

**SEELEY LAKE MISSOULA COUNTY SEWER DISTRICT**  
**Board of Directors Meeting**  
**March 20, 2008**

**Attendance:**

Glen Morin	President	PRESENT	Ralph Kloser	Manager	ABSENT
Dave Whitesitt	Vice-President	PRESENT	Felicity Derry	Secretary	PRESENT
Bob Skiles	Director	ABSENT	Walter Hill	Advisor	PRESENT
Tom Morris	Director	PRESENT	Vince Chappell	Advisor	PRESENT
Dan Johnson, Jr.	Director	PRESENT (5:25pm)			

**OPENING**

The meeting was called to order by President Glen Morin, at 5:01 pm, at Pyramid Mountain Lumber, Inc., located at 379 Boy Scout Road.

**MINUTES**

The minutes from the January 17, 2008 meeting were presented.

Tom Morris moved to approve them as presented, Dave Whitesitt seconded. The motion passed unanimously.

**FINANCIAL REPORT**

**Bills**

Glen Morin presented the bills to the Board.

**February 2008**

1.	RTK & Associates		\$	550.00
2.	Secretary Felicity Derry		\$	67.50
3.	Seeley Lake Water District – Bookkeeping	Inv#22	\$	48.99
4.	Great West Engineering	Inv#3876	\$	11,423.50
	(Submitted to Grant Administrator for Payment)			

**March 2008**

1.	Secretary Felicity Derry		\$	67.50
2.	Seeley Lake Water District – Bookkeeping	Inv#23	\$	37.50

Tom Morris moved to pay February bills as presented, Dave Whitesitt seconded. The motion passed unanimously.

Tom Morris moved to pay March bills as presented, Dave Whitesitt seconded. The motion passed unanimously.

### **Financial Statement**

The financial reports were presented for January 2008 & February 2008.

Tom Morris moved to approve the January 2008 & February 2008 financial statements, Dave Whitesitt seconded. The motion passed unanimously.

### **CORRESPONDENCE**

None

### **OLD BUSINESS**

#### **Water Monitoring Report**

Vince Chappell informed the Board that Well #1 (Lindeys) is tracking fairly consistently and is unsafe. Well#2 (Baptist Church) is consistent with prior tests and is unsafe. Well #3 is tracking consistently and the Nitrates/Nitrites are running high. Lake #1 (Lindeys Dock) there was no detect for Nitrite/Nitrate; however Coli form and E-Coli are present. Lake #2 is also running the same for Nitrate/Nitrite, no detect, and is unsafe.

#### **Meeting with Forest Service & Engineer**

Glen Morin, Ralph Kloser, Vince Chappell, Dave Aune and Craig Pozega met with the Forest Service. Glen Morin stated that the meeting did not go quite as well as we had hoped. The fisheries biologist from Missoula said no to the special use permit, it was too close to Trail Creek and Morrell Creek. There is room to move it 100 yards. Vince Chappell commented the wording the Forest Service used was special use permit at appraised value or purchase. The special use permit is 5% of value of land, so in 20 years you have paid for. Dave Aune added that Forest Service land can be bought, but it is rare. The other option is to get past this is to approach the congressional delegation and have them push it through. This might possibly avoid the Environmental Impact Study (EIS) which is the direction that the Forest Service is going. Dave Whitesitt questioned if they could raise the lease cost to a higher percentage down the road, and if so it could be a problem. Dave Aune replied that they could and the District would have to absorb the cost. Glen Morin said that the EIS could cost \$300,000. Dave Aune continued that the EIS could conclude that the site should not be used.

Dave Aune said that the Forest Service asked if there a private property option. The PER examined this and there is no other property due to topography of area. The fisheries biologist is concerned with nitrogen and phosphorus impacting the fisheries. Both types of plants have relatively low levels for both in the effluent. The EIS would go through all of this on a scientific level to either prove or disprove that nitrogen or phosphorus is

a problem and this and that is what they want. Morin said that the meeting left no options other than maybe the legislation.

Walt Hill asked what the next step is. Dave Aune replied that the question is if we met the fundamental application criteria for the special uses permit. The Forest Service is saying no they have too many concerns. The meeting was the first step to rectify this, and now they are saying we can apply, but that means doing an EIS. That is not an option until we have the money to pay for it. The options are applying for a special uses permit, which would mean \$200,000 to \$300,000 for an EIS. The PER has an environmental assessment checklist and that went through the agency review. We were hoping that an EA that would be enough, but the bull trout put an end to that. The second option is purchasing the property; it is seldom used and would still trigger an EIS. The third option is to go to the politicians and have it pushed through and they could override the EIS (according to one of the Forest Service). This is a long process.

