

SEELEY LAKE MISSOULA COUNTY SEWER DISTRICT
Board of Directors Meeting
August 19, 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	PRESENT
Tom Morris	Director	PRESENT	Bruce Friede	Advisor	PRESENT
Dave Whitesitt	Public	PRESENT			

OPENING

The meeting was called to order at 5:20pm by President, Glen Morin at The Barn, located on Highway 83 N.

MINUTES OF JULY MEETING

The minutes of the July 15, 2010 meeting were presented to the Board. Tom Morris noted that he was not present at the meeting and the minutes were for July and not March as noted in the title.

Scott Smith moved to accept the minutes for the July 15, 2010 meeting with the noted corrections, Mike Lindemer seconded. The motion passed.

FINANCIAL REPORT

Financial Statements

Randy Gordon outlined the financials, noting there was nothing out of the ordinary.

Scott Smith moved to approve the financials, Tom Morris seconded. The motion passed.

Scott Smith noted that the Board had agreed that JCCS should review the accounting. JCCS billed the District \$3,900 and their original quote was \$1,000. He said that Randy Gordon thought that any services over \$1,000 should go out to bid. If there was a change order on the work being performed bringing the bill above this amount, Randy Gordon could not approve it. That would have needed to be approved by the Board. This became a he said, she said issue. JCCS did not notify the District that they would be charging the District \$3,900 instead of \$1,000. JCCS said they had informed Randy Gordon that the bill would be a little bit higher. Randy Gordon said that is not what happened. The Board agreed that it has a fiduciary responsibility to the people in the District. Scott Smith told JCCS the world does not work like that, and that JCCS cannot do that. The increased bill would have to be taken out to bid, and that did not happen. JCCS did the work, but he felt that JCCS had taken advantage of the District. The Board needs to decide how much to pay them. The Board discussed the possible ways to avoid this situation in the future.

Randy Gordon said that JCCS were told that the Board had approved \$1,000 to review the District's books. If they needed to do work beyond that amount they had to come back to the District and request more money. Once the work was completed he had asked for a bill, as he had already done several times. The bill they sent was way out of line. He told JCCS that the District could pay JCCS \$1,000 as that was what the Board had approved. He requested that JCCS write a letter explaining what they had done and why, which had been circulated to the Board. The justification was that the work needed to be done. However they did not request approval for the extra work to be done. If they had, it would probably have been approved as the books have to be kept in order. The additional work was not discussed or approved. It is the Board's decision how they want to proceed. He said that he would check the exact amount of a small contract. He had discussed with Scott Smith the need to put out a request for proposals for an accounting firm.

Scott Smith proposed that the bills be approved by the Board and then write the checks. Then photocopy the checks each month with a description of what they are for, then mail them to the accounting firm and have them make the entries. Then we do not have to do audited financials every year it would be done along the way. The District does not write enough checks to warrant JCCS charging \$3,900. JCCS requested that the District make a proposal to them on the remaining \$2,900. Tom Morris asked if the District had a finished product. Randy Gordon said that they had sent over the audited financials and procedures that the District should follow. Scott Smith questioned if the District really did have a finished product. What JCCS sent over was not an audited form it was a compiled statement. Mike Lindemer did not feel that the work done warranted the money that the District had been charged. Scott Smith felt that JCCS should make a charitable act of the \$2,900. They had been paid the approved amount and they did not get prior approval for the additional work. That is not how business works.

Randy Gordon said that it was stipulated that they were approved to do \$1,000 worth of work. Above that they needed to come back for approval. Glen Morin questioned that they had called to do more work. Randy Gordon said that he met them in town. They were chatting over a business lunch where he met the owner of the business. At that time the owner suggested that they do more work, but he did not mention more money. Scott Smith said that his goal was not to put Randy Gordon in this position again. There should be a contract for a specified amount of work and money. Prior to any additional work being performed a change order should be submitted to the Board for approval. The Board discussed this and thought that a contract would be the best way to handle this.

