

SEELEY LAKE WATER DISTRICT
MONTHLY BOARD MEETING

August 25, 2008

Attendance:

Walter Hill	President	PRESENT
Glen Morin	Vice-President	ABSENT
Kim Grover	Director	ABSENT
Todd Johnson	Director	PRESENT
Charlie Hahn	Director	PRESENT
Vincent Chappell	General Manager	PRESENT
Felicity Derry	Secretary	PRESENT
Jackie Daniel		
Dan Lozar	TD&H	PRESENT

OPENING:

The meeting was brought to order at 5:38pm at the Water District.

PUBLIC COMMENTS:

Jackie Daniel, Communications Director, Seeley Lake Community Council introduced herself. She has put together the Community Council's website. It is designed to get information out to the public. The website has minutes from the town's Boards. Agendas and newsletters can be posted. It is another outlet to help keep the public informed. Hill noted that it does not count as a legal notice. Hahn asked how often the website will be updated. Daniels said it will be updated at least weekly, she works on the site daily. The Water District's agenda was on there this month. Hill said that it will be a great help getting information out to the people. Daniels asked the Board to visit the website at www.seeleylakecommunitycouncil.com and send any comments to her. Hopefully it will help the Boards to stay informed about each other. There will be links to various governmental and political organizations. Hill added that this endeavor had been funded with a grant from the community foundation.

MINUTES OF JULY 28, 2008:

Hill said that he found no problems with the minutes.

Hahn moved to accept the minutes as presented, and Johnson seconded the motion which was then passed.

FINANCIAL REPORTS:

July 2008 Financial Report

Johnson did not have a chance to review the financials. Chappell informed that Board that the chemicals and testing were high, office expenses were high because the bulk mail permit was paid for, accounting was high due to the audit, also repairs and maintenance was high due to leak detection. As expected water sales are higher, as are late fees and surcharges. Construction labor and materials expense were higher than the income. This was because of the digs that the District performed at their expense as part of maintenance on the system. The District received \$25,000 from the Renewable Resources Grant and Loan Program (RRGL) as reimbursement for some of the TD&H invoices that the District had paid out of pocket. Under current assets the capital projects account balance is up. The FMHA account was closed after the money was transferred to capital projects. Under liabilities the accountant has fixed the visa account. Now that the grant money is flowing the financials will start looking a little different. Hill requested that Johnson review the financials before the next month’s meeting. Johnson agreed that he would.

Hahn moved to accept the financials, and Johnson seconded the motion which was then passed.

DELINQUENCY REPORT:

August 2008

Chappell informed the Board that most of the accounts had made arrangements as tomorrow is shut off day. Hill asked what the status of account #101 was. Chappell replied that the house has been foreclosed and Countrywide has been paying the bills on and off. One way or the other the bill will be paid at closing.

Johnson moved to accept the delinquency report, and Hahn seconded the motion which was then passed.

ACCOUNT	STATUS	TOTAL BALANCE	<i>CURRENT STATUS/COMMENTS</i>
90	PAID IN FULL	\$ -	
94	BARELOT	\$ 34.54	
99	PAID IN FULL	\$ -	
101	TURNED OFF	\$ 138.40	
111	SCHEDULED FOR TURN OFF	\$ 85.97	
130	PAID IN FULL	\$ -	
140-03	PAYMENT ARRANGEMENTS	\$ 59.48	
191	PAID IN FULL	\$ -	
201	SCHEDULED FOR TURN OFF	\$ 89.39	
207	PAID IN FULL	\$ -	
222	PAID IN FULL	\$ -	

226	PARTIAL PAYMENT	\$	24.44
255	PAID IN FULL	\$	-
348	PAYMENT ARRANGEMENTS	\$	199.02
374	PAYMENT ARRANGEMENTS	\$	39.54
380*	LIENED	\$	270.14
401-01	SCHEDULED FOR TURN OFF	\$	53.49
412	PAYMENT ARRANGEMENTS	\$	95.32
414	SCHEDULED FOR TURN OFF	\$	81.40
424	PAID IN FULL	\$	-
453	PAID IN FULL	\$	-
456	PAID IN FULL	\$	-
479	PAID IN FULL	\$	-
485	SCHEDULED FOR TURN OFF	\$	99.52
513	SCHEDULED FOR TURN OFF	\$	48.86
552	PAID IN FULL	\$	-
553	PAID IN FULL	\$	-
578-03	FINAL BILL	\$	76.05
585	PAID IN FULL	\$	-
634	PARTIAL PAYMENT	\$	30.00
667	SCHEDULED FOR TURN OFF	\$	95.87
TOTAL		\$	1,521.43
*	DEBT TOTAL (INCLUDED ABOVE)	\$	270.14

OPERATIONS REPORT:

Chappell informed the Board of the following:

1. This month most of the time was spent doing paperwork and digging.
2. The service lines on Riverview were completed before Missoula County started their road project. On the last dig the main was only four feet deep and we cracked it. That was fixed.
3. Worked with the High School on their dig. Mechels will probably have to be shut off as she has not fixed her leak.
4. All of the problems with the curb boxes and main valves have been fixed.
5. Working with Lozar on paperwork and as well as with the County. TD&H have been in town surveying.

