

SEELEY LAKE WATER DISTRICT
MONTHLY BOARD MEETING

April 28, 2008

Attendance:

Walter Hill	President	PRESENT
Glen Morin	Vice-President	PRESENT
Kim Grover	Director	PRESENT
Todd Johnson	Director	PRESENT
Charlie Hahn	Director	ABSENT
Vincent Chappell	General Manager	PRESENT
Felicity Derry	Secretary	PRESENT
Ian Bailey	Engineer	PRESENT
Dan Lozar	Engineer	PRESENT

OPENING:

The meeting was brought to order at 5:36 pm at the Water District.

PUBLIC COMMENTS:

None.

MINUTES OF MARCH 24, 2008:

Hill requested that the lobbyist's name be corrected from Marti to Marnie.

Morin moved to accept the minutes with the correction, and Johnson seconded the motion which was then passed

FINANCIAL REPORTS:

March 2008 Financial Report

Johnson had met with Chappell last week to review the financials. The income and expenses were all normal. Johnson questioned if the DNRC loan payable accounts #1815, 1940 & 1493 were all CDs. Chappell replied that when accounts #1940 & 1493 matured they were combined to make a CD account #1815 (\$110,000). Chappell reported that the annual interest of \$5,928.70 had been added and the bank said it could be moved to the operating accounts if needed. The District is required to keep a reserve of \$110,000. Morin asked if it will gain more interest in the CD or one of the accounts. With this in mind the Board agreed to leave it where it was earning 5.375% interest. Chappell stated

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that the FMHA account #32977 will have \$1,125 transferred at the end of the month. The loan has been paid off so the Board will need to decide where to transfer the money to. Once the final transfer has been completed the Board will decide which account to transfer this money to.

Johnson said that all of the manual adjustments in the adjustments journal reflected the approved waived fees on the State Lands accounts. The check detail was in order. The gas for Chappell's trip to Vegas for the contractor's expo was the biggest item on the credit card statement, and that was a good deal.

Johnson moved to accept the financial reports for March 2008, and Grover seconded the motion which was then passed

Chappell informed the Board that an approval was needed for the following:

1. Cogswell bill for \$500 covering the \$50,000 Excavation Bond required by Missoula County.
2. Black Mountain Software bill for \$1,620.00 covering the annual maintenance agreement. This was included in the budget for Computer Consulting & Maintenance.
3. Badger Meter bill for \$3,084.80 covering the annual maintenance agreement and technical support on the Orion radios, laptop and radix reader. Chappell explained that this bill was a surprise, the first year was included and no prior mention of this had been made. The Trace maintenance agreement for the old radios was \$650. This was paid in conjunction with the Connect Software maintenance agreement of \$800. We will be receiving the latter bill shortly. This means the annual agreement for the Orion and the Connect Software would cost almost \$4,000. If the maintenance agreement is canceled and then it is decided to reinstate it in a year or so you have to back pay the missed fees. Hill requested that Derry research the cost of the tech support and it will be reviewed at the next meeting.

Morin moved to approve payment to Cogswell for \$500, and Johnson seconded the motion which was then passed.

Grover moved to approve payment to Black Mountain Software for \$1,620.00, Morin seconded the motion which was then passed.

DELINQUENCY REPORT:

ACCOUNT	STATUS	TOTAL BALANCE
7	PAID IN FULL	\$ -
76	PAID IN FULL	\$ -
94	PAID IN FULL	\$ -
101	TURND OFF	\$ 59.32
104-05	FINAL BILL	\$ 80.89
169	PAID IN FULL	\$ -