Randy Gordon said that the District needs an accounting firm that has public works experience. The District needed to put out the scope of work that needed to be performed, and then put it out to bid. Review the proposals, interview and pick the most suitable firm. Tom Morris questioned what was in the budget for an audit. Randy Gordon said that there is \$2,000 in the budget for bookkeeping and \$3,000 for the audit. He said that he would talk to Montana Department of Administration and find out what the District was required to submit to them and then discuss that process at the next meeting.

The Board discussed how much more to pay JCCS. The consensus was they felt that JCCS stepped over the boundary and the District should pay them \$1,000 already paid and no more.

Scott Smith moved to send a letter to Jim Galipeau, JCCS stating that because they did not get Board approval for the additional \$2,900 that the Board feels payment has been received in full. Tom Morris seconded. The motion passed.

Randy Gordon said that he would write a letter stating that and have Glen Morin sign it.

Bills

Randy Gordon presented the bills to the Board.

1.	Gordon Professional Services		\$ 2735.44
2.	Secretary Felicity Derry		\$ 75.00
3.	Seeley Lake Water District – Bookkeeping	Inv#52	\$ 67.50
4.	Great West Engineering		\$ 2920.98

Randy Gordon noted that the bill from Great West Engineering would be billed to the project. \$1,377.12 of the Gordon Professional Services invoice would be billed to the project. \$1,500.82 will be paid from the District's account.

Tom Morris moved to approve the bills. Mike Lindemer seconded. The motion passed.

CORRESPONDENCE

Randy Gordon noted that he was waiting for letter from Liz Mullins, DNRC.

MANAGER'S REPORT

Randy Gordon said that only 3 members of the public attended the income survey meeting. He felt that it had been well advertised. The income survey could only be sent to full time residents, which he had been identifying. He proposed to Rural Development, TSEP and WRDA that summer residents should write summer home across the survey and mail the survey back incomplete. Rural Development wanted to tell us how many returns would be needed in each phase before the survey was mailed out. TSEP & CDBG agreed to his proposal. He had not heard back from Rural Development. That would reduce the number of income surveys mailed out by half. Once he heard back from Rural Development the income survey could move forward.

Great West completed the survey for the treatment plant. The well sights and trench have been set. His meeting with Great West and DEQ went well. Since the discharge from the plant will be such high quality the District will not be required to have a mixing zone qualification. The effluent quality would be treated as surface water. The District could possibly get the discharge permit as early as April 2011. While at DEQ he met with some of the engineers that work in the State Revolving Fund (SRF) program. The map was submitted to USFS and they had given pre-approval to dig wells as long as a road did not need to be cut in. The well drillers would be coming up next week to review the site. An archaeologist is required to be on site while the wells are dug and for the 2 flooded trench basins. That costs \$400 per day. This would be charged to the project. The flooded trench test needed to be completed before snowfall.

Randy Gordon said that after WRDA awarded their funds they had \$60,000 overage, which they gave to the District. They are currently revising the Project Management Plan (PMP) to reflect this. WRDA requires a 25% match. Right now the District will take all that it can get. That means that the District may have to take out a loan for match. This would be paid back by the project. It would be better to take a loan than to lose the grant money.

Randy Gordon explained that at the end of the month he would gather that month's invoices such as from himself and Great West Engineering. He would need to have Board approval to submit those invoices to the funding agency at that time. He would create an electronic copy of the invoices, attach the standard funding request letter or form and email them to WRDA or RRGL. The funding agencies said that the turn around would be 2 weeks and that the payment could be sent electronically. That would mean if he had all of the July invoices by July 31 he could submit them by August 1 and have the money on the way by the Board meeting. That way the District did not have to spend their funds. Scott Smith said that there had to be a Board procedure for this and that the Board would have to approve the invoices. Randy Gordon said that he could submit the WRDA portion of invoices for Great West and himself. He said that the only time Board approval is needed is when a vendor is paid. The Board discussed possible procedures. Randy Gordon said that he could continue to submit them at the meeting for Board approval and then send them to the funding agency. The Board agreed that the bills should be submitted at the Board meeting for approval.

