres next to the Spur Road in Sagebrush Flats.
3. Swap the 12 acre Sagebrush Flats land for the 10 acres from Westlands.
4. Proceed with takings on the 10 acres.

Ray Armstrong didn't think there would be any problems in developing the 12 acres in Sagebrush Flats into a storage pond. Armstrong estimated capacity at 20 million gallons with a 5 foot depth and using the square foot area. 20 million gallons provides 660 SFEs.

The Board delayed any action until research has been done on the storage capacity of Sagebrush Flats land and the legal interpretation on limiting SFEs.

The Board directed Edwards to contact Mike Wheat to receive legal interpretations of limiting SFEs and timelines of using eminent domain. Ray Armstrong was asked to provide engineering logistics on using Sagebrush Flats in regards to capacity, cost, etc.

Armstrong said they could do a quick estimate using the COS. Armstrong is to provide the information prior to the April Board meeting.

#### **APPROVAL OF MINUTES**

*Director Cronin moved to approve the February 17, 1998, minutes as prepared. Director Neece seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ingraham voting.* Director Rothschiller was not present for this motion.

#### **FINANCIAL REPORT**

##### February Financial Reports--Sewer & Water Operations:

Dutton reviewed the financial reports noting that accounts 1400-1410, plant investment fees, are in a money market account at American Bank. Dutton reported that there is nothing significant, neither favorable or unfavorable, on the financials. Dutton is now accruing user fees on a monthly fees.

*Director Neece moved to approve the unaudited February Financial Reports as prepared. Director Radick seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ingraham voting.*

##### Reallocated Money for Water Quality Study:

Edwards reviewed the proposed reallocation in the budget outlined in his managers report. Edwards proposed the reallocation of \$36,710 from account 6440, interest expense MOU; and \$13,290 from account 6310, legal fees; for a total of \$50,000. The Board discussed the reasons for funding the study. Armstrong noted that without this study the DEQ would have probably required a full EIS. Ingraham noted that the past District Board made a commitment to help fund this study and the District is working as a team with DEQ.

*Director Crowther moved to approve the manager's recommendation to reallocate the \$50,000 to fund the DEQ Water Quality Study. Director Radick seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.* For a clarification to the motion, this money is not to be spent on duplicating a water study to be done by Neil Consultants.

#### **AMEND/MODIFY AGENDA:**

*Director Cronin moved to modify the agenda to address Farmhouse Partners' sewer connection permit (X. E.) and First Place/Curley Shea letter (XII. A.). Director Neece seconded the motion. Motion passed, 5 yea votes 0 no votes with President Ingraham voting.*

##### Farmhouse Partners:

Edwards reviewed the request from Dab Dabney for a deferral of \$25,000 in the sewer connection charges. Dabney said water and sewer extensions have been approved and the

laterals are in place. DEQ has approved the parcel for a total of 36 units. Dabney reviewed the history of his request, noting that the financial institution is charging a higher interest rate for this second phase. He doesn't need as much financial help on this second phase, but he does need the deferral to make the project financeable. Dabney needs the District to give an affirmative response on the terms of the deferral -- pay all but \$25,000 at commencement of construction and interest based on phase one agreement. The Board discussed the request considering the position the Board is in with the limited SFE capacity and trying to be sensitive to the needs of the community. Dabney said he has no where else to go for assistance and is even more concerned about the SFEs he has requested. If Dabney receives Board of Housing approval and doesn't build, he will probably never be able to build the affordable housing project phase II. Dabney said he may have to scrap the project this year if he doesn't get the SFEs. Dabney appears before the Board of Housing on April 7. It is a one shot deal--if SFEs are not available by this summer he has to cancel the sewer application. Director Neece suggested that Dabney come back to the Board with a different proposal. Director Rothschiller urged the Board to work with Dabney in whatever way it can.

The Board will allocate SFEs on a first come, first serve basis with a complete application. Edwards noted that the Board has conditionally approved SFEs when it comes to BSOA architectural approval. Dabney withdrew his request for the deferral and will submit a letter to that effect.

Director Neece asked that some decisions, i.e. sewer connection requests, be delayed until near the end of meetings so that the board has had time to be digest the requests with the other information to be presented during the meeting.