Chappell informed the Board that the loss report dropped from 1.2 million gallons to approximately 300,000. This is taking in to account the last two leaks. Hill commented that it is the best loss report ever.

Chappell said the loss is at 6% if you do not account for the two leaks. Hold your breath because it will go up again.

Hahn moved to accept the Operations Report, and Johnson seconded the motion which was then passed.

OLD BUSINESS

Project Update

Lozar said that it is getting close to submittal time to the funding agencies as well as with the State. He wanted to give the Board the status of project at this point. Lozar distributed hand outs which show what has been found to date through modeling and water quality tests. If the District goes with UV TD&H suggests adding an ammonia feed option to mitigate any potential problems if the UV does not work 100%. UV is not going to fix all of the problems; however it will help and will have lasting effects. The bench scale testing coupled with the age analysis from the model shows that in order to keep the residuals down the chlorine will have to be boosted throughout the system. The retention times are too huge throughout the system. Hill questioned that a chlorine feed station will be needed to boost chlorine residuals. Lozar said analysis showed that on an average day the detention time was six days. The recent testing showed that Disinfection Byproducts (DBP) are over the Maximum Contamination Level (MCL). Lozar proposes adding two ammonia feed stations. One will most likely be on the existing 8" line to the Forest Service and down towards Hemlock. The other will be located on the 18" transmission main about 720 feet back from Seeley Lane. Hill said that he thought they were putting one downtown. Lozar said that these two will be sufficient. One feed station will not get all the way out to the Forest Service, it is too far. On average there is a contact time of twelve days back to the Forest Service, so it has to be dosed separately. Hill asked by utilizing the feed stations will the net amount of chlorine be more, less or the same. Lozar replied that it will be less than probably between 1 and 2, about 1.5. Chappell said that currently it is between 2 and 2.5. Hill asked if chloramines will be used, Lozar had mentioned ammonia. Lozar said when the UV is plumbed in a plumb in for an ammonia feed station will be added for the future. He and Chappell have had many discussions with the EPA regarding this. It is the back up that Lozar highly recommends that the District look into. The cryptosporidium (crypto) and giardia will be neutralized by the UV. Chappell said that we start the testing on the lake for bacteria (bacti) September 7th, 2008 and every two weeks after that. If the Board agreed to the UV proposal the District could write a letter to EPA who would then issue a waiver. The following year the crypto testing starts and that is very expensive. If the District has a plan to have the UV up and running before 2014 we will not have to test for it. Chappell recommends doing the bacti testing for a couple of months so we have the history; and then apply for a waiver. Hahn asked where the sample is taken. Chappell replied that it is taken at the pump house. This is why the sink and hot water heater were installed in the pump house.

Hill asked if the 18 " transmission main is a go as Lozar had been talking about a 14" at one point. Lozar said yes the 18" line is definitely a go; it is efficient for what we need to bring water in to the town.

Lozar said that UV is recommended with a plumb in for an ammonia feed station as a back up and two chlorine feed stations. Hill asked what the residual has to be at the end of the line. Lozar replied 0.2 at

the end of the line. Lozar addressed the delicate palettes to chlorine in the town. The people on Seeley Lane and Spring Ridge will notice it the most as they are right by the boost station. Johnson asked what the chlorine level there is now. Chappell replied that it is about 1.6 to 1.7 at Seeley Lane. Hill asked who requires the 0.2 residual. Chappell replied that it is required by the EPA. Hill said that the chlorine is doing more damage than anything else. Bringing the chlorine level down from 2 plus to 1.5 will not decrease the organics in the water. Therefore the organic material is still there and also the potential for the haloacetic acid problem. Will that be a problem? Lozar replied potentially yes, but no. It will be an issue regardless, but we will minimize it. Hill said that we are at the cusp; you will go down by a factor 30% which will bring the level to a little below the MCL. On a bad day will fail the test and we will have to send out letters again. The town will get upset because they perceive that we have spent \$4 million of their money over 30 years and have not done any good. Chappell said that the only other way is to use chloramines, which has not been proven yet. Hill said that HKM had suggested chloramines. Hill asked Lozar if he will look into that. Lozar said that that had been researching chlorine, but can investigate chloramines.