Randy Gordon said the Board would need to decide what type of plant they want and who would build it. A request for proposals needed to be put out. He would work with the engineer on the qualifications for our sewer treatment plant. The companies would submit a proposal for an SBR or MBR and tell us how much it would cost. We do not want to pay the engineering company to design a plant that they would get designed for free. Then the Board could review the proposals; decide which kind of plant and which vendor to buy it from. The engineer would work with that vendor. Then when you go out to bid to have it built, the list of equipment is already there and they are only bidding on labor.

Scott Smith requested that the Board have a list of potential vendors for the treatment plant to review and research by the next meeting. Randy Gordon said that he had a list of most of them. The District would need to compose a request for proposal (RFP). Scott Smith requested that Randy Gordon email a list of potential vendors to the Board. Also that Randy Gordon had an RFP for the Board to review at the next meeting. Randy Gordon said that he would work on it with Craig Pozega, Great West Engineering.

Utilities would be a large part of the operation and maintenance of the treatment plant. The plant needed to be a green plant with high efficiency to keep the utilities low. Scott Smith asked if there is any additional funding for solar power. Randy Gordon said that he would look into it. Mike Lindemer asked if Randy Gordon had spoken to MEC regarding the right of way. Randy Gordon said that he had. It is a standard special use right of way for MEC only. He would need to submit a form to each property owner for them to sign, whereby giving the District permission to run the collection pipe through the easement. Mike Lindemer noted that they would be burying the power line. Randy Gordon said that the District could work with them and put our pipe in the open ditch; however it would not save that much money.

The engineer would send out the RFP for the treatment plant. Then the proposals would be brought to a Board meeting for discussion. At that time the Board would decide which type of plant and which vendor to proceed with. If the District gets the discharge permit by the middle of next year we could be building the sewer by 2012. Great West Engineering would design the collection system. He suggested that the project be split in to two different schedules, to be bid separately. Not all contractors are good every aspect of construction.

Randy Gordon informed the Board that the County Commissioners had passed the sewer assessment. The mechanism for collection would be a percentage of taxable value of the unimproved property. The average fee assessment would be less than \$50, but the larger lots would pay more. He then brought the Board up-to-date on the annexation process.

Randy Gordon said that he started up a new business that took over from Rock-n-Horse Ranch. He would write a letter to the Board saying that Gordon Professional Services is taking over all responsibilities of Rock-n-Horse Ranch. Scott Smith said that he has to assign Rock-n-Horse Ranch to Gordon Professional Services.

Randy Gordon said when he started he had agreed to the same rate as Ralph Kloser for 1 year. That year is up. At the rate of \$25 after taxes and overhead it lowered his rate to about half of what a technician gets paid. For the project he would have to be paid Davis-Bacon wage, plus a package for insurance and retirement. Therefore he suggested his new hourly rate when he works for the District would be \$30 per hour. For the project his hourly wage would be \$40 per hour. That included Davis Bacon wages and the assessment. He has overhead and believed that would be more than fair. Glen Morin asked how Randy Gordon broke that down. Randy Gordon said that normal Board administration such as Board preparation or answering phone calls would be \$30 per hour. When he started doing engineering work or survey work that required more qualifications it would be \$40 per hour. On a Federal Davis Bacon project prevailing wage plus benefits had to be paid. Scott Smith said that there would need to be a definition of the different wages in his contract. Randy Gordon replied that when his time was billed back to the project it would be \$40 per hour. Then District work would be \$30 per hour. Tom Morris asked if Randy Gordon actually provided himself with benefits and insurance. Randy Gordon said no. The Board discussed this further. Randy Gordon said that \$28.07 is the average State wage for an engineer III, plus \$7 for benefits. That is just the wage, and then you have to figure in overhead. Glen Morin said that would be put on the agenda for next month. Randy Gordon said that he would submit a formal letter.

The Board confirmed that they had received the well testing results.

Tom Morris moved to amend the budget by transferring \$28 from grant writing to insurance liability and to transfer \$800 from grant writing to postage for the mailing of the income survey. Scott Smith seconded the motion, which then passed.

PUBLIC COMMENT


NEXT REGULAR MEETING:


Scheduled for September 17, 2010

ADJOURNMENT:

The meeting was adjourned by Scott Smith 7:00pm.

Attest:


Glen Morin, President


Felicity Derry, Secretary