

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – November 19, 2019
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, November 19, 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 William Shropshire, Mike DuCuennois, and Brian Wheeler. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, Grant Burroughs, Peter Bedell, and Eric Daniels.

Others present: Steve Johnson and Sara Huger, Big Sky Resort Area District; Jon Olsen, Lone Mountain Land Company; Jana Bounds, Lone Peak Lookout; Mary Ann Comstock, District resident; Jennifer Simmens, Brent Bogar and Scott Buecker, AE2S; Jeff Lusin, 45 Architecture; Laura Seyfang, Big Sky Community Housing Trust; Rick Simkins, Big Sky Town Center; Guy Alsentzer, Upper Missouri Water Keeper; Emily O'Connor and Kristen Gardner, Gallatin River Task Force; Mace Mangold, WGM Group; Suzan Scott, Big Sky Owners Association; and Tim Kent, First Security Bank.

PUBLIC FORUM

President Cronin called the meeting to order at 8:05 am with no comments on non-agenda items. Conflict of interest declarations: No conflicts were declared.

CONSENT AGENDA

Financials: The updated budget with the proposed rates and the additional \$10,000 for sewer engineering and \$3,500 for education was reviewed. The draft FY2018/2019 audit report will be on the December agenda to accept.

Director Shropshire moved to approve the consent agenda with the regular minutes of October 15, 2019, and public hearing minutes of October 22, 2019. Treasurer Manka seconded the motion. Motion unanimously passed.

DISTRICT ORDINANCE 97-1002: PUBLIC SEWER AND WATER SYSTEM RATES

The draft amendments included a new rate structure with a base rate for reuse water and clarified metering requirements. The District will be allowed, at its discretion, to make individual metering mandatory for each residential unit, including apartments. Plumbing to allow for future individual metering will be required at the time of construction. If apartments will be condominiumized, individual meters will be required. Each unit will have a base rate. Smith will work with Director Wheeler to fine tune the language before the December meeting to make sure that there are no unintended consequences like penalizing dormitory style housing. If there is a change of use in buildings, the District should require prior review and approval. Edwards reported that as long as the presented rate is not changed today, the board can still adopt the amended ordinance at the second reading in December. The language and rates can be amended as needed in the future.

Vice President Reeves moved to approve the first reading of Amended Ordinance 97-1002: Public Sewer and Water System Rate. Director Shropshire seconded the motion. Discussion was to reword the ordinance. Motion died for a lack of a vote.

Director DuCuennois moved to approve amended Ordinance 97-1002: Public Sewer and Water System Rate first reading draft with the anticipation of the second reading having Section C, Articles 1 and 2 rewritten. Vice President Reeves seconded. Motion passed. Specific language for dormitory style housing will be included.

Edwards reported that the new fixed-base meter read system has the capability of hourly water meter reads. The board wants this tool in the hands of its customers. The District is getting estimates for a customer portal system that will allow customers access to this information.

CAPITAL IMPROVEMENTS PLAN PROJECTS UPDATE

WWTP Upgrade: . The board commended Scott Buecker on his presentation to the commissioners at their joint meeting. Buecker, reviewed his report and drawing of the site plan provided in the packet. The contract work with Evoqua for the MBR equipment is almost complete. Buecker will provide better financial numbers for the bond. With the increased costs in other recent community projects, Buecker will increase the cost estimates for concrete and electrical 10% . AE2S will have a bid form for alternates if something has to be eliminated due to the costs. The Infrastructure Subcommittee, which is creating a collaborative effort in providing for the community, will meet on Thursday. The bond counsel will be advising the subcommittee on funding via GEO and/or revenue bonding. Edward explained how a revenue bond works. Gallatin County provided a March 3, 2020, deadline to have a bond election if they will be administering it. The school district is talking about a bond issue in the same time frame. The District needs to know what commitment resort tax will make so it can inform its rate payers. Steve Johnson reported that the full resort tax board approval is needed to approve any funding. At the last resort tax meeting, there was reluctance to commitment of the full 1% to the WSD project as they want wastewater disposal addressed in the canyon. According to Vice President Reeves, if the full 1% was funded, the District's project would be paid off in 9 years. The board would like 1% taken to the voters for infrastructure for the District and future canyon projects. Peter Bedell reported that a canyon wastewater feasibility study will be presented in March 2020 for property owners to consider. The canyon will need to form a district.