CURRENT STATUS/COMMENTS

201	PAID IN FULL	\$	-
208	PAYMENT ARRANGEMENTS	\$	160.78
210	PAYMENT ARRANGEMENTS	\$	81.99
224	PARTIAL PAYMENT	\$	91.93
226	PAYMENT ARRANGEMENTS	\$	83.23
236	PAID IN FULL	\$	-
270	PAID IN FULL	\$	-
286	PAID IN FULL	\$	-
294	PAID IN FULL	\$	-
307	PARTIAL PAYMENT	\$	20.89
314	PAID IN FULL	\$	-
330	PAID IN FULL	\$	-
332	PAYMENT ARRANGEMENTS	\$	57.44
340	PAID IN FULL	\$	-
342	PAID IN FULL	\$	-
348	PAID IN FULL	\$	-
374	PAID IN FULL	\$	-
380*	LIENED	\$	270.14
403	PAYMENT ARRANGEMENTS	\$	84.88
410	PAYMENT ARRANGEMENTS	\$	70.82
434	PAID IN FULL	\$	-
443	PAID IN FULL	\$	-
445-01	FINAL BILL	\$	32.18
476	TURNOFF	\$	64.72
485	SCHEDULED FOR TURNOFF	\$	116.17
498	PAID IN FULL	\$	-
560	PAID IN FULL	\$	-
586	PAID IN FULL	\$	-
586-04	FINAL BILL	\$	20.00
589	PAID IN FULL	\$	-
592	PAID IN FULL	\$	-
654	OFF FOR NONE PAYMENT	\$	78.71
667	OFF FOR NONE PAYMENT	\$	-
694	PAID IN FULL	\$	-
TOTAL		\$	1,374.09
*	DEBT TOTAL (INCLUDED ABOVE)	\$	270.14

April 2008

Chappell informed the Board that most of the delinquent accounts had paid or made payment arrangements today. The check that paid for accounts # 208 & 410 was returned NSF. Account# 226 had made arrangements. Hill commented that without the State Lands the total looks better.

Johnson moved to accept the delinquency report for April 2008, and Grover seconded the motion which was then passed

OPERATIONS REPORT:

Chappell informed the Board of the following:

1. Lots of paperwork was done.
2. Worked on the policy manual, which has been tabled for this meeting.
3. Performed maintenance in the pump house and installed the valve.
4. Tammy & Felicity worked on inventory.
5. Checked references for the Contractor bids.

The loss report shows the loss has increased. Leak Detection will be performed June 9-10, prior to that we will be out using the District's equipment to hopefully find some leaks.

Morin moved to accept the operations report for April 2008, and Grover seconded the motion which was then passed.

OLD BUSINESS

Contractor Bids

Chappell informed the Board that three bids had been received. They were from Deer Creek, John Richards and K3. Chappell had checked all of their references. He also ran the numbers on a couple of imaginary jobs for all three. There was \$600 difference between all of them. K3 was the highest and John Richards was the lowest by \$200. According to the Missoula County Attorney the District is not required to use the lowest bid. Chappell checked his own list of references using people that deal with them on a regular basis such as the State Highway Department, Plum Creek, and the Forest Service. Deer Creek's references were good across the board. K3 who is fairly new in town had good references but they were not quite as high as Deer Creek because he is still learning. Of the five agencies only one would give a reference on John Richards. All of the others said they had no comment. Ian Bailey commented that Human Resources instruct them to give no comments on former employees that have had issues, etc. Chappell continued that the one reference he did get for John Richards was that he finishes the job, but it is not up to standard and would not recommend hiring him. John Richards' personal references were good.

Chappell recommended using Deer Creek, K3 had good references but has a less experience. Hill questioned if Chappell had experienced any problems with Deer Creek. Chappell replied that he has not had any problems with Deer Creek. The County commented that both Deer Creek and K3 did not always follow the new safety rules. However Gary always does what he is asked to do.

Grover moved to approve Chappell's recommendation to hire Deer Creek as the District's contractor, Johnson seconded the motion which was then passed.

Chappell informed the Board that there were issues with John Richards threatening him with the County Attorney over not providing John with the current contract prices. Chappell thought John should bid off his own price sheet instead of our current contract. Chappell did give all the requested information to John as required. Chappell checked with the County Attorney and everything was done legally. Johnson informed the Board that John Richards wanted to be present when the bids were opened. It was arranged that the bids be opened at the financial meeting between himself and Chappell. Richards was invited, but he did not attend. Chappell commented that the District is not required to put the contract out to bid because it is under the amount set by the State. This was confirmed by the County Attorney and it would be addressed while updating the policy manual. The Board discussed this and proposed that the policy manual read it is the option of the Board to decide to put the contract out to bid.

Project Update

Bailey informed the Board that the surveying has been performed to support the water model. Some work has also been done on the UV disinfection feasibility study. Lozar explained that last month they surveyed the potential route of the water mains as well as all of the existing water mains. This was a GPS survey to get elevations for the compilation of the water model. This is separate from HKM's water model which TD&H did not want to base their design on. The topographic survey was performed for the tank site as well as the mains. The model was set up and showed some anomalies from the hydrant flow test data. Last week TD&H came out and flow tested nine hydrants with Chappell. This data was used for the model and it is starting to look better. The model that was based on static pressures throughout the system after the elevation survey was off by 40 psi in some places. With the new numbers from the hydrant tests they are within 5 psi, which is really good. Next week Lozar would like to come down with the lap top and enter all of the demands through the system.

