

SEELEY LAKE MISSOULA COUNTY SEWER DISTRICT
Board of Directors Meeting
November 19, 2009

Attendance:

Glen Morin	Director	PRESENT	Randy Gordon	Consultant	PRESENT
Scott Smith	Vice-President	ABSENT	Ralph Kloser	Manager	PRESENT
Bob Skiles	Director	PRESENT	Felicity Derry	Secretary	PRESENT
Mike Lindemer	Director	PRESENT	Walter Hill	Advisor	PRESENT
Tom Morris	Director	PRESENT*	Dave Whitesitt	Public	PRESENT
Jean Harte	OPG	PRESENT	Sally Johnson	Notary	PRESENT

**left meeting at 6:30pm*

OPENING

The meeting was called to order at 5:21pm by President, Glen Morin at the Barn, located on Highway 83 N.

Sally Johnson attended the meeting to perform the oath of office for Glen Morin, Bob Skiles and Mike Lindemer. Glen Morin welcomed the new Board member as well as the returning Board member. He also thanked Dave Whitesitt for his diligence and time served on the Board.

Glen Morin noted that the president and vice president positions were open.

Mike Lindemer nominated Glen Morin for President, Tom Morris seconded. The motion passed unanimously.

Bob Skiles nominated Tom Morris for Vice President. Then Tom Morris nominated Scott Smith for Vice President. Bob Skiles seconded for Scott Smith. Mike Lindemer seconded for Tom Morris. The votes were taken again and were as follows: Votes for Tom Morris for Vice President were, Bob Skiles. The votes for Scott Smith for Vice President were Tom Morris and Mike Lindemer. Therefore with more votes, Scott Smith will be vice president.

MINUTES OF NOVEMBER MEETINGS

Minutes of the October 15, 2009 meeting

Tom Morris noted that on page 2, 3rd paragraph, Scott Smith seconded the motion and not himself. With that correction Tom Morris moved to accept the minutes for the October 15, 2009 meeting, Bob Skiles seconded. The motion passed unanimously.

Minutes of the October 26, 2009 meeting

Tom Morris moved to approve the minutes for the October 26 special meeting as circulated, Bob Skiles seconded. The motion passed unanimously.

FINANCIAL REPORT

Bills

Glen Morin presented the bills to the Board.

1.	RTK & Associates	Inv#86	\$	550.00
2.	Secretary Felicity Derry		\$	75.00
3.	Seeley Lake Water District – Bookkeeping	Inv#46	\$	112.50
4.	Rock-N-Horse Ranch LLC		\$	2,241.64
5.	Deer Creek Excavating		\$	330.00

Total \$3,309.14

Ralph Kloser informed the Board that he had talked to the CPA and as long as the District is on a cash basis, the current bookkeeping method is fine.

Tom Morris moved to pay the bills, Bob Skiles seconded. The motion passed unanimously.

Financial Statements

Tom Morris noted that money is now being received from the fee assessment. Bob Skiles asked if a bill had been received from Dave Aune. Randy Gordon replied that it had not to date.

Bob Skiles moved to accept the financial statements for October, Tom Morris seconded. The motion passed unanimously.

CORRESPONDENCE

Dave Whitesitt October 25, 26, & November 5, 2009

The Board had each received a copy of Dave Whitesitt's three letters and the supporting documentation. Glen Morin asked for comments from the Board. Bob Skiles noted that the letter said "*Wade thinks that lagoon treatment is best when possible, but not for all situations.*" The Board had discounted a lagoon system because Seeley's temperature is below freezing for so long. In other towns there are lagoons in the middle of towns where the people do not know it. Dave Whitesitt noted that the letter said where possible.

Glen Morin asked if root killer were poured down the drain what damage would it do? Randy Gordon replied it depends on the situation, but it would never be good for the treatment plant. Anything that is not meant to go in to a system will be an issue; however it is something that cannot be stopped.

Tom Morris noted that there is some good information in the letters that the Board could use, especially regarding state codes. He thanked Dave Whitesitt for the information. Randy Gordon wanted to address the issue of having two days worth of storage. With lagoons there can be storage as the lagoons can be rotated. With the approved alternative there is no way to keep 0.5 million gallons of human waste. The Forest Service would not give the District a permit to do this. Missoula's usage is 15 million gallons per day; they do not have 30 million gallons of storage. There are two SBR units in phase one. One will be in use the other not, creating redundancy. In phase two there is better redundancy. A discharge is a catastrophe and you cannot design for a catastrophe.