#### First Place/Curley Shea:

Edwards provided a quick overview on the land swap proposed in the letter from Curley Shea. Edwards recommended that the Board know how much land Shea has to swap and an appraisal be done before any decisions are made. An option short of trade would be for Shea to lease it for parking, etc. Shea's intention is to keep a view shed for the First Place dining room. Shea asked if he could do a land trade, purchase, anything. In regards to questions on the status of the Meadow Village PUD, Shea responded that Jerry Scott is in charge of it now and he has received signatures from all MV center land owners saying there is a commitment to develop the MV center into a PUD. The Board will consider Shea's idea after he and Edwards work on a preliminary plan with basic sketches.

### **OPERATOR'S REPORT**

#### **Sewer Operations:**

Outfall Sewer Line Engineering Proposals: Edwards recommended hiring Allied Engineering. *Director Crowther motioned to contract with Allied Engineering for engineering on the outfall line. Director Cronin seconded the motion. The Board*

*discussed the possible problem of contracting with Allied Engineering as Terry Threlkeld has not been supportive of the District or District board members in the past. Motion passed, 5 yea votes to 1 no vote with President Ingraham voting.*

LMR Main Break: Edwards reported on a main break that occurred when a 3 Rivers Telephone subcontractor plowed through a sewer line. The Board requested that Three Rivers Telephone be apprised of the situation. Staff reported that 3 Rivers is very sympathetic to the situation. 3 Rivers will be billed for the cost of the repair.

Flow Monitoring Report: Burroughs reviewed the wastewater flows provided in the Board packet. Responding to questions on accuracy of the measuring devices, Ray Armstrong believes that the OCM III equipment is more accurate. Edwards reported that the OCM II is going to be repaired and the staff will get side by side readings with the OCM III to see if there are problems with the readings. Burroughs reported that spread sheet data and early morning monitoring prove that there is an I&I problem, with the major flows coming from the outfall line. It appears that the lines that feed out of the Shoshone and Huntley Lodge have I&I, 20-30 gpm. Working on this will be a major project, possible cutting concrete under the building.

*Director Cronin moved to authorize Edwards to write a letter to Boyne with as strong of language as possible to fix the I&I problem immediately. Director Crowther seconded the motion. After Board discussion on the ordinance covering the enforcement of this issue, Director Cronin withdrew his motion and Director Crowther withdrew his second.*

The Board directed Edwards to notify Boyne that the problem needs to be fixed within 30 days and Boyne will be surcharged for the flow as provided in the ordinance. The letter must create a sense of urgency.

Burroughs said good flow measurements need to be taken and then action can be taken.

Storage Ponds: Edwards reported on the capacity of the ponds, using free board. Armstrong said the District should be prepared to irrigate the horse pasture before going into the three feet of free board. It was noted that even with irrigation on the horse pasture, the amount coming in will not be irrigated. Tract B1 and Tract 8 to are also available to irrigate if needed. There is an emergency plan in the C&H O&M Manual using an overflow pipe that goes through the embankment of the pond.

#### **Water Operations:**

Access Agreement to Sweetgrass Hills Tank: Edwards reviewed the letter of agreement from Tom Gerrard, commenting that he didn't see a problem with it. The Board asked that Edwards have legal counsel review the agreement.

*Director Radick moved to authorize Edwards to sign the agreement after legal counsel review. Director Neece seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.*

Water Facilities Planning: Edwards reported that the selection committee recommended Neil Consultants as the engineering firm to do the water facilities plan. Edwards received a draft contract from Neil Consultants yesterday. Edwards is looking at the contract to be in final draft within a week.

Applications for Operators Position: Edwards received 6 applications in response to the job advertisement for an operator. Four applicants will be interviewed.

### **WATER SYSTEM TRANSFER**

Edwards will work with Mona Jamison to get a final transfer document prepared for Board review and approval.

### **IAWP REPORT**

Treatment Plant: Edwards reviewed the problems that occurred in start up. Ray Armstrong discussed the corrective action plan to deal with the failure of the anchoring system and answered questions from Board members. Armstrong noted that a new underdrain system is six weeks out, so parts from filter 3 will be used in filter 2. Filter 1 is planned for start up next Monday, with possibly two filters starting up. To help prevent this failure from happening again, MSE-HKM is asking that the anchor system be beefed up, but this is no guarantee it won't happen again. There needs to be a differential switch installed (\$5,000 to \$6,000 for 3 switches) to prevent this. The Board will approve a change order once Armstrong provides a cost. Armstrong guaranteed that Williams Brothers will be coming back to the District for additional money. The Board wanted to know who pays for the system failure. It was noted that everyone is pointing a finger. The Board acknowledged that the District needs to keep the work going and that system failure costs will be figured out later.