Lozar said that UV is highly recommended. Hill said that the Board had agreed to use UV and gave the go ahead for it. Hill added with the potential of crypto testing costing \$25,000 annually it will pay for itself in 10-20 years.

Lozar said that the system hydraulics had found that the system will observe too much pressure in town when the tank is at 4280 feet. Statically there are places on the south end of town that are pushing 135lbs. The united plumbing code says the maximum coming off of the main should be 80 lbs. Individual pressure reducing valves (PRVs) can be utilized. Putting in a main PRV at the south end of town to decrease the pressure makes some sense, but why put in a main PRV when the tank could be lowered. Hill asked if Johnson would be able to take a shower if that is done. Lozar replied yes Johnson will have the pressure he needs to take a shower. Currently the pressure at the main at Johnson's house is 66lbs, and taking into account the elevation to the house takes it down to less than 35lbs. One of the reasons for so much pressure loss is because we cannot move enough water through the 8" transmission main. The 18" main provides some much more water with very little head loss. This would mean that the pressure at the main on Tamarack and Cedar is 135lbs. At the top of Tamarack and Black Bear it would be 66lbs – 70lbs. The tank does not need to be up this high. Lozar does not have the exact elevation, but the tank will come down dramatically. That will decrease the size of the booster station needed, decreasing the cost. It will also decrease the cost of the access road. There is still too much pressure; the model found 112lbs in the south end of the system, which is 22lbs over what the plumbing code specifies. TD&H recommends PRVs on any line above 80lbs, but that would be just about everybody in the system. PRVs cost \$250 each and there are approximately 500 services that need them. So the expense is great. To bring it back in to pressures consistent with we are dealing with statically now will eliminate the need to put PRVs on every single service line. Lozar highly recommended that it be taken care of in the future to avoid blowing out hot water heaters and peoples' services. Lozar said that it is a balancing act, are a few services worth putting in a \$15,000 - \$30,000 pressure reducing system in town.

Chappell said that Shoreline Court is at 100lbs of pressure. It has not been pressure tested since the leaks were fixed so it could be higher than that now. The end of Double Arrow Phase 1A has 115lbs to 120lbs

currently. Chappell has recommended that all new homes install PRVs. When the hydrants are flushed some hot water heaters blow due to the turbulence in the pipes.

The Board agreed that the tank should be dropped, thereby conserving money which would be used to help reduce the pressure in the high areas. Lozar said that come April/May of 2010 there will be issues which should be mitigated that as much as possible. Chappell said that the highest home site elevations on Tamarack and Black Bear need to be located and elevations noted. Lozar said the survey crew will be in the area and they will do that. Chappell said there is also a home up high on Seeley Lane experiencing lack of pressure which the surveyors should pinpoint.

Lozar said that they would get an elevation for Elinor Williamson also. Chappell said that she is lower than the undeveloped sites on Tamarack. Lozar said to give them 35lbs of pressure at their home is a big change from what had previously been discussed.

Lozar raised issues with the PER project budget of \$3,800,000 saying that there were two borings which were not included, one on Whitetail and the other Morrell Creek. He is trying to find a way to avoid boring under Morrell Creek. This does not push the cost up against the limit or touch the contingency. Material costs are going up and there are increased pipe fittings costs because of running the main down the snow cat road. He will constantly monitor this and will deduct the savings from moving the tank down the hill, keeping the Board posted.

Lozar said that submittal of the 50% drawings and preliminary report to the US Corps will happen this Friday or the following Tuesday. The other funding agencies (DNRC, TSEP & SRF) wanted information when it is ready for submittal to DEQ on September 26th, 2008. Hill asked if they will be ready by then. Lozar replied yes they will. Lozar said at that point DEQ will have a 60 day review period. He has been working with Rob Ashton on the State Revolving Fund program and he is quicker than most of DEQ. He is aware it is coming. September 26th will keep the project on the proposed schedule. Hill said that if he took the entire two months that would be November 26th and then another month or two. Lozar said that before Christmas the second review will be submitted to the State. Hill said then hopefully it will not take another two months. Lozar said that he hoped not but by statute they do have two months.

Lozar said that coordination with the Forest Service has been slow going. He informed Karen Linford at what point he is with the project and asked what the status of the permit is. She has requested some more paperwork from TD&H and said that verbally the permit is approved in concept.

Coordination with the County Public Works continues. We need to make sure that everything is ok with the transmission main behind Plum Creek. We have started the discussion with Montana Department of Transportation (MDT) for the right of way but they are very slow and won't grant a permit until the plans have been approved.

Hill asked when will the bid date be. Lozar replied March 1st, maybe the end of February. Lozar explained what will happen if it is a big winter. The snow will slow things down and compress the schedule pushing it to the end of the year. Hill said that the bids could still go out. Lozar said absolutely.

Lozