

**SEELEY LAKE MISSOULA COUNTY SEWER DISTRICT**  
**Board of Directors Meeting**  
**April 20, 2010**

**Attendance:**

Glen Morin	President	PRESENT	Mike Lindemer	Director	ABSENT
Scott Smith	Vice-President	PRESENT	Randy Gordon	Consultant	PRESENT
Bob Skiles	Director	PRESENT	Felicity Derry	Secretary	PRESENT
Tom Morris	Director	PRESENT	Vince Chappell	Advisor	PRESENT

**OPENING**

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

**MINUTES OF MARCH MEETING**

The minutes of the March 18, 2010 meeting were presented to the Board.

Tom Morris moved to accept the minutes for the March 18, 2010 meeting as presented, Bob Skiles seconded. The motion passed.

**FINANCIAL REPORT**

**Bills**

Glen Morin presented the bills to the Board.

1.	Rock-N-Horse Ranch LLC		\$ 2116.54
2.	Secretary Felicity Derry		\$ 75.00
3.	Seeley Lake Water District – Bookkeeping	Inv#52	\$ 67.50
4.	Vince Chappell		\$ 90.00
5.	ME Lab		\$ 293.50

Total \$2,665.04

Randy Gordon outlined the bills.

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

**Financial Statements**

Tom Morris asked if the financials were up to date. Felicity Derry replied that they were. Randy Gordon proposed to move the majority of the money out of the Missoula County checking account and put it in to a 6 month CD that would yield more interest. Glen Morin questioned if Missoula County would want the District to do that? Randy Gordon said that there is nothing they can do about it. The money is sitting there and it belongs to the District.

Scott Smith asked how much money would be needed for a 6-month period. Randy Gordon said that for the new project the District would receive WRDA funds for most of his wages. At the most maybe \$15,000 would be needed over 6 months. He will talk to Gary Miller at the bank and have a proposal for the next meeting.

Scott Smith moved to accept the financial statements for March 2010, Tom Morris seconded. The motion passed unanimously.

## **CORRESPONDENCE**

None

## **MANAGER'S REPORT**

None

## **OLD BUSINESS**

None

## **NEW BUSINESS**

Vince Chappell said that it was great that the Board was moving forward. He recommended that the Board speak with Montana Rural Water, a bond counsel, and State Revolving Fund (SRF) to get information. The work that is being done currently is preliminary work. As the District starts to spend public money, the District would need to look at starting the procedure for the public vote. That is a key issue and there are lots of other key issues that need to be done to make project work. Randy Gordon has been doing this for years and he has too in the state of Montana. There are similar districts that have fallen on their face and could not get a public vote. It took three times before the public could be convinced that they needed a sewer. The Board needs to make sure all of your ducks are in a row and that you are following all of the funding agencies' and the bond counsel's rules. Make sure you are telling the people what the District is doing, as the Water District did. That way you have done all of the public meetings, paperwork or mailers that you are required to do whatever the case may be. The key thing is getting the public vote started. It might take a couple of years to get the permit, but it might take three or four years to get a public vote to do it. Glen Morin said that a public vote would only be on how the District pays for the project. Vince Chappell recommended that they check into the legalities of that too. The Sewer District project is different from the Water District's project, but the District needs to get all of the right people to tell you what the process is. Randy Gordon said that he had already done a lot of that. He checked the District's bylaws and the District has the authority to build, borrow money and go in debt without a public vote. When we get to the point when we need a bond issue then we will have to have a public vote. Vince Chappell said at this point having the people involved and informed a key selling point for the District. Randy Gordon said all the people have to do is call and talk to him.