Initially TD&H had considered the potential of performing a full aerial district survey and formulating a surface from the picture. They received bids from two companies. Missoula Blue Print use traditional equipment and costs \$53,850. Sands Surveying, Kalispell, have a new technology, LIDAR, which utilizes lasers that can penetrate the tree canopy with great accuracy and costs \$69,100. Bailey added that the typical aerial survey in dense forest produces bad results. Lozar informed the Board that the bids were high because the District covers a large area. The aerial photo could be utilized as a planning tool and a design aid. It would cut down on the physical in the field surveying. Johnson asked if this is within the budget. Bailey explained that Missoula Blue Print would charge \$7,400 for an aerial photograph of the District. This scaled photo would be very helpful. Hill asked if this was in

addition to the topographic information. Bailey answered that the photo would save that much money in the surveying, so it could be paid for out of the surveying budget. The photo could be imported in to the plans enabling the plans to be laid over it. This would save money in locating the physical features. Ultimately it would be a great reference and planning tool for the District. TD&H would like to do this and use money out of the topographic surveying budget, as long as the Board agrees to this. The LIDAR and the topographic survey of the entire District is more information that is needed. Grover questioned if they would do the aerial survey and then use the ground survey to do the topographic where it was needed. Bailey explained that there will be a detailed ground survey along the pipeline and then supplement it with the physical features adjacent to it. Bailey asked if the Board would agree to this as although it will be done under the topographic budget it does constitute a change. The Board agreed to the aerial photo.

Chappell informed the Board that the District received \$260,000 from WRDA. The US Army Corp. of Engineers administers this and keeps \$20,000 for doing so. It was money that we had hoped for but was not budgeted for. The Corp. met with us and is working on the details so we can start drawing down the money. They would like the money spent by September 2008. Lozar explained that you can file for extension on it, but that would not be optimal. Chappell continued that on the current time line there will engineering through September, and then the plans are submitted to DEQ for approval. The grant will be used for engineering. It can be used to buy materials, such as a pump or pipe, for the project. Most of the paperwork has been completed and it should go smoothly. Bailey said that he did not think that there would be \$260,000 of engineering time expended in that time period. Also DNRC wants \$28,000 spent quickly so it would be good to consider buying some project materials.

Lozar explained that Chappell had spoken to the EPA in Denver. Simultaneously the design engineer review in Great Falls came to the same conclusion that there is a good potential for UV at this point. We can move forward knowing that tests will need to be performed in late summer/early fall when the highest level of byproducts occurs. The model can be used to monitor the disinfection byproducts as well as the life of the chlorine and residual levels. This will be incorporated in to the water model 100% after these tests have been performed.

Lozar explained that the travel time from the plant to the end of the distribution system is very long, which is part of the reason that the disinfection byproducts are exceeding the maximum contamination level (MCL). A new UV reactor in the treatment plant together with relocating the chlorine feed point further down stream would be effective at lowering the disinfection byproducts. Chappell suggested the Veteran's Memorial or the propane tank as a site for the chlorine station. Lozar said that UV is a cost effective way of Cryptosporidium (Crypto) control. Although the initial costs are high the O&M cost is low. The cost for a stand alone UV treatment system is estimated at \$250,000 - \$450,000. If the new chlorine feed station is needed this would add approximately \$30,000 to \$40,000. Hill asked if there is a town of comparable size that is currently using UV that could be studied for real life research. Bailey said he would discuss that with Wade DeBoo who is working on the UV feasibility study.

Hill questioned if ozonation is a viable alternative for Crypto control. Both Bailey and Lozar did not have an answer but will check with the chemical experts. Bailey advocated testing for Crypto because if it is not present then that negates the biggest plus. Hill emphasized that the customers' main complaint is the bad taste, so improving the taste would be another advantage.