Landscaping: Carl Thuesen has been contacted by MSE-HKM and Armstrong has a proposal from Thuesen at \$10,500 plus inspection at \$3,500. Armstrong and Edwards will review the proposal.

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

State Submittal: Armstrong updated the Board on the status of the LTCWP. MSE-HKM is also about ready to submit a discharge application to the State to be used as an emergency plan. Director Cronin suggested running a pipe to the Westfork for discharge. Mona Jamison has recommended that the discharge permit request hearing not be combined with the LTCWP hearing.

Snowmaking: Armstrong reported on the snowmaking proposal, noting that they have received a favorable response from the State. The proposal is for discharging on a daily basis. A draft letter on the proposal to amend the LTCWP is ready to go to the State. The State has asked that a monitoring plan be submitted for the mountain snowmaking site, and that is almost ready. A meeting two weeks ago with Boyne seemed positive, in that Boyne is willing to work with the District at locating a snowmaking site on the mountain. Delta's estimate is at about \$1.8 million. Edwards consulted Jamison on funding and she concluded that the District can use any of the bonding authority it has under the original bond election for the snowmaking project. Edwards believes that Boyne will consider leasing land for snowmaking on the mountain, but Boyne needs to agree to the site. Without snowmaking, the District will probably not be able to allocate SFEs to the Summit location.

The Board directed Edwards to work with Boyne to come to an agreement to get a snowmaking site prior to the next meeting.

#### **SEWER EXTENSION**

The Pines: Edwards and Burroughs will be sending a letter with comments they have on the request.

#### **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:

Waters, Cascade, Lot 292, Blk 4: 1.4 SFEs existing, add .35 SFE Fees: \$4,950.

*Director Rothschiller moved to approve the permit with a certified letter of notification. Director Crowther seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Ingraham voting.*

2. The Pines, Tract A, COS 1605: 5.6 SFEs -- Fees: \$20,600. Edwards recommended deferment until DEQ extension approvals are received. Radick said DEQ has 30 days to approve.
3. Bruce Cook, Sweetgrass Hills, Tract 2. Cook wants to tie into the District line as his septic system has failed. The Board deferred any action until the engineering evaluation is provided showing the line is sized appropriately to handle the flow and that it won't impact the Lone Mountain Guest Ranch.
4. Big Sky Chapel: The Chapel requested a permit be issued. A permit for 6.7 SFEs was issued and impact fees were deferred. The Chapel is now on the billing role, per past procedures to start billing user fees at the time on permit issuance. The

Board decided to stay with their past billing procedure since impact fees are already deferred. A letter will be sent to Chapel.

5. Farmhouse Partners: Addressed earlier in the meeting.
6. Summit Hotel: State permits are still needed and Edwards wrote a letter stating that approval will be delayed until these permits are received.
7. Hofer Residence, Meadow Village: Hofer built an apartment in the upper level, the SFEs have been adjusted. This was built without BSOA architectural approval.

#### **LEGAL ISSUES**

Log Condos Inc/Cronins Complaint: Maxon Davis informed Edwards that no new action has accrued on these lawsuits.

#### **OTHER BUSINESS**

First Place: Addressed earlier in the meeting.

Ordinance 98-1002: Refund Policy: *Director Radick moved to approve the first reading of the amendment to Ordinance 98-1002. Director Crowther seconded the motion. Motion passed, 6 yeas votes to 0 no votes with President Ingraham voting.*

Request for Mailing List: Edwards has asked John Brown to review a request for the District's mailing list records to determine what legal obligation the District has to provide the database.

#### **SPECIAL MEETING**

The Board will schedule the April meeting before Easter, probably the week of April 6-10.

#### **ADJOURNMENT**

*Director Crowther moved to adjourn the meeting at 1:35 pm.*

  
Dee Rothschild, Secretary



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

Acceptance of Monthly Financial Statements

Date 07-Apr-98

The Board of Directors at its <sup>3/24/98</sup> ~~4/2/98~~ Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

SEWER OPERATIONS

Statement of Condition as of 2/28/98

Assets: \$ 10,570,362

Liabilities \$ 5,533,408

Equity \$ 5,036,954

Income Statement as of 2/28/98

Total Revenues \$ 420,956

Total Expenses \$ 56,589

Net Revenues \$ 364,367

Wendell Ingraham  
Wendell Ingraham, President

WATER OPERATIONS

Statement of Condition as of 2/28/98

Assets: \$ 793,317

Liabilities \$ 157,620

Equity \$ 635,697

2 Income Statement as of 2/28/98

Total Revenues \$ 34,729

Total Expenses \$ 4,831

Net Revenues \$ 29,898

4-7-  
Date Signed

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

**Regular Meeting -- February 17, 1998, 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, February 17, 1998, in the BSOA Conference Room. President Wendell Ingraham, Secretary Dee Rothschiller (left at 4:32 pm), Jack Crowther, Skip Radick, Packy Cronin and Stewart Peacock (arrived at 4:39 pm) were present. Director Bill Neece was absent.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs, Jim Muscat and Marlene Kennedy; Lone Peak Lookout writer Scottie Fletcher; Dab Dabney of Farmhouse Partners and Ruth & Paul Waters.

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

### **PUBLIC FORUM**

Paul Waters addressed the Board to request a sewer permit for Lot 292, Block 4, Cascade Subdivision and he reviewed the history of permit requests dating back to 1992. The staff will review the application and make a recommendation to the Board. The Board will act on the request as soon as possible. With no further public comment, President Ingraham called the meeting to order at 3:25 pm.

### **APPROVAL OF MINUTES**

*Director Crowther moved to approve the January 20, 1998, minutes as written. Director Rothschiller seconded the motion. Motion carried, 5 yeas votes to 0 no votes with President Ingraham voting.*

### **FINANCIAL REPORT**

January Financial Reports--Sewer Operations: Farmhouse partners is shown as income receivable. Balance sheet may change according to the final audit adjustments in the next report. Ingraham noted that on page 4 of 7 the 3.86% is over-budget on year-to-date and should be marked as unfavorable. The user fees have been accrued on a quarterly basis and Dutton will start accruing on a monthly basis so figures track more logically. Regarding money allocated to the Big Sky Environmental Study, a formal motion will be prepared for the Board to reallocate \$50,000 at the next board meeting.

January Financial Reports--Water Operations: Dutton explained the tract charges that need to be refunded to the condo associations by April 1, 1998. Billing database is being cleaned up since the conversion to the Black Mountain database. Telemetry equipment is not shown--Dutton will check with the auditors to find out if the leases should be capitalized. The fixed asset account 2580, for Radios was questioned.

*Director Radick moved to approve the unaudited Financial Reports as prepared. Director Crowther seconded the motion. Motion carried, 5 yeas votes to 0 no votes with President Ingraham voting.*

Water Operations Budget: Edwards noted that the staff will work on a resort tax request for water related projects, new hydrants, water meters, etc. Ingraham requested Board members to get any comments to him on how to accomplish financing of the water system projects.

Final Audit Report: Rothschiller noted that the audit took too long--since the fiscal year ended in June and the final audit was not submitted until February. Dutton will set a schedule with Joseph Eve and Company for this year's audit and report back to the Board.

### **OPERATOR'S REPORT**

Sewer Operations: Burroughs reviewed the wastewater flows up to February 11. TD&H engineering installed ISCO flow meter but the District does not have a final report yet on the accuracy of the flume data. Burroughs projected that the ponds will be full by May 10 (to the free board elevation) and June 3 (with free board capacity included) using 1997 flow data for the months of March, April, and May. The Board discussed an emergency O&M plan. A section could be added to propose diverting I&I flow in case of an overflow.

emergency. Edwards will talk to Todd Teegarden about adding this section. The Board requested that Burroughs provide a report on the pond status in the fall of 1997. The staff should be able to pull all the information together next Monday.

Water Operations: Telemetry is running well. Boyne is working on the new tank in Cascade, still needing to complete a pressure test the lines. They will probably put it on line in the spring when the crowds are gone. Boyne plans on abandoning the 500,000 tank. District facility plan will investigate whether this water is needed for future growth or as a backup tank.

Outfall line: Edwards reported that six proposals for the engineering work were received. Ron, Grant, Jim will review these proposals and hire a firm.

Replacement flume: Armstrong should have a preliminary design in a couple of weeks.

## **WATER SYSTEM TRANSFER**

Water Rights: Matt Williams and John Brown are working on cleaning up the water rights documents.

Water Facilities Plan RFP Engineering Selection: Eleven engineering firms submitted proposals. Staff and Directors Cronin, Radick and Crowther are reviewing and evaluating the proposals. From the evaluations, two or three firms will be selected on 2/23/98, and interviews conducted around 3/1/98. The selection committee will make a recommendation to the entire Board for their final decision.

Report on Fire District Meeting: Edwards reviewed the issues discussed at the 2/3/98 meeting with the Fire District. A notification system for water outage will be worked out. Muscat explained the Hidden Village water outage in December. Telemetry was down so a pump did not kick in to keep the tank full of water. President Ingraham recommended that staff take advantage of training on the system. Edwards is to make recommendations to the Board on staff training needs.

## **IAWP REPORT**

### Construction Progress Report

Filter Package: Plant start up is scheduled for 2/23/98. It will take 4-5 months of full time operations, eventually plant operations will likely be a half-time commitment. Edwards recommended that the District eventually have an open house in the summer.

Third Filter: Armstrong said Barry Curtiss has reported that February 27 is the ship date for the third filter.

Change Orders: Sludge Piping: An oversight on engineering design didn't include sludge piping in the original bid specs. Edwards has issued a work directive as piping is necessary. Fire Suppression: A change order has been signed for dry chemical fire suppression as required by the State. The Fire District has not made any additional requirements. Catwalk and Catwalk Lighting for the Third Filter: Once a cost estimate is received, Edwards will submit it to the Board for approval. Flow Meter: This item was also not specified in the original bid specs, but should have been. Since this was about \$2,500, (under the \$5,000 change order limit set by the Board) Edwards will sign the change order.

Storage Pond Landscape: Edwards reported on a 2/4/98 meeting with DEQ along with Brian Wheeler of Boyne, and Lee Poole of Moonlight Basin to discuss improving the entry corridor of Big Sky. DOT outlined options for planting vegetation in the road right-of-way. Dam Safety is also willing to work with the District, allowing vegetation on the west end of the ponds, near Edelweiss. Edwards reported that Boyne and Moonlight are willing to contribute funds to the landscape project. The Board initiated action to hire a landscape architect so the work can begin this summer.

*Director Radick moved to ask MSE-HKM to hire a landscape architect with the final approval of the landscape architect selected by Ron Edwards. Director Crowther seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.*

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

Status Report: Armstrong and Edwards met with DEQ permitting section this morning. Edwards reported that snowmaking will probably need a permit. Surface water discharge option--Edwards reported that DEQ will allow monthly average flow coupled with river flow data to determine discharge flow. This may effect the point of discharge. This option would allow a discharge procedure in an emergency situation. MSE-HKM will be making an application to DEQ for a discharge permit.

Public Hearing: A public hearing for the facility plan hasn't been set yet. The District is about a month behind the original schedule for a hearing.

#### **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:

Tillery, Meadow Village, Lot 20, Block 5: 1.4 SFEs existing, remodel with hot tub adds .35 SFE for 1.75 SFEs. Fees: \$50 (Remodeling) Edwards recommended approval.

2. Mitchell, Northfork Creek, Lot 2: New 2.35 SFEs. Fees: \$17,200 (\$8,225 Surcharge, \$8,225 Plant Investment, \$750 Connection Inspection) Edwards recommended conditional approval.

*Director Radick moved to approve the noted sewer permit application as submitted with recommendations and fees as noted by District staff. Director Peacock seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.*

#### **ORDINANCE 98-1001 (formerly 97-1003) ALLOCATING ADDITIONAL SFEs**

Edwards discussed adopting the Ordinance to make additional SFEs available for new sewer permits. The Board discussed the need to allocate an additional 300 SFEs which would allow enough for the Summit project and leave 100 SFEs for other projects. The engineers have recommended releasing only 200 SFEs. The Board will reconsider releasing an additional 100 SFEs once the flows are measured. The Ordinance number was changed to 98-1001 to accommodate the new year.

*Director Radick moved to waive the second reading of the Ordinance 98-1001 and adopt the Ordinance. Director Crowther seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.*

*Director Crowther moved to amend the number of Ordinance 97-1003 to 98-1001. Director Peacock seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.*

Summit Hotel Application/Boyne USA: The Board discussed Boyne's application for the Summit Hotel, requesting Edwards to find out if the Summit project has received appropriate State approvals.

*Director Radick moved to table any action on Boyne's request for the Summit Hotel sewer connection permit until the next board meeting for verification of appropriate state permits. Director Cronin seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ingraham voting.*

The Board directed Edwards to recalculate the SFE charges.

## LEGAL ISSUES

Log Condos Inc. vs WSD 363: Maxon Davis has filed his interrogatory request. No further progress to report.

Cronin vs. Public Service Commission: Cronin has filed a complaint against the PSC for their action in approving the water company transfer. The District will not be an intervener.

## OTHER BUSINESS

Refund of Looking Glass & Pinewood Hills Credits: Edwards provided a brief history of the credit to the accounts in Looking Glass and Pinewood Hills subdivisions. Edwards discussed either refunding these credits, or to record a document at the county as evidence. The Board briefly discussed these options, selecting refunding the credits as the easiest to administer.

*Director Crowther moved to refund the Pinewood Hills and Looking Glass credits. Director Peacock seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Ingraham voting.*

Revised Sewer Billing Format: Edwards discussed the revised sewer/water billing format. The Board agreed with the staff recommendation to change to a combined bill mailed by envelope.

Over-Billing Policy: John Brown has prepared a draft over-billing policy that would allow a refund going back for a period of one year for refunds. Edwards will prepare an amendment to the ordinance for the next board meeting.

Conflict of Interest Policy: Edwards will work with John Brown to redraft the policy for the next board meeting. Any Board comments on the first draft are to go to Edwards before the next draft is written.

Farmhouse Partners--Phase II: Dabney submitted a letter to the District for a second phase of 12 units of affordable housing in Tract 5. Dabney's tax credit project totals 13 SFEs, which includes 2 bedroom units and 1 coin-operated washer/dryer. The Board requested that Dabney submit a permit application, an outline of activities projected and timelines/deadlines including construction schedule. The Board has been supportive of the project in the past and will be as fair as possible in considering the Farmhouse request. Ingraham noted that the phase I permit fee payment schedule was accepted considering the resort tax allocation for the project. Dabney noted that 60 qualified applicants are on a waiting list for the 24 units under construction in phase I.

District Billing Database List: Due to a recent request for a customer list, Edwards recommended that a policy be developed. The Board recommended that Edwards ask for a legal opinion.

## NEXT MEETING

The next board meeting is tentatively scheduled for Tuesday, March 7, 1998, at 3:00 pm in the BSOA office.

## ADJOURNMENT

*Director Cronin moved to adjourn the meeting at 6:57 pm.*



Dee Rothschilder, Secretary

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

Acceptance of Monthly Financial Statements

Date 07-Apr-98

The Board of Directors at its 2/17/98 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

SEWER OPERATIONS

Statement of Condition as of	1/31/98
Assets:	<u>\$ 9,572,795</u>
Liabilities	<u>\$ 5,905,631</u>
Equity	<u>\$ 3,667,165</u>

Income Statement as of	1/31/98
Total Revenues	<u>\$ 120,399</u>
Total Expenses	<u>\$ 56,689</u>
Net Revenues	<u>\$ 63,710</u>

Wendell Ingraham  
Wendell Ingraham, President

WATER OPERATIONS

Statement of Condition as of	1/31/98
Assets:	<u>\$ 763,360</u>
liabilities	<u>\$ 157,620</u>
Equity	<u>\$ 605,740</u>

2 Income Statement as of	1/31/98
Total Revenues	<u>\$ 6,672</u>
Total Expenses	<u>\$ 24,022</u>
Net Revenues	<u>\$ (17,350)</u>

4-7-98  
Date Signed

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

Regular Meeting -- January 20, 1998, 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 20, 1998, in the BSOA Conference Room. President Wendell Ingraham, Secretary Dee Rothschiller, Directors Bill Neece (arrived at 4:15), Stewart Peacock (arrived at 4:17 pm) and Jack Crowther were present. Directors Skip Radick and Packy Cronin were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs and Marlene Kennedy; MSE-HKM representatives Ray Armstrong and Jim Braley; Lone Peak Lookout writer Scottie Fletcher; TD&H representative Jonathan Roen; and BSOA representative Becky Pape.

President Ingraham called for public comment at 3:16 pm.

### PUBLIC FORUM

Becky Pape, representing the BSOA Board of Directors, expressed aesthetic concerns about the Big Sky entry corridor around the sewer pond. Edwards noted that the embankment was seeded in the fall and that the District would be meeting with DEQ and Dam Safety on 1/21/98 to discuss the issue. Pape also expressed her opposition to any condemnation action on the Simkins land. Edwards said, for the record, that there have been no discussions from this Board about condemning any thing and taking any land.

With no further public comment, President Ingraham called the meeting to order at 3:30 pm delaying any Board action items until a quorum is established.

### APPROVAL OF MINUTES

Edwards provided an update on the new position for water operations, noting that a draft job description has been prepared with hiring planned in March. Muscat and the new water operations person will probably move to the treatment plant.

At 6:14 pm, the minutes of the December 11, 1997, Regular Meeting were reviewed and approved as written. *Director Rothschiller moved to approve the December 11, 1997, minutes as prepared. Director Crowther seconded the motion. Motion carried, 5 yeas votes to 0 no votes with President Ingraham voting.*

### FINANCIAL REPORT

December Financial Reports--Sewer Operations: Dutton reviewed the sewer operations financials. The Board requested that Receivable 1200 Accounts not include the Chapel or Farm Home notes as currently listed. Dutton will check into the proper way to address notes so they don't show as an overdue receivable. Edwards and Dutton explained the reasons for the 187.80% over in operating revenues. Modification of fee schedules will be considered if the District is charging too much. Dutton reported that the conversion of water operations to the Black Mountain software sewer database should be done this week.

Due to complaints and problems with the postcard billing system, Edwards said that the staff will look into different billing methods and report to the Board.

December Financial Reports--Water Operations: Dutton reviewed the water operations financials. Per an original agreement between LMS operator Tom Halpin and the condominium associations, the account 3320, tract charges have to be paid by April 1, 1998.

*At 6:14 pm, Director Rothschilder moved to approve the unaudited December Financial Reports. Director Crowther seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ingraham voting.*

Accounts Payable Policy: A revised accounts payable policy, which essentially gives flexibility for any three Board members to approve unpaid bills on the vendor report, was included in the Board packet.

*At 6:15 pm, Director Crowther moved to approve the Accounts Payable Policy. Director Neece seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ingraham Voting.*

### **OPERATOR'S REPORT**

Sewer/Water Operations/Flow Analysis & Flume Replacement: Burroughs distributed flow reports and noted that the flow is about 38% over last year's flows. Burroughs, Jonathan Roen and Ray Armstrong discussed flow meter readings and possible inaccuracies--they haven't pinned down which is wrong or right. Armstrong distributed a proposal for a new flume design & grit building with an estimate of \$12,876. President Ingraham noted that the Board previously approved up to \$30,000 for this project. Armstrong will contact the manufacturer of the flow meter to find out why the meter is reading differently at the 1-2 minute interval compared to the 5 minute interval. The Board asked Armstrong to make it a priority to get the flow data accurately measured.

Armstrong recommended that TD&H install a ISCO flow meter until the old OCM can be repaired and reinstalled. The Board wants MSE-HKM to provide definitive information within 30 days or so. Armstrong said a report will take about 45 days. To accomodate high flows, Armstrong recommended working on the snowmaking project. Edwards said repair of the outfall line would provide reduction of flow, particularly in the months of May and June.

The Board discussed letting additional SFEs for hookups, delaying any decisions until the flows can be measured accurately.

Outfall Line Replacement: Jonathan Roen, TD&H Engineering, distributed and reviewed a draft report on the study done on the outfall line between the Low Dog flume and Aspen Groves. Generally, the line and manholes are in poor shape, pipe bedding is inadequate, and the road is in poor shape. TD&H's Preliminary Engineer's Report recommends conventional replacement. Edwards said \$150,000 is in the budget this year for outfall line work. Edwards proposed taking any unspent money and carrying it over for next year, then add an additional \$150,000 and request resort tax money. The Board recommended getting the engineering design together for line replacement and then go out for bid specs.

### **IAWP REPORT**

Construction Report: Williams Brothers/Treatment Plant: The 40 day clock start date is in dispute. The filter equipment started showing up January 4 & 5 and Williams started showing up on January 6. A letter has been sent to Williams saying that the District started the clock on January 6. Williams will notify the District if the unavailability of equipment will hold them up and the clock will stop for the day or two it may take to get the equipment. The first two filters should start operation in February with the filtered water going into the third pond.



Third Filter Schedule SRF Loan Closing: March 1 should be the shipment date of the third filter. Williams Brothers will also be on a 40-day clock for installation of this filter. Unless there is a couple of months delay, Edwards believes there is plenty of time to get the ponds filled.

SRF Loan Closing--\$417,000: The SRF loan closed today 1/20/98 and the money is wired.

**ORDINANCE 97-1003: ALLOCATION OF SFE'S FOR SEWER PERMITTING (Second Reading)**

The Board tabled any action on this item until flows are measured.

**LONG TERM COMPLIANCE WORK PLAN**

Status Report: Ray Armstrong summarized the preferred alternatives in the LTCWP. President Ingraham, Edwards and Armstrong will meet with DEQ in Helena tomorrow to review the LTCWP. DEQs schedule for getting the plan approved and requirements for public hearings will be discussed.

Public Hearing Date: Ray Armstrong recommended scheduling a hearing date soon, as a 30 day advertisement period is required. Edwards would like to put a newsletter out with the tentative date coordinated with DEQ-possibly the last week in February. Edwards will follow-up with board members.

**SEWER CONNECTION PERMITS**

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

Black Bear Bar & Grill (Mountain Lodge Unit A), Cascade Subdivision: Add .28 SFEs for a total of 6.34 SFEs. Fees: \$2,010.

*Director Peacock moved to approve the Black Bear Bar & Grill sewer permit application as submitted and fees as noted by District staff. Director Crowther seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ingraham voting. Director Bill Neece abstained.*

**2. Summit Hotel, Mountain Village -- 182.44 SFEs**

The Board delayed action on this request until additional SFEs are allocated.

**LEGAL ISSUES**

Log Condos Inc/Cronins Complaint: Maxon Davis of Davis, Hatley, Haffeman & Tighe introduced himself to the Board via conference call. He briefly summarized his knowledge of the case and endorsed the work that Cok, Wheat & Brown has done on the case so far. There really wasn't anything of substance to report other than there will be a delay as Cronin's counsel is ill and Cronin is in Florida. Davis noted that how the Supreme Court decides on the Seypar case should have an impact on the settling of Cronins case.

**OTHER BUSINESS**

Lone Mountain Guest Ranch (LMR): LMR requested that Table 3.01 be amended to allow LMR additional SFEs for employee housing. The Board recommended not amending the Table since it had been through a hearing and LMR did not request additional SFEs at that time.

The Board discussed the well in the LMR horse corral. The Board directed Edwards to write a letter to LMR responding to the letter of complaint about the well head and to recommend a buffer.

Shropshire & Williams Correspondence: Edwards reviewed the history of backbilling from the date a permit was issued, which makes everyone on the same playing field. In addition to Shropshire's letter provided in the Board packet, Edwards distributed a letter from Jerry Williams with a similar complaint. Edwards said the ordinance could be amended to change the start date of billing if the Board desired. The Board did not take any action on these requests since this has been the billing procedure.

Storage Pond Land Negotiations: Edwards briefed the Board on the Westland/TM Partnership (Simkins) land acquisition recommending that Director Rothschiller be a participant in the meeting. Edwards will arrange a meeting with Westland, Director Rothschiller and Director Crowther.

Big Sky Environmental Study: Edwards reported that Mona Jamison recommended keeping the momentum going, possibly with the District contributing \$50,000. Edwards distributed a draft letter that will go to possible participants/developers. Edwards reviewed possible areas in the budget that money could be moved around--leaving less carry over. Edwards and President Ingraham will talk to Mona Jamison about the study.

*Director Neece moved to reallocate \$50,000, as shown in the line items provided in the handout, to go to the Big Sky Environmental Resource Study. Director Rothschiller seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Ingraham voting.*

Conflict of Interest: Edwards distributed a draft conflict of interest policy that he would like the Board to review and consider adopting at their next board meeting.

Refund for Overbilling: Edwards distributed a letter from John Brown that recommended going back one-year to refund requests for overcharge.

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, February 17, 1998, at 3:00 pm in the BSOA office.

#### **ADJOURNMENT**

*Director Peacock moved to adjourn the meeting at 7:05 pm.*



Dee Rothschiller, Secretary