Vince Chappell explained that he arrived after the Water District's last upgrade, for which everything was done correctly. Five years after that there were still people fighting in court, arguing that they were never informed. If you are not putting information out continuously and documenting it, getting the public vote would be really hard. The last pole asking if people wanted a sewer was a tie at 51 to 49. At this point the approval has properly gone down. Randy Gordon said that there would be a big blitz. He had received the petition and sent it to the election office. It is approved and ready for signatures. He will get the

signatures by walking around town, knocking on doors and talking to people. So he would be getting a lot of information out there. Some people from the cabin sites attended the last meeting and they were all for the sewer. He has been to a lot of meeting attended by lots of people from town.

Glen Morin reminded Randy Gordon that they had talked about getting some articles in the paper. Randy Gordon said that he had talked to Caroline Jenkins at the Pathfinder about putting in the agenda. She wanted the agenda three weeks ahead of time so that she can get in the paper. He did not know how he could do that. Once this project is done that is the time to have an article. He will talk to the Missoulian about running an article. Everybody that he has spoken to is realizing that Seeley Lake needs a sewer and that the public opinion has changed. Glen Morin said that at the last few public meetings most people were against the sewer. Randy Gordon replied that they could be against if all they want, but if EPA says they have to have a sewer then they have no choice and it will go on their tax bill.

Glen Morin said to Randy Gordon that there needed to be an article in the paper. Also Randy Gordon needs to get in contact with Mae Nan Ellingson. Randy Gordon replied that the District did not need a bond counsel until it sells a bond. The District is not using a bond to buy the property. DNRC, Forest Service and Missoula County are all aware of what is going on. Vince Chappell said that he mentioned it because the District is spending money and have a goal to have progress within a couple of years. You need to get the public thinking on the right track. Randy Gordon said that the District could not do a public vote for a bond until we know how much the project is going to cost. We are not going to have a vote to see if they want a sewer. That public vote will come with the bond vote. Trying to get the town to have two elections would be hard, everybody is sick of elections. Randy Gordon said that we would have a vote when the bond is being sold. He will do his best to get the information out there. The mailer will go out with the income survey, which should be ready within a month.

### **Great West Engineering Contract**

Randy Gordon said that he had the addendum #2 to the contract, which needs to be signed. It is the same as addendum#1. It covers the rates that will be charged for 2010. The three items are \$40,000 for the PER, which has already been done, \$10,000 for ground water monitoring, which we have already done, \$111,000 for engineering analysis for 2008 and the plans. The project we are about to start:

1. \$2,000 to coordinate with the District. Randy Gordon said that he had a computer program that would allow them to conference via the laptop.
2. \$20,000 as an estimate for the environmental analysis and report.
3. \$25,000 to help with land acquisition. He did not think that Dave Aune would need to help with this. Between the Forest Service and the County Attorney, who will donate their time, they can get it done.
4. \$70,000 for ground water discharge permit and wells. That is for drilling up to six wells on the site and monitoring. We would perform the monitoring.
5. \$430,000 for the phase I treatment and collection system. Dave Aune wanted \$880,000, but the District has already spent \$160,000 for pre-engineering, some of that data could be used? He got Dave Aune to come down to \$430,000. \$880,000 for an \$18 million project is at the very top for the design (10%-11%) that Randy Gordon knows of. Other engineers are charging 6%-9%. Dave Aune's fees have gone up while all the engineering fees have gone down.
6. \$2,000 for a public meeting.

These figures are estimates. Dave Aune cannot bill the District unless the Board has given him a notice to proceed. The Board can limit what Dave Aune does, that is what Randy Gordon suggests that the Board does. The total is \$710,000 of which \$161,000 has already have done. Therefore the contract is around \$500,000. The estimate is high for the funding agencies because we cannot go back if the project runs over and ask for more money. That gives us leeway. Scott Smith asked if Randy Gordon's goal was to spend

\$300,000. Randy Gordon said that his goal was to spend more than there is. He ran through the items on contract amendment#2. When this project is done the District will have a shovel ready project.