Dave Aune explained that the project funding will be pursued and the site will have to be secured after the funding. Tom Morris asked if the site were on private land could the Forest Service still make us do an EIS. Dave Aune replied yes they could; however at this time there is no viable property. The State also turned us down.

## **Great West Engineering – System Decision**

Dave Aune distributed documents for information. The following are the two options:

### **Lagoon treatment discharging to an irrigation system**

The lagoon effluent has higher nitrogen and phosphorous than a Sequencing Batch Reactor, but when it is irrigated and the plants take up the difference. The footprint for the lagoon is 120 acres.

The Phase I cost for irrigation takes in to account all of the grants. Phase I is weighted heavy with loan money to match the Federal grants. The user cost is \$31 (capital) and \$33 (O&M) totaling \$64 per month.

Phase II the monthly user rate is down to \$47 because it is spread out over two phases.

Phase III only went down to \$44 because there is a large amount of pipe in the collection system compared to the number of users.

Phase IV the user cost is \$46 (\$19 O&M \$27 capital). This is assuming we get \$15million in Federal grants and \$8 million State grants. This is at the end of construction and is charged to all of the phases.

### **Sequencing Batch Reactor (SBR)/Mechanical Plant 150,000 gallons per day**

The sewage comes in and the screens remove the solids/grit, this is collected, stored and hauled away to the land fill. This occurs in the head works and so there is an odor. Various things can be done to reduce it. Then it is aerated, it settles and the clean wastewater is taken off the top. The sludge from the bottom goes in to the digesters, then on to drying beds and disposed of in the landfill or mixed with sawdust to make it in to compost. The blowers pump the air in to the SBR. The sludge is thickened by pressing the water out of it and then it is stored until disposed of at the land fill. The liquid that is taken off is disinfected with UV and discharged. This is all contained in several buildings as well as an office/lab. The mist in the process is acidic and moist, so masonry holds up better than wood, but facades can be used for aesthetic reasons.

Glen Morin asked if the reactors are dangerous. Dave Aune replied they are not, the reactors are where the bugs treat the sewage and are square concrete basins, about 20' x 25'.

The SBR's capital cost is low, but the O&M cost for Phase I is \$103 per month. Phase II it is down to \$62, and by Phase IV it is \$58.

Dave Aune will get a clean copy of the spreadsheet for the Board.

Glen Morin asked if the monthly cost for the SBR can it be dropped. Dave Aune said that he could not get it any lower because of the high O&M cost. The Capital cost can not be lowered because there are no more funds for the grant match.

It looks like the project cost went from \$16 million to \$23 million; however \$8 million of that is inflation through the phases of the project to 2015.

### **Funding Strategy**

Dave Aune referred to the spreadsheets he distributed to the Board which shows what the cost is today. It shows inflation because throughout the project as not all of the construction will be done in 2010. \$6-8 million of this cost is all inflation. Building the lagoons for Phase I cost \$3.7 million (207 EDUs). The first lagoon takes care of Phase I and part of Phase II. It is difficult to build one lagoon from a cost prospective. In the construction phasing Phase I is red. The Phase I part of the collection system would be built and the forced main. The forced main cost is shared by everybody. We will only build one little lagoon and one storage lagoon and irrigation for Phase I. This also includes a little bit of Phase II, III and IV. How do you disperse the capital cost? This is a study in itself and we don't have money to do it so I have to guess a little. If we got \$10 million and continued to the design phase there would have to be many very detailed discussions about the rate structure. In the funding strategy I made an assumption that ¼ cost of the core system would be shared in Phase I. This enables to cost of Phase I to be spread over more people. Even then the rate structure was too high, especially for the SBR.

For Phase I we get the money in 2009 and would design and build 2010 or 2011. Engineering administration includes engineering, grant writing, grant admin, bond counsel and interim interest. Walt Hill asked if the hook ups were included. Dave Aune answered yes.

Currently the Federal funding is lower; earmarks are not as big as they used to be. We need to ask for one big appropriation (\$5-6 million). We can sit in front of the politicians and say we have tried everything, which is why we are asking for the money. There is \$4.965 million appropriation requested already submitted for FY2009. WRDA is a 25% match, and that is a huge problem because the District does not have enough State money to match it.

Glen Morin informed the Board that Marnie is a lobbyist who is working for Missoula County. The County is asking the Sewer District to pay her \$5,000 and she will lobby for us. The County is encouraging us to do this. It is similar to grant writing with the potential of a much larger return. \$10,000 has been requested from the community to be split between the Water and Sewer Districts. Originally the Water District was not included, Glen Morin spoke to Matt Boulanger, Missoula County who said that has been rectified.

Vince Chappell added that it is not guaranteed money, but it is a good opportunity.

Dave Whitesitt said that the County told us that we need a sewer; they have forced other communities to do this. What happens if the community votes this down and we are forced to have the sewer; where does the money come from then? Dave Aune gave his opinion. The sewer can be regulated at the local level, the State level and the Federal level. Missoula County may take it from a public health angle, not on quality of the lake. If they took enforcement action it would be on the condition of septic system in yards. They would not issue a waiver for pit. They would make the community meet public health laws, so you would have to build a sewer and it would come back on the community. The State could say this is a violation because you are polluting

ground water, and remove the cause of the pollution. If they tie the cause to septic effluent they will require them to be removed and install a central collection system and the cost would come back on the community. It would be an unfunded mandate. The lobbyist can make an issue out of this and it could work in our favor.

Tom Morris questioned the O&M costs. Dave Aune replied it is approximately \$203,000 for SBR and \$130,000 for irrigation. Hill stated the annual difference in O&M costs between the two plants is \$70,000. The irrigation plant construction costs \$5 million more than the SBR plant. It would take 75 years of O&M costs to make up the \$5 million difference.

Vince Chappell asked Dave Aune if it were his system what would he do. Dave Aune replied that the special uses permit requirements of the lagoon are not good and the future expansion is not as good; however it is the one that he could probably get built. He likes the SBR better, except the O&M cost; but he can see no way to lower it. In a community the size of Seeley Lake the SBR is more expensive. The SBR can be expanded easier and at less expense and this would make the O&M cost comes down. If all four phases were built he would choose the SBR. It also is easier to monitor, there is greater control and would be easier to sell to the Forest Service.

Vince Chappell said knowing of the Water District's situation and the future possible growth once the sewer comes, there will be more customers in the sewer district. Dave Aune said that the capital user cost is \$12 for the SBR and the O&M is \$46. The more users there are the O&M user cost will come down rapidly. With irrigation the capital cost is at \$19 and the O&M is \$27.

When the SBR is expanded proportionately it costs much less than when it was built. Adding on to the concrete basins is relatively cheap and does not do much to the footprint. This is not the case with the irrigation system where the footprint would have to be greatly enlarged.

Dave Whitesitt stated that the Sewer District is way too small. When the sewer does come it will be triple, there are developers waiting and some of Double Arrow will have to be included. Dave Aune said if you really think there will be a large growth you should consider the SBR. The first phase is extremely hard financially. The Board could chose to charge everybody in the District, not just Phase I and so lower the cost. The only way to do that is if it were to be voted in by the entire District with a debt election. If you have that level of commitment from the community then it could be justified.

Dave Aune continued that the Board is not locked in to the decision they make tonight. He needs direction for the preliminary engineering report update.

Glen Morin asked the Board to vote for the lagoon or the SBR.

Dave Whitesitt	Lagoon
Dan Johnson	SBR
Tom Morris	Abstained
Glen Morin	SBR.
Bob Skiles	Absent

Glen Morin felt that the SBR was the best option for the community. It will be up to the public to vote, if that does not work we will have to go the other way. Dave Whitesitt asked if the money will still be there if we wait until 2010 or 2012. Dave Aune said that is a risk. Of the \$1.75 million appropriation from STAG we have tied up \$1.3 million. They may struggle with the difference that we have no match for that. Congress could pull the \$400,000 at any time. The TSEP is at risk, but that is not too big a worry as we are applying for another round. If the rates are lowered too much and go below 150% of target rate we will not be eligible for the \$750,000 from TSPE. They will only allow us to apply for \$500,000, then we will not have enough match. We will have to apply for CDBG grant also.

Glen Morin reminded the Board that a motion is needed to give Missoula County \$5,000 for the lobbyist, Marnie, to lobby in Washington for the District.

Tom Morris moved to amend the budget taking \$5,000 from grant writing and transferring it to pay the lobbyist fee; Dave Whitesitt seconded the motion. It was passed unanimously.

Dan Johnson motioned to pay the lobbyist \$5,000; Tom Morris seconded the motion. It passed unanimously.

## **PUBLIC COMMENTS**

None.

## **NEXT REGULAR MEETING:**

Scheduled for April 17, 2008

Glen Morin moved to adjourn the meeting.

## **ADJOURNMENT:**

The meeting was adjourned at 7:57pm

Attest:

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Glen Morin, President

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Felicity Derry, Secretary