

BIG SKY WATER & SEWER DISTRICT NO. 363

**Regular Meeting Minutes – December 18, 2019**

WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Wednesday, December 18, 2019, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice-President Tom Reeves, Secretary Dick Fast, Treasurer Peter Manka, and Directors Mike DuCuennois (left at 12:28 pm), Brian Wheeler (left at 12:34 pm) and William Shropshire. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, Grant Burroughs, Peter Bedell, Vince Palafox, Jake Porter, and Eric Daniels.

Others present: Matt Cope, Holmes & Turner; Scott Buecker and Scott Jungwirth, AE2S; Steve Johnson, Jenny Muscat, Daniel Bierschweler and Buz Davis, Big Sky Resort Area District; Andrew Meng, Big Sky resident; Kim Beatty, Browning Kaleczyc Berry & Hoven and Jerry Pape both representing American Bank; Laura Seyfang, Big Sky Community Housing Trust (BSCHT); Guy Alsentzer, Upper Missouri Waterkeeper; Doug Hare, Explore Big Sky; David Tucker and Kristin Gardner, Gallatin River Task Force; Rick Simkins, Big Sky Town Center; and Suzan Swimley, legal counsel. Participating via GoToMeeting: Brent Bogar, AE2S.

**PUBLIC FORUM**

President Cronin called the meeting to order at 10:00 am and asked for public comment on non-agenda items. Secretary Fast reported that he is working as District liaison with the school committee on the WSD and school bonds.

Conflict of interest declarations: President Cronin noted that he banks at American Bank and knows its personnel. Edwards reported that the District also banks at American Bank. Director Wheeler reported that he does corporate and personal banking at American Bank and that his wife, Mary Wheeler, is a realtor.

**CONSENT AGENDA**

No comments on any consent agenda items.

*Vice President Reeves moved to approve the consent agenda with the minutes of November 19, 2019. Director Shropshire seconded the motion. Motion unanimously passed.*

**DRAFT 2018-2019 AUDIT REPORT**

Matthew Cope, Holmes & Turner, presented the 2018-2019 audit report. Both the basic and government reports were clean with no issues of noncompliance. The audit overall was a success. The report will be filed with the State by December 31, 2019. Holmes & Turner is on year two of a three-year contract for the District's annual audit.

*Vice President Reeves moved to accept the 2018-2019 Audit Report as prepared by Holmes & Turner. Director Shropshire seconded the motion. Motion unanimously passed.*

**ORDINANCE 97-1002: Public Sewer and Water System Rates (Second & Final Reading)**

With no changes from the last meeting, the board reviewed and discussed the draft amended rate Ordinance No. 97-1002. Director Wheeler reported that the resort understands the intent of making the rates more equitable and fair for everyone. He asked that the rates be revisited if they have unintended consequences, such as on dormitory style employee housing. Edwards reviewed the history of how the new rates were set and demonstrated the website tool that will provide customers cost comparisons of the old and the new rate. The combined quarterly base rate will increase from \$131.34 to \$137.40. Different categories of use were established. The variable sewer rate per 1,000 gallons is \$6.88 for residential and \$7.21 for commercial. For

water rates, there are four use and rate tiers for commercial, residential, and irrigation categories. The rates will go into effect on January 1, 2020. District staff will review the rate scenarios after the quarterly billing. Smith was commended for the work he put into the new rate.

***Director Shropshire moved to approve the second and final reading of amended Ordinance No. 97-1002: Public Sewer and Water System Rate Ordinance. Vice President Reeves seconded the motion. Motion unanimously passed.***

*Smith noted that the new rates will be reassessed after next years' irrigation season. A customer portal to self monitor use will be presented at the next board meeting. Once set up, there will be a web link to the portal on the District's website. At the boards' request, Smith will have a notice inserted into the quarterly bill that will alert customers of the rate change.*

### **RATIFY 1% RESORT TAX PROPOSAL**

Edwards reviewed his summary of the four subcommittee meetings requesting the board ratify the preliminary document with the following recommendations: 1) 1% resort tax pays 60% of the District's overall project cost amortized over 12 years; 2) create 500 SFEs capacity allocation for deed restricted workforce housing within the District, or annexed parcels; 3) build a force main and lift station to the meadow for canyon sewer and a treated effluent gravity pipeline to Highway 191 entrance for future disposal in the canyon area with 100% of costs to be funded through a resort tax application; and 4) use the quarry project area for the District's future drainfield disposal needs. The recommendations were discussed. Scenarios of payment options for the plant upgrade and length of years were reviewed. The bulk of District's current SRF loans will be paid off in 2023 with a water bond that will be paid off in 2027. *Edwards will forward yesterday's email from Dan Semmens on bonding to the board.* To create the 500 SFEs for housing, the District would need a 2 to 1 offset with disposal in the canyon. These SFEs for housing are not necessarily accounted for in the plant upgrade unless it is land in the District with an existing SFE allocation. The issue of water capacity for the SFEs still needs to be addressed. Prior to pipelines being built to the canyon, the board will require a signed service agreement. Details on impact fees, plant upgrades, capital costs, etc. would have to be worked out through future negotiations. Canyon properties would not be annexed into the WSD District. Steve Johnson reported that canyon property owners with large parcels (Quarry, Lazy J, Hammond, and Bucks) are working together to form a district. They will meet in January for further discussion. Scott Altman and Scott Johnson have been cooperative with the District on the geotech work they already had done on their quarry property. Dan Bierschweler reported that the resort tax went through a thorough community input project with sewer and water infrastructure management and expansion being supported. The resort tax board will review the applications for use of the 1% resort tax and decide how to move forward with a May election.

***Director Shropshire moved to ratify the proposal at the subcommittee's recommendation. Treasurer Manka seconded the motion. Discussion. Laura Seyfang stated that BSCHT does not want to be boxed in with the term "deed restricted" housing as there are other ways to regulate affordable housing. Guy Alsentzer noted his objections to the quarry project, proposed disposal option in the canyon, and the installation of dual main pipelines. He has concern about the initial data presented. He thinks more information with better science is needed. Alsentzer supports a canyon wastewater district being formed. Steve Johnson reported on the county hearing on the quarry project and the canyon study being done by AE2S and WGM Group. Motion unanimously passed. Directors DuCuennois and Vice President Reeves will attend the resort tax meeting in January.***

## **AMEND AGENDA**

***Vice President Reeves moved to amend the agenda to address the American Bank Annexation, New Business item V. A. Treasurer Manka seconded the motion. Motion unanimously passed.***

## **AMERICAN BANK ANNEXATION/KIM BEATTY LETTER**

The District received a letter from American Bank's legal counsel, Kimberly Beatty, demanding public water and sewer services for the bank (Tract 1) and the property west of the bank (Tract 2B-1). The properties are not in the District. The bank is on a private septic system, but connected to the meadow water system on a 1 1/2" water line. The properties are not in the water jurisdictional area. The board reviewed Beatty's December 5, 2019, letter; the 2016 annexation petition, related correspondence, and meeting minutes; and the 1996 settlement agreement with LeRoy's. Edwards asked if American Bank wants the District to work from the 2016 annexation petition. Susan Swimley advised, that from a process standpoint, the 2016 petition needs to be acted on once it is determined from the applicant what their development plan is. The 2016 application had 5.6 SFEs for the original building and 19 SFEs for development of the vacant lot for a total of 20.6 SFEs. As recommended by Swimley, *the issue will be on the January agenda*. As requested by the board, Swimley will prepare an analysis for the next board meeting after reviewing all information with Edwards. The board noted that, historically, the District has not taken on any new annexation because it needs to solve its capacity issues. Jerry Pape, Jr., explained his relationship with the bank and the bank's intended development plans. Pape provided a history of the use of the bank building, the contamination of its private well, and subsequent connection to water service through Lone Mountain Springs (now the WSD). He requested a decision on annexation within the next 90 days based on the bank's original petition so that the properties can be marketed. The bank wants to find a buyer with a community favorable use like affordable housing, even though it may not be the use originally proposed in the 2016 petition. If additional SFEs are needed, it will be the purchasers' responsibility to make a request to the District. The bank is compelled by law to ask for public service due to proximity to the District's boundary. They are prepared to pay for sewer and water infrastructure required. American Bank will sell its existing building and vacant lot once it moves into the former First Security Bank building in the Meadow Village. *They are remodeling the First Security Bank and will submit a remodeling application for that project in the not too distant future*. Kim Beatty reported that she represents American Bank and also the resort tax district. The impetus of her letter is to get a decision from the board. The bank will file a new annexation petition if the board desires. Laura Seyfang reported that HRDC does not have the manpower to undertake affordable housing on this property at this time. The BSCHT should be approved as a new agency within the next few months and may evaluate workforce housing opportunities on this property if it is still available.

## **CAPITAL IMPROVEMENTS PLAN PROJECTS UPDATE**

**WWTP Upgrade:** Scott Buecker provided an update and project rendering for the treatment plant upgrade project with his monthly report in the board packet. The bidding schedule is early fall. Buecker will coordinate a design workshop subcommittee meeting in January with DuCuennois, Reeves, Manka, Edwards and Burroughs. AE2S's full design and bidding services contract for \$1.88 million will be reviewed at the January meeting. The 50% design budget has sufficient remaining funds for AE2S's work through the month of January. Resort tax funding for phase II was discussed. The impact fee study will continue to be addressed. The Firelight Meadows study is underway. Edwards is working with Anna Miller on whether an election is needed on a bond. The letter from DEQ was a standard response.

Mountain Well Exploration: The pump test for Mountain Test Well #2 produced disappointing results. This well will not be worth pursuing. The Lone Peak Lookout published an article on the test results. *Mark Cunnane, Western Groundwater, will analyze the data and present his written report at the February meeting and guide the District in its next step.* The District has a water deficiency in the upper cascade area. The site by the old water tank will be explored in the spring. The board thanked Big Sky Resort for working with the District on its water exploration. (DuCuennois left the meeting at 12:28 pm.)

#### **DEVELOPMENTS AND SUBDIVISIONS**

A capacity letter for Big Pine View Subdivision, Lot 13, was in the board packet.

#### **DISTRICT AGREEMENTS**

There was nothing new to report.

#### **RESORT TAX**

This topic was discussed earlier in the meeting. Edwards has been representing the District at the "G 9" group meetings. The draft meeting notes were in the board packet.

#### **SWEETGRASS HILLS WATER TANK**

With Northwestern Energy's short timelines, they are moving forward with replacing their overhead lines. *The District will work towards acquiring the old substation location.*

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

If the plant upgrade is completed in the proposed timeline, there will be no delay in issuing permits.

#### **NEW DEVELOPMENTS AND SUBDIVISIONS**

There was nothing new to report.

#### **GENERAL CORRESPONDENCE**

No general correspondence required board action.

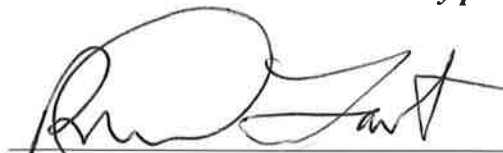
WSD Board Election: The filing period for the May election for the expiring terms of three board positions started on December 12, 2019, and closes at 5:00 pm on February 10, 2020. *This will be on the agenda for January.* The District office will be the polling place for Big Sky.

#### **NEXT MEETING**

The next regular Board meeting is tentatively scheduled for Tuesday, January 21, 2020. An annual dinner will be scheduled later. (Wheeler left at 12:34)

#### **ADJOURNMENT**

*Treasurer Manka moved to adjourn the meeting at 12:38 am. Director Shropshire seconded the motion. Motion unanimously passed.*

 1/31/20  
Dick Fast, Secretary