Scott Smith asked if the Board was happy with Great West after meeting last month. Tom Morris said that we have a better understanding of each other. Glen Morin said he thought that we would be working with Craig Pozega more than with Dave Aune. He is more concise. Bob Skiles laid it on the line. Scott Smith said that he was not at that meeting. Randy Gordon said that he had received everything that he had been asking for over the last 6 months in a week. Dave Aune needed to find out that the District was serious. Bob Skiles said that we do not want another meeting like that with Dave Aune.

Scott Smith asked if there was an escape clause in the contract. Randy Gordon said that there was, the Board could end the contract tomorrow. The Board needs to approve it and then Glen Morin would sign addendum#2. The Board discussed the addendum.

Scott Smith moved to approve addendum#2 to the Great West Engineering original contract, Tom Morris seconded. The motion passed unanimously.

Scott Smith apologized that he had not been able to attend the meetings recently, which was not what he signed on for. His life has been chaotic since the beginning of the year. Moving forward he should be able to attend the meetings.

### **Forest Service Property**

Randy Gordon said he had been researching a way to get the property bought and found a way on the Internet. It is under a town-site act and Montana is one of eleven states that have this. The District can purchase the land because we are a public entity, we have no other land to buy and it will be the best situation for everybody. He will write a proposal to the Forest Service. Then the EA will have to be done, which is covered under this project. Tim Love and Karen Linford will review the EA. If they can find a finding of no significant impact (FONSI) then the sale will be advertised in the paper 3 times and the property will be appraised. There might be some people that do not agree with it, but it is up to the local forester. He has already got the approval from the Regional Director. The 20 acres would probably cost less than \$50,000 because the District would buy it at forest property rates. The land would have to be used for the purpose it is bought for. If the project does not happen then the land resorts back to the Forest Service and no money changes hands.

Scott Smith noted that there were contingencies within the buy sale agreement. Randy Gordon said that one would have to be that it passes DEQ discharge permit approval, which will take 1.5 years. He has almost finished the proposal. After we get the EA notifications and it is put in the newspaper there would have to be a public meeting. We can mail it to everybody in the District, but we do not have to. He got permission from Addrien Marx to sit at Rovero's for a few hours once a week with the petition and information.

Vince Chappell suggested that Randy Gordon should double check with the funding agencies and the bond counsel as to what their requirements are for advertising. Randy Gordon said that he had spoken to Dave Aune and this does not have to go through the bond counsel because we are not borrowing money for the land we are using money that we already have. Vince Chappell said that he was talking about the process for the public meeting. The Water District had to send out mailers to everybody and make sure that everybody was informed. Randy Gordon said that the statute requires that it be advertised in the newspaper. Vince Chappell recommended that Randy Gordon double-check that and the stipulations for using public funds. Randy Gordon said that the County Attorney would review everything. The District

can send out mailers, but he would rather not do it. The District will be using grant money and probably some of the assessment. He would start the process.

### **Project Management Plan**

Randy Gordon said that the project management plan was from the US Army Corps for the WRDA money. He ran through it for the Board. WRDA money will be used to pay Dave Aune, but cannot be used for buying the property. Les Soule is the project manager for the US Corps and Randy Gordon would be the project manager for the District. The US Corps will let us use \$161,000 of the money that the District has already spent, even though some of that money is from STAG to match WRDA funds. The WRDA grant is \$341,000, he will check on a possible additional \$90,000. The total design cost was listed as \$775,000. We have spent \$162,000.

The US Corps will let the District get started on the project even though the project funds are not totally in place. That is not written in stone just yet. Once the WRDA money has been used up we will not be able to let Dave Aune proceed until the District has more money. Because WRDA is letting us match with in kind money, this frees up the \$50,500 in DNRC funds to go towards construction, which is where Bob Fischer wants it to go. The money from the fee assessment can be used to buy the property. Within 2 years the District will have a discharge permit, a set of plans, a piece of land and would be ready to build phase I. He has been working with Rural Development; they have been funding many of the state projects. He was frustrated that Dave Aune did not go after it two years ago.

Vince Chappell said that the Water District had problems not having the low income, which is the same problem that the Sewer District will have. Randy Gordon said that most of the people, even around the lake, are retired and living off of social security. Vince Chappell said that it was a comment and that the income level caused the Water District to steer away from RD. Tom Morris said that the income survey had not been completed at that time either. Randy Gordon said that the last income survey for phase I would have qualified. The new income survey will be promoted as we want the public to complete it, but if the District gets under \$35,500 per year it would be eligible for 50% funding from RD, if the money is available. If we get under \$28,000 per year we are eligible for 75% grant, if the money is available. 42% of the income surveys need to be completed. Scott Smith questioned if the property is not a primary residence would they receive the survey.

Randy Gordon said that there would be a public meeting. In Eureka the names of the people that had returned their income survey by a certain date went in a hat for a chance to win a big screen TV. They got their income surveys back so fast. Once we get the required percentage we cut it off. We are playing by their rules; we are not breaking any laws. This is how projects get done.

Randy Gordon said that he would send Les Soule, US Corps an email saying he approves Project Management Plan. Then we will have to complete a form as to how the District is going to pay for the project. This will not be a problem as he had said that the District could use in kind funds. It will go fast, we could be drilling wells in two weeks. We need to get the first sample in the next 3 months, so that the testing will begin in the second quarter. Once the paperwork comes from US Corps he will email it to the Board for discussion. The District will have to apply for another special use permit for the wells and the surveying, which will cost another \$50.

Tom Morris moved to purchase the special permit to allow the District to proceed, Bob Skiles seconded. The motion passed unanimously.

Vince Chappell reported that the testing at Lindey's upper well showed that the nitrates and chlorides were both very high. These are both indications of sewer infiltration. There was coliform in the well. The Baptist church had no nitrate detection in that well and the chlorides were down. He did not know why. The coliform was high. At Kurt's Polaris the nitrates and chlorides are both high, and the same for coliform. That area of town has a lot of septic material going through the well. At Lindey's dock there was the usual low level of nitrates and chlorides. The lake vegetation takes up a lot of those materials, causing excessive plant growth. Total coliform and e-coli were both high. He realized that the lab accidentally switched the results because on the Riverview Bridge there are high nitrates, which he would see normally in the Baptist Church well. So for Baptist Church well the nitrates were high. The chlorides were higher than before and coliform was present. The Riverview Bridge showed coliform was present. All of this indicates there is a need for a sewer. The Board discussed publishing the data. Randy Gordon noted that phosphates were not included in the testing. Vince Chappell said that they had tested for phosphates in the past however the Board followed the engineer's recommendation and dropped that test. Tom Morris said that the engineer recommended dropping phosphates because there was no way to differentiate between naturally occurring phosphates and those from septic systems. Therefore dropping the test would eliminate that argument. Vince Chappell said that the main indicators are in the wells, there should not be this kind of influences 30-50' deep in the ground.

Randy Gordon said that people want to help fund the sewer even if they do not live in the District. People could do this if a Clearwater Water Quality District was created. It incorporates every parcel from Summit Lake to Clearwater. He will be working on this. The Missoula Water Quality District charges people on the sewer \$9.20 per year per parcel and if you are not on public sewer it is \$14 per year. A public vote would not be needed for this. 20% of the people in the Water Quality District have to want it. It would then go to the Board of County Commissioners who have the authority to say yes or no. That money is collected to keep the water clean. It is handed out to the organizations such as the Blackfoot challenge or it can help people hook up to the sewer.

## **PUBLIC COMMENT**

None

## **NEXT REGULAR MEETING:**

Scheduled for May 20, 2010

## **ADJOURNMENT:**

The meeting was adjourned by Scott Smith at 6:32pm.

Attest:

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Glen Morin, President

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Felicity Derry, Secretary