Tom Morris said that you can, there is redundancy in the PER. You could add a storage tank; it would not be that hard. It is unacceptable to present an environmental challenge to the public, say that we will protect the lake and stream, but if there is an issue the waste will be dumped in the stream. Randy Gordon said in his opinion you cannot store human waste and have two days of back-up. We would not get funding or a permit for it. He has never seen it anywhere. With pipelines, they do not have storage for a catastrophe; you cannot plan for it. Dave Whitesitt said that in Missoula and Spokane they frequently dump raw sewage in the river. The District cannot have a plan that would allow raw sewage to be dumped in to Seeley Lake. The public will not accept it, when it is that close to the lake with no back-up. Randy Gordon and Glen Morin noted that there are back ups in the system. There will be 3 SBRs. Dave Whitesitt said that there has to be a back-up, better than the minimum required preventing sewage being dumped in the stream and lake. Tom Morris said that everybody is in agreement on the need for back-up. Dave Whitesitt's opinion on the size of the back up tank is different.

Tom Morris said that there is redundancy in the plant it was in the PER. Bob Skiles questioned if there would be two treatment systems in the building. Randy Gordon replied that there would be three when the system was all built out. Mike Lindemer asked what the failure rate is. Randy Gordon replied that in Spokane failures that caused raw sewage discharge were mainly due to human error. As long as the District sets up a proper maintenance schedule on equipment and there is redundancy there should not be any problems.

Glen Morin asked Randy to find out more information on the back-ups. Randy Gordon said that Montana's DEQ is one of the toughest agencies in the world. It is very well regulated.

Randy Gordon informed that Board that an application form from Montana Rural Water had been received and it will be on the December agenda.

CONTRACT MANAGERS REPORT

Ralph Kloser is having computer issues so gave the Board a verbal report. He worked 15.75 hours most of which was working with Randy Gordon and Felicity Derry on the 2010 budget. Last spring when Dave Aune's bills were reconciled the reconciliation with the DNRC money had not been finished. This has not been completed.

Tom Morris moved to accept the contract manager's report, Mike Lindemer seconded. The motion passed unanimously.

CONSULTANT'S REPORT

Randy Gordon noted that he worked 85.5 hours. Most of which was administration time. 14 hours were at the Tamarack Festival and 9 hours were at a W2ASACT funding workshop. The six test holes were dug NE of Seeley Lane and Morrell Creek Road. The holes were 14-16' and all had good gravel beds in them, with no ground water. Dave Aune took soil samples and will give the Board a recommendation. The site looks very good for the drain field and the location of plant. The environmental report was done for the PER, but it was not up to MEPA standards. To move forward with the funding through Rural Development we have to have one that meets MEPA standards. Dave Aune estimated that it would cost an additional \$5,000. Bob Fischer, RRGL approved using the remaining approximately \$50,000 RRGL funds to match WRDA funds (75/25 match). With that money Randy Gordon would like to:

1. Finish the PER for MEPA standards.

2. Update the PER for the 2010 funding cycle. This would mean combining the two PERs in to one, putting in the new location and updating the implementation schedule and the funding. This would cost approximately \$5,000.
3. For Dave Aune to assist with the paperwork for the special use permit. Prior to that, part of the DEQ permit has to be done for the treatment site. Dave Aune said that would cost a minimum of \$50,000 for DEQ permit for the treatment plant.
4. Survey the site for the treatment plant. Then have Great West start the design and the specifications for the treatment plant until the District run out of funds.

The scope of work was forwarded to Dave Aune, and he will come back with an estimate for the above work. Randy Gordon has been working with Lan Nguyen, US Corps of Army Engineers, and Bob Fischer, RRGL to put a project together so that the grant funds can be spent before they are lost. These are all things that need to be done in a sequence to achieve the main goal. Ralph Kloser asked if the contract with Great West would fit as a contract amendment. Randy Gordon replied that it would. The Board had signed a contract all the way through the project so there is no need for a RFP. The Board still has to approve each stage of the project.

The Federal appropriations paperwork should be out by the end of January. He has many meetings scheduled on this subject. The \$500,000 of TSEP funds from FY05 was lost because the District did not meet start up requirements. We got a \$750,000 grant that has to be spent on the scope of work that was specified in the application. He will talk with Jean Harte more, but thought that it would not be worth going after CDBG and TSEP money because we will not be ready to spend it.

Jean Harte said that the TSEP application that was approved from FY09 in the amount of \$750,000 has a start up date of June 30, 2011. All of the funding is for construction only, so you need a project in order to spend that money. Getting another TSEP grant is not another possibility. For the CDBG grant you need a firm commitment of the other money for the project before the grant will be given. The appropriation for \$4.25 million did not come through. The budget for phase 1 is \$8.8 million; there is a shortage of \$4.25 million. If the CDBG grant application is put in there will need to be a firm commitment of funds from the Federal government. Otherwise the District should not apply.

Randy Gordon said that the RRGL funds could be used for planning and design. The application is due May 15, 2010. This money could be used for planning and surveying, etc. Each time we move forward a little it gets us closer to a shovel ready project.

Rural Development is waiting for the MEPA environmental report before we can move forward with them. Hopefully that will be done by the end of January. Steve Trundle, Rural Development was looking into the possibility of using the old income survey and will get back to Randy Gordon in a couple of months.

The web site is ready to go so Randy Gordon will take some pictures of the Board to go with their bios.

Randy Gordon had a meeting with Liz Mullins, DNRC regarding District boundaries. They want the DNRC lands to be in the District. This would bring in 130 lots of DNRC land, and also 10-20 lots of Federal land and River Point campground. There are about 11 lots that are not leased which the State might have some issue paying for. By putting those lots in we could plan for Phase 3. The District does not want to build a plant just big enough, it needs room for growth. We need to plan for 50 years. If the District is not big enough to divide the cost the rates are high. The bigger the District the lower the rates will be. We do not want to charge \$90 per month for sewer. Walt Hill questioned the legal requirement for annexing in the DNRC. Randy Gordon replied that it was basically like adding anybody else. There would have to be a

petition and a vote. The DNRC would have one vote and it is the property owner that votes. He will talk to Pat O'Herren regarding this. Ralph Kloser added that when this happened before the only stipulation was that it had to be contiguous. They petitioned the Board, who voted them in. Tom Morris noted that if the Board continues to pursue annexation there needs to be an amendment or a new resolution because there is a resolution on the books saying that there will be no more annexation.

Bob Skiles moved to accept the consultant's report, Mike seconded. The motion passed unanimously.

Tom Morris noted that in the special meeting expenditures were approved that were not in the budget. He recommended to the Board that there be a budget amendment for the site permitting. Bob Skiles questioned if it could come under engineering? Ralph Kloser replied that is where it went. Tom Morris said that if it was acceptable he would have no problem with it. Ralph Kloser said it was put under engineering. Glen Morin, Ralph Kloser and Randy Gordon agreed that it could come out of engineering.

OLD BUSINESS

Draft Budget 2010 Budget

Randy Gordon informed the Board that the line items on the 2010 draft budget were similar to last year's budget. He then summarized each one.

The budget expenses were \$48,000. At the current fee assessment rate of \$72 the income is \$32,000, this would create a deficit. This would mean enlarging the District or raising the assessment fee. To cover the expenses of \$48,000 the fee assessment would have to be raised to \$108 per lot, per year. Some of the consultant's time would be eligible for payment by the WRDA and RRGL grants.

Jean Harte said that the Federal grant funds could be used as long as the hiring of the consultant followed an open and fair procurement process. For anything less than \$20,000 a small purchase could be used. Randy Gordon replied that WRDA had informed him that some of his time could be billed for administration through the grant.

Glen Morin asked if there was any grant money available to pay for the consultant. Jean Harte replied that if the correct procurement procedure was followed then grant funds could be used. Randy Gordon said that if the procedure was followed then RRGL money could be used. Walt Hill voiced concern that State and Federal properties would not pay the fee assessment because they would view it as a tax. Randy Gordon said that he had been working with Liz Mullins who said that the State would pay the fee assessment. The Federal and State properties would be billed through the District and not on the tax bill.