Chappell informed the Board that by July 2008 he has to submit a testing plan to DEQ for E.coli in the raw water. Beginning in September 2008 this E.coli test has to be done every two weeks for one year. If we fail that test then we have to begin Crypto testing in 2010. The lab has quoted \$25,000 per year for that. Johnson asked if we ever had to test for this before. Chappell replied no this is all new testing requirements. The EPA has said if you have a plan in place to install UV by 2014, they will waive all testing. The EPA is finding out now that chloramines have their own byproduct that is as bad if not worse than what we have now. Grover questioned if Crypto may be a big issue later even though it is not now. Chappell replied that it could be if there are cattle in the water shed. The EPA said they have found a single cow can put off 30,000 Crypto spores.

Lozar informed the Board that the surveyor pulled the area plats and none of them show the easement from Seeley Lane to the base of Rice Ridge Road where it is proposed that the transmission main will be placed. The Missoula County section map shows the easement. Chappell added that it was technically considered County easement or right of way so the District have every right to lay the pipe there and the Forest Service can say nothing. Bailey agreed it was a fantastic route for the pipe.

Chappell said that the Forest Service did not make any decisions on the special use permit at their quarterly meeting. They were waiting for the snow to disappear so they can come up and evaluate the land. Chappell informed them that the snow was gone. Bailey questioned their comments on putting the new transmission main along the existing route. Chappell said that Karen Linford had mentioned running the pipe down our road or through the trees to the highway but would expand on it.

Lozar said that he had updated the uniform application spreadsheet to reflect the \$240,000 received from WRDA. Chappell said that the Corp. required us to expend \$80,000 of expenses, before they would disburse the grant money. This is the 25% match. The total spent so far is \$84,500.

Chappell informed the Board that there is a TD&H invoice#21162 for \$12,224.77 that needs approval to be paid.

Johnson motioned to pay the TD&H invoice in the amount of \$12,224.77, and Grover seconded the motion which was then passed.

Johnson left the meeting at 6:53pm.

Bailey added that TD&H has an internal billing review tool that shows names, etc. This will be included with the next invoice.

Bailey and Lozar left the meeting at 6:55pm.

Policy Manual

Tabled

Water Rights

Chappell explained that the tables included in the Board packet showed the cost for each gallon of water. In 2006 each acre foot generated \$464.14 of revenue, and cost \$840.98 to produce. The difference is made up with revenue generated by the base fee.

At some point in the future when the District has to buy a water right these figures will be needed. None of the experts can tell me how much a water right is worth. Hill added that Mike McLean, Department of Fish, Wildlife and Parks is researching any water rights that might be available. Chappell added that if the District purchased a water right within the basin it would enable the District to pump more water out of the lake.

NEW BUSINESS:

Resort Tax Letter

Tabled

Chappell reported that Kloser had requested that Chappell write a letter of support for the Sewer District. The Board agreed that Chappell should write the letter.

Riverview Bike Path

Chappell reported that the County is planning to put in a bike path on the north side of Riverview Drive. In the process they will be asphaltting over the main line. There are four affected properties that have not tapped the main line yet. Chappell suggested completing these taps prior to the County paving the bike path. The District would have to absorb the cost but in the long run it would be worth it.

Hill commended Chappell for thinking ahead and requested that it be on the agenda for next month with a cost.

CORRESPONDENCE:

Jeanette Coleman

In February and March, 2008 their consumption jumped up to 27,000 gallons. There was nobody in the property, it is a summer home. The District contacted the caretaker and found a leak and shut the water off. The snow had fallen off the roof and snapped off an outside faucet. The Board agreed to adjust the bill down to the average using the same three months from last year.

Elva Warren

She is now living in a nursing home in Stevensville which has unreliable outgoing mail. She has never been late. The Board approved to waive the late fee on her accounts.

Steve Thompson

It was noticed that their consumption was elevated after the meters were read. A profile was pulled from their meter. This showed that the water was turned on and consistently ran 300 gallons a minute and was then shut off. They were out of town at the time, but they had somebody watching the horses who said he had not left the water running. They are requesting a right off. They had a similar situation a couple of years ago, for which they did not request a write off. They do have a leak on the line of about 1 gallon per hour. The Board agreed to write a letter explaining that usually leaks are written off and this is a human induced error. The bill will be averaged down this one time, but it will not be forgiven again. Hill requested that the chart be sent with the letter.

NEXT REGULARLY SCHEDULED MEETING:

The next regular board meeting will be held on May 26, 2008, at the Water District Plant.

ADJOURNMENT:

Morin made a motion to adjourn the meeting; seconded by Grover and carried at 7:18pm

Attest:

Walter Hill, President

-And-

Vincent Chappell, General Manager

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