

SEELEY LAKE MISSOULA COUNTY SEWER DISTRICT
Board of Directors Meeting
November 18, 2010

Attendance:

Glen Morin	President	PRESENT	Mike Lindemer	Director	PRESENT
Scott Smith	Vice-President	PRESENT	Randy Gordon	Consultant	PRESENT
Bob Skiles	Director	PRESENT	Felicity Derry	Secretary	ABSENT
Tom Morris	Director	ABSENT	Walter Hill	Advisor	PRESENT
Bill Bogardus	Public	PRESENT			

OPENING

The meeting was called to order at 5:28pm by Vice President, Glen Morin at The Barn, located on Highway 83 N.

PUBLIC COMMENTS:

None

CORRESPONDENCE:

Randy Gordon noted that he had sent a letter to every property owner in the proposed Sewer District expansion, approximately thirty letters. All but two property owners wanted to be in the Sewer District. Therefore there would need to be a vote, which would cost the District money. The majority of the land in the District expansion was owned by DNRC. DNRC would vote on this, as the leasees do not get a vote. He was still waiting for a letter of approval from the US Forest Service, but he did not expect them to go against it.

MINUTES OF OCTOBER MEETING

The minutes of the October 21, 2010 meeting were presented to the Board.

Bob Skiles moved to accept the minutes for the October 21, 2010, Scott Smith seconded. The motion passed.

FINANCIAL REPORT

October 2010 Financial Statements

Randy Gordon reviewed the financial statements. He noted that he had been working with Missoula County on how much of the fee assessment had been paid since 2004. Currently in the financial reports the fee assessment was not broken out by the year it was billed. He would match what had been paid against the budget for each year and if there were any overages he would put that amount in a reserve. None of the 2011 fee assessment had been received to date.

Randy Gordon had received an estimate from JCCS for the upcoming audit of \$5,000. He thought this was excessive for the amount of business the District does. \$3,000 had been budgeted for the audit. He would talk to the Department of Administration to see if the District could perform an audit every other year as they were still under the threshold for the audit. The other alternative was to have the State perform the audit.

Scott Smith moved to approve the October financial statements, Mike Lindemer seconded. The motion passed.

Bills

Randy Gordon presented the bills to the Board.

District Bills

1.	Gordon Professional Services	\$	2170.20
2.	Secretary Felicity Derry	\$	150.00
3.	Seeley Lake Water District – Bookkeeping	Inv#52	\$ 60.00

Total \$2,380.20

Project Bills

1.	Great West Engineering	\$	17,048.22
2.	Gordon Professional Services	\$	2,512.49

Total \$19,560.71

Randy Gordon said that he had questioned the Great West Engineering bill for two land surveyors. Great West Engineering had adjusted the bill down.

Bob Skiles moved to approve all of the bills, Scott Smith seconded. The motion passed.

Draw Winners from Income Survey

Scott Smith drew five numbers for the income survey drawing. Each number corresponded with the ID# and received \$100 of Chamber Bucks. The numbers were as follows:

48524
48659
48642
48640
48694

Scott Smith suggested that the people were notified by Monday, November 22, 2010 before Thanksgiving.

MANAGER'S REPORT

Randy Gordon said that he had completed the application for the InterCap loan. He met with the Missoula County Commissioners to set a date for the public hearing so that the Commissioners could approve the loan. It would either be December 14, 15 or 16 and would be held in Seeley Lake, either at the Community

Hall or the Barn. The Board's choice would be December 15, 2010. Once the date was set he would inform the Board. Scott Smith asked if the Board needed to attend. Randy Gordon replied that he would be there; it was up to the Board if they wanted to attend. The loan would be for \$100,000 and would be paid back over 15 years. The current interest rate was 1.95% and it was a variable rate loan. It would be billed just as the fee assessment was and would be approximately \$8-10 per year per property owner. The Montana Board of Investments told him that they probably would not require a public vote because the District had no debt. Once the County Commissioners approved the loan, the information would be forwarded to the Montana Board of Investment for review. Then they would decide if a public vote was required. When the District was formed the people gave the Board authority to do certain things. They do not vote on ever little aspect of the District. The people do not vote on the national, state or county budget. The Board was voted in to make those decisions for the people.