With a cost of maybe \$20,000, Buecker reviewed the proposed communications schedule starting with informing the community of what we are doing with the project and why it is needed. Communications then can get into the details of possible funding. The board agreed that we have something to communicate right now and there is need to start educating the public on the project. The board discussed having AE2S proceed on the communications including a direct mailing right away to rate payers and letters to the editor. The subcommittee will give Buecker direction on communication materials. Buecker asked that the board approve release of information. The local papers have been reporting on the District's meetings and have already made the community aware of what is going on. The board discussed the District's growth rate. Buecker's PR information will include skier impact on the District's treatment capacity. Plant investment charges will have to be revisited after the costs of the plant are known. Buecker will put together a cash flow model to present to the subcommittee. Buecker and Edwards met with Firelight Meadows. The correspondence received from Matt Huggins was reviewed. The owners association and the utility company are interested in annexation into WSD. The District received verbal authorization for conducting the study. The cost of the study is \$84,500. The full report prepared by AE2S is online. MSU is interested in riding along on the District's reuse water study. The board approved of Buecker inviting MSU to participate. Director Shropshire said a risk and opportunity analysis has to be done before taking on Firelight.

Vice President Reeves moved to authorize \$84,500 to do the study at Firelight Meadows. Director Wheeler seconded the motion. Discussion. AE2S will work with Bureau of Mines and Mark Cunnane on the flow data. Motion unanimously passed. Responding to board inquiry, Edwards said it is to be determined if water will be included in the study.

To avoid a future moratorium on permitting new development, the board asked what can be done with its current treatment plant to increase capacity. Buecker stated that the plant capacity is tied to a peak flow, but it can be pushed for additional treatment. Storage and disposal capacity are the issues. Ray Armstrong's letter contradicts the storage issue cited by Burroughs and Buecker, where he thinks treatment capacity is the issue. Director DuCuennois provided an update on DEQ's review and approval process of YC's storage pond expansion project through building up their embankment. There has been pushback from DEQ, but YC will continue to work with DEQ to build additional storage. Director DuCuennois also provided an update of YC's future snowmaking plans that he feels looks fairly favorable. YC is the forerunner in working with the State on snowmaking with the State being super cautious. The YC pilot study is being used for their modeling. If approved, it will be a discharge permit. Steve Johnson commented that the elephant in the room is discharging into the Gallatin River, which could be done at run off.

Mountain Well Exploration: Edwards reported on the pump testing. Pump tests on exploration well 2 are planned for December 3-6 to determine its water capability. The lab results showed no Sulphur found in the wells.

CELL TOWER PROPOSAL UPDATE

John Mizelle, Alpha Telecomm Consulting Services, reported to Edwards that they have not made any progress on finding an alternate site for their cell tower. The proposed Cascade water tank site has logistic issues with BSOA and the neighboring properties. Suzan Scott stated that BSOA is willing to work with Mizelle when they receive a proposal.

DEVELOPMENTS AND SUBDIVISIONS

Mountain Lake Condominiums interior water lines for their Building C were installed with our water operator doing the inspection. They will pull a permit next spring for water and sewer service connections. All their obligations from previous commitments have been met.

Meadowview Condominiums will be tying into the existing reuse irrigation line between the two softball fields in the meadow village park. Mindy Cummings is working with Edwards on the needed easement through the park. Cummings is also working with the District to draft a generic document for the use of reuse water as there is also a lot of interest in other developments tying into reuse water. The District and Boyne will need an easement agreement to get the line to the Town Center area. The District will need to address any obstacles such as pump demands and infrastructure to make sure that purple pipe use is effective in the future. Peter Bedell asked that the District think ahead and require a separate meter for irrigation so that we can monitor reuse water. At some point, the board will need to address adjustments in revenue loss from not currently charging for reuse water.

DISTRICT AGREEMENTS

No agreements were discussed.