Bob Skiles noted that it is easier to consolidate lots and several people have taken advantage of this. This will mean that the lots within the District will have to be recounted and that number divided by the \$32,000. Randy Gordon said that he will have to count the lots.

Glen Morin asked the correct procedure for hiring the consultant. Jean Harte replied that an ad would be placed in the local newspaper twice with six days between ads. Then conduct an interview or hold a meeting to make a selection. It would be the same procedure as hiring the engineer. A small amount of the EPA money could be used to pay a consultant for planning. The District would need to get something in writing from Bob Fischer saying that to use their grant funds for administration. Once that is received the funds can be released. Randy Gordon said that he had already received an email stating this from Bob Fischer. Jean Harte said that there is \$55,000 of EPA planning money which could be matched with

\$45,000 of DNRC funds. Randy Gordon said that WRDA funds only needed a 25% match so that is why he had proposed to match DNRC with WRDA. The only caveat is that DNRC funds cannot be used for the PER. Glen Morin asked how soon funds could be used for the consultant. Jean Harte replied to not sign a contract with the consultant until the District knows that the funding is available. Once a contract is signed with an individual then the District has a legal obligation to pay for those services. Missoula County would be more comfortable if an open procurement process was followed to hire any consultants whose contract exceeded \$20,000.

Glen Morin asked the Board if there were any comments on the budget. No comments were brought forward. Randy Gordon noted that his contract was up at the end of the year. The money in the budget is for a consultant, it is not for himself. If this open procurement process is followed then part of the District Consultant's contract can be billed to the project. When he was hired finding alternative ways to fund the consultant's contract was one of his tasks.

Mike Lindemer motioned to proceed with the open procurement process. The Board discussed the need for the procurement process. Randy Gordon stated that he would prefer an open procurement was followed. Bob Skiles seconded the motion. The motion passed.

Randy Gordon said that he would write up a description of services. The ad will be placed in the Pathfinder and the Missoula Independent

Randy Gordon noted that since Tom Morris left and Scott Smith is not here, then the budget can be voted on next month.

Sign Amendment to Resolution

Ralph Kloser wanted to make sure that the amendment to the resolution was signed. This was when Tom Morris and Dave Whitesitt were not available for the meeting.

NEW BUSINESS

Treatment Plant Site

Previously covered.

Phone Conference Call Voting

Randy Gordon said that if needed he could bring the phone out of the office at the Barn. This would be for an emergency meeting if some Board members could not attend. There is an 800 service that can be used for conference calls. Scott Smith had suggested that. Walt Hill cautioned the Board on this. The public notice aspect is very critical here. If you are conducting business as a Board it has to be a public meeting. Randy Gordon said that he would check with the County attorney on this matter.

Director Election Results (Certification, Transfer Bank Cards)

Ralph Kloser said that he would get signature cards for the 5 Board members. There are the First Valley Bank and the County Account at First Interstate Bank. Does the Board want two signatures on checks that are written? If the bank is required to check two signatures it will cost more money; however the Board could have a policy needing two signatures.

Glen Morin recommended that the Board have a policy for two signatures on checks. Bob Skiles moved to pass a Board policy that two signatures are required on each check. Mike Lindemer seconded the motion. The motion passed.

Ralph Kloser said that the Board requested that he talk to a CPA about an audit. He spoke to Greg Peck, who audits the Seeley Lake Water District, and he will look over our books and not charge us a lot. He will have Felicity Derry send him the numbers and he will review the District's books when he is auditing the Water District and come up with any recommendations at that point.

Randy Gordon said that the different funding agencies require the District to have an audit and this will have to be done annually.

Bob Skiles asked to get a map of the District showing the areas of possible annexation to put up at his business. Randy Gordon said that he would get some more printed up.

PUBLIC COMMENT

Jean Harte said that she will give Felicity Derry the status of funds spreadsheet.

NEXT REGULAR MEETING:

Scheduled for December 17, 2009

ADJOURMENT:

The meeting was adjourned by Glen Morin 7:16pm

Attest:

Glen Morin, President

Felicity Derry, Secretary