After talking with the Missoula County Commissioners he had been working with the Missoula County Communications Officer on a mailing to every property owner in the District. It would explain the status of the project, why the District needed to borrow \$100,000 and how it would be paid back. The Communications Officer would draft the mailing and Randy Gordon would review it. This would mean that the budget would have to be amended to accommodate the postage for this mailing.

Walt Hill was concerned that the numbers in the mailing should be accurate. Such as the amount of money that would be borrowed and how much it would cost each property owner. If it would cost some people much more that should be explained also. Randy Gordon said that he had rounded the cost per property to \$8-10. It was based on taxable land value so there were some properties that would have to pay a great deal more. He would make sure that all of the figures used were accurate. The multiplier for the assessment could be included so that property owners could see how much their assessment would be. Also because the loan was a variable interest rate the amount would change.

Randy Gordon said that if the project did not move forward in the next six months a great deal of grant money would be lost. The town had put off the sewer for 20 years. The 10 years of the anti-sewer Board did nothing but an injustice to this town.

Scott Smith requested that the Board be given a copy of the mailing prior to it being sent out. Randy Gordon said that he would do that.

Glen Morin requested clarification on the loan process. Randy Gordon said that the current matching funds would be expended by December 2010 or January 2011. If the project stayed on schedule there was the possibility of having a bond election in May 2011. That is when the public would get to vote on the project. At that point the ultimate cost of the project would be known. Because the income surveys had not been returned the exact financing was still uncertain. Scott Smith asked how many people did reply to the income survey. Randy Gordon replied approximately 70, but he did not have the number with him. Midwest Assistance Program (MAP) had taken over the income survey from Montana Rural Water. This had slowed down the process. Randy Gordon had arranged with a teacher from the High School to have some students do the follow-up on the survey. Also Rural Development now wanted to put a cut off date on the survey.

Bill Bogardus asked how the people could be given an accurate cost on the sewer when so many things were in a state of flux. Randy Gordon replied that every phase would have a different cost. Scott Smith said that the treatment facility would be built in phase I. Part of the capital cost of that would then be given to phase II once it was built, and the same with each additional phase. Randy Gordon said that cost of the treatment plant would be shared by all four phases. The collection system for each of the four phases was unique to

that phase. Each of the phases would have a different cost. This would be figured out in the assessment. The cost would not go on the monthly bill. Each lot would have an assessment. Every ERU might have to pay \$15,000. Business may have 3 ERUs. The ERUs would stem from the water bill. The District could then help everybody finance that cost. For low-income people there would be grants, if they wanted to pay it off they could. If the District took out a forty-year loan and the cost was put on the monthly bill, there would be some people who did not want to pay the interest.

Walter Hill was concerned that it should be kept simple. There were two problems. Firstly the cost of the sewer system needs to be known. This would be known by May? At that time the estimated amount for each phase in dollars and cents would need to be known. Secondly the amount of the assessment needed to be known. This was extremely complicated for the public to understand. Randy Gordon said that he had been doing this for 15 years and every other community that he had worked in had not found it too complicated. Walt Hill said that it was difficult for him to understand. The District would need to say that it would cost so much and so much would have to be paid. Randy Gordon said they had to have a project cost. Walt Hill said that one of the questions he had been asked was how many income surveys had to be returned. The answer he got was that each phase required a different number of returns. This did not depend on which phase you were in; it depended on how many income surveys were required in order to meet the minimum number necessary to get the grants.