RESORT TAX

The meeting notes and agenda from the subcommittee's first meeting on October 23, 2019 were in the board packet. Bond attorneys Dan Semmens and Courtney Ellis, Dorsey Whitney, will be at the next meeting on November 21, 2019. The Gallatin County Election Office recommended that the District conduct a special election no later than March 3, 2020. According to Edwards, the bylaws could be changed so that Madison County could run the special election. With a resolve deadline of December 9, 2019, by the board, Edwards believes that a revenue bond is the District's best option. The board discussed the 1% infrastructure resort tax election process. The link to the resort tax's final envisioning document was provided in the board packet

SWEETGRASS WATER TANK

Future infrastructure of locating a water tank on the former Northwestern Energy (NWE) substation site in Sweetgrass Hills was discussed. The District needs a larger tank and would hate to miss the opportunity to use this site as it provides an elevation gain of 13 feet, it is invisible to everyone, and it allows the District to keep the existing tank on line during construction. With this site being the logical place for a new tank the District needs to work out the logistics while the opportunity is available. Edwards reported on the meeting he and Cody Lux, NWE engineer, had with the BSOA Board of Directors on November 15, 2019, on the needed easement for the NWE lines. There is a timing concern with a tight schedule for NWE as they need to upgrade their poles whether they are moved, or not. Edwards believes relocating NWE power lines could be done with BSOA board approval and not require a covenant amendment. Suzan Scott agreed that moving the power lines should not be an obstacle. NWE will be providing BSOA with detailed information. Regarding the land exchange, BSOA President, Gary Walton, believes that the Sweetgrass Hills covenants will need to be amended to allow a water tank on the site. Scott reported that BSOA had prior trail plans in the area, but understands that BSOA still need to work with the District on water rights. President Cronin stated that the board appreciates that BSOA will work with the District. It has a history of building trails and will work with BSOA to get it done.

AFFORDABLE COMMUNITY HOUSING

Laura Seyfang, Big Sky Community Housing Trust (BSCHT), discussed the need for affordable workforce housing and identified potential project sites. BSCHT wants a collaborative community effort to provide 350-500 housing units in the next 5 years. They are working on zoning amendments to allow workforce housing in more areas. Seyfang provided their definition and requirements of affordable housing. BSCHT will ensure compliance. Seyfang asked the board for access, annexation, or fee for service for water and sewer service for American Bank's property across from the ponds. The District already provides water service to the bank's building. The planning department will not work with BSCHT until they get water and sewer as the lots have issues with easements and are outside the District boundary. The board was in agreement that the District does not have excess SFEs and it cannot commitment to something it does not have. The board shares in BSCHT's desire for a collaborative effort to provide affordable housing, but the District has a burden that will not be relieved until it gets additional sewer treatment and disposal capacity online and has also addressed increased potable water capacity, too. The board supports affordable housing, but it needs to provide for capacity for meeting its current build out obligations. There is possibility of additional capacity in 3-5 years, but the District has limitations as to what it can do today. The board questioned if solving workforce housing needs is the sole responsibility of the District. It was suggested BSCHT work with entities such as Spanish Peaks, Boyne, etc. for reallocating their SFEs. The timing of Seyfang's request makes it a difficult decision for the District as it is uncertain of its funding to even move forward with a new plant. The board could not make a commitment to Seyfang's request. The 1% infrastructure resort tax was discussed, noting that the 1% is specifically written without including affordable housing. Steve Johnson stated that there would be affordable housing opportunities in the canyon if wastewater development was done. Seyfang stated that there are a lot of smart people in the community and this will be figured out.

SEWER & WATER PERMITS & CORRESPONDENCE

Edwards will update his SFE table.

NEW DEVELOPMENTS AND SUBDIVISIONS

There were no new developments, or subdivisions, to report on.

GENERAL CORRESPONDENCE

There was no general correspondence requiring board action.

Northwestern Energy's Community Sustainability Discussion: Edwards intends to participate in the meeting on December 3 and at The Wilson. There is a lot of discussion lately on making Big Sky a sustainable resort and its carbon footprint.

WSD Board Election: Terms expire in May 2020 for Directors Fast, DuCuennois and Cronin. The Gallatin County will provide the open and close candidate filing dates in December.

NEXT MEETING

To accommodate board members schedules, the next regular Board meeting is tentatively scheduled for Wednesday, December 18, 2019, at a time to be determined.

ADJOURNMENT

Secretary Fast moved to adjourn the meeting at 11:25 am. Vice President Reeves seconded the motion. Motion unanimously passed.


Dick Fast, Secretary

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