Randy Gordon replied that he had a number of how many were sent out and he had a number of how many had been returned. He had a number from Rural Development of how many had to be returned. Scott Smith added that one hundred surveys might have been received but only seventy qualified. Walt Hill replied he understood that, but that was the number he was asking for. Randy Gordon said that there was a mathematical equation that was used. The income survey had to satisfy three agencies (TSEP, CDBG & RD). Each agency had a different number of returns that they required. If Rural Development decided that the cut off date should be December 1, 2010 then it would not be a valid survey and nobody would qualify for assistance in the District. They would use the census data. Walt Hill said that even if the required number were returned that would specify what kind of a grant would be awarded to help pay for the sewer. It did not have anything to do with the cost of the system. The cost is going to be a set number no matter how it was going to be paid for. How to pay for the sewer is the other part of the equation.

Randy Gordon said that CDBG would award a \$450,000 grant for each phase. Walter Hill replied that would be \$1.8 million, which would be 10% of an \$18 million project. Randy Gordon replied that was funding from one agency. The State's budget was up in the air so it was hard to predict what money would be available there. The District qualified for Rural Development (RD) low interest loans due to the census information. The entire project should cost less than \$18 million. He would be sure to let Walt Hill know first the exact cost of the project. Walter Hill replied that he was asking the questions because he had been hearing that people were concerned because they did not know how much the sewer would cost. The Board noted that progress had been made, but they were not quite to the point where the cost could be nailed down.

Randy Gordon said that at the end of that part of the project, hopefully in April, the District would have spent \$716,000 to date getting to the point where a figure could be put on the project. Out of that \$716,000 the only thing that the citizens of Seeley Lake would have paid for is the \$100,000 loan. The rest of the money came from grants. That was unheard of. Every agency they had been working with was bending over backwards to help this project. The people in Seeley Lake did not realize what would happen if they voted the sewer down. Scott Smith said that the proposal would be perfect and that failure was not an option. Randy Gordon said that he hoped to have a cost for the project in April 2011.

Bill Bogardus questioned what the money had been spent on and there was still no cost for the project. Randy Gordon explained that the \$716,000 would have got the District to the point where they would have a set of plans and specs ready to go to bid and a cost for the project. The money already spent deducts from the total cost of the project. Mike Lindemer compared the situation to building a deck on your home. Now it had to be engineered, designed, a building permit obtained and the work inspected. It was the same as spending the money for this project up front so as to get to the point where a shovel could be put in the ground. People in Seeley Lake were not used to the permitting process. Scott Smith noted that he had been on the Board a year and a half. Nobody had called him and asked what they were doing. Bob Skiles added he had been on the Board for seven years and nobody had ever asked him. Randy Gordon said that Seeley Lake had been allowed to get away with things for thirty years that people fifty miles away could not. It had come back to bite everybody. It would bite everybody really hard if the sewer got voted down.

OLD BUSINESS:

Plant RDP Update

Randy Gordon said that he would be meeting with the engineer next week to finalize the Request for Proposals (RFP). In the predesign there were four buildings for the treatment plant. He thought one esthetically pleasing building would work and save money. Scott Smith said he thought the cost of \$18 million stemmed from the engineer having an open checkbook enabling them to build the most elaborate sewer system. The District needed functionality. He wanted to cut the \$18 million cost to \$8 million. Randy Gordon explained that building the treatment plant miles outside of town cost money. Building the treatment plant closer to the collection system as now proposed saved the project money. He hoped to have the RFP for the MBR and the SBR next week. Scott Smith noted that the Board had been watching the District's bills closely. They had questioned bills from the engineer and the accountant. If the bills were more than the estimate they would not pay them. The Board was not letting anybody take advantage of them and had pulled in the purse strings.

Resolution for Intercap Loan

Randy Gordon said that he was working on a resolution for the Intercap loan even though there had been a motion approving it.

NEW BUSINESS:

2011 Budget

Randy Gordon noted that the fee assessment had been passed for \$46,620 and he reviewed the budget with the Board. It was open for discussion but it should be at the point where it could be approved at the next meeting. The Board discussed this. Scott Smith asked for a monthly budget and a total for the year. Randy Gordon said that he kept it simple because he knew what the revenue (fee assessment) would be. This being said the budget could be set out however the Board wished.

Scott Smith moved to approve the 2011 budget and it be reported in a monthly format to the Board, Mike Lindemer seconded the motion. The motion passed.

Resolution for Project Reimbursements

Randy Gordon had spoken to Dorsey and Whitney regarding the Intercap Loan. Mae Nan Ellingson suggested that the Board adopt a resolution whereby if District funds were used for the project the District

could be reimbursed with funds from the bond. Therefore the Intercap Loan could be paid off and the assessment would not continue for 20 years. The operating budget was going to get really tight. Every penny that could be kept in the operation budget for the years to come would keep the monthly bill lower for the ratepayers. Grant money cannot pay for operations and maintenance. It had to come from the people. Therefore the District should be paid back for every penny it spent. This resolution would do that. Scott Smith requested that this be put on next month's agenda.

The Missoula County account was in 1st Interstate Bank. 1st Interstate Bank had requested an updated signature list. Randy Gordon passed this around for signature. He also passed around a form for signature that would enable him to access the 1st Valley Bank account online and automatically deposit payments in to that account.

Scott Smith left the meeting at 6:43pm.

Randy Gordon noted that he had received an email from TSEP informing the District that they needed the \$750,000 grant put under contract. The funding package had to be complete before that money could be spent. The election for the bond would probably be at the same time as the school election in May 2011. He was pushing for that because STAG and TSEP want to pull the unused grant money from the District. If the vote did not pass the District would not the money. If the money was not contracted by June 2011 it was definitely gone. Hopefully the offices of Baucus and Tester could get the STAG grant (approximately \$1.66 million) to roll over for one more year.

Walter Hill said that he was working on trying to get unspent stimulus money for the sewer project and asked Randy Gordon for a cost of the project. Randy Gordon said that he could not give him one. However any amount of money would help. Walter Hill needed to know how much money to ask for and it had to be soon. Randy Gordon said that to date he had used the \$18 million dollar figure from the pre-design.

Randy Gordon said that he had been talking to Dr. Vicki Watson, University of Montana. She had scientific proof that Salmon Lake had dead zones that came from sewer. All the data was sent to DEQ & EPA. The only thing that DEQ could do was to come back to each property owner in town and they did not have the resources to do it. He was working with the Health Department and had a list of the permitted septic systems. If the people's septic systems did not match up with what was supposed to be there, then he would give that to DEQ. DEQ could then come back and fine the property owner on a daily basis until they get a proper sewer built to today's standards. If a property was approved for a one-bedroom house and it now had five bedrooms. That property would be in violation. They could make you expose the laterals on your drain field and dig up the septic tank to make sure that you have what you were supposed to. This is what Don Larson had been pushing for since the beginning. The District did not have the money to do that. He could find out what was supposed to be built, what was built and give that information to EPA and DEQ. Walter Hill cautioned Randy Gordon on this line of logic. Randy Gordon replied that that was what DEQ had told him. He wanted the people of Seeley Lake to know what could happen.

Bill Bogardus said that Randy Gordon was threatening them, telling them what they had to do and his job was to work on the sewer. Randy Gordon said that he had to get all of the options to all of the people. So if the sewer was voted down people could not come back a year later and say they were not told that it could happen.

PUBLIC COMMENT

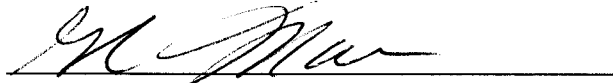
NEXT REGULAR MEETING:

Scheduled for December 16, 2010

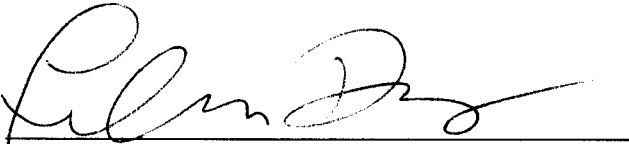
ADJOURNMENT:

The meeting was adjourned by Glen Morin at 6:58pm

Attest:



Glen Morin, President



Felicity Derry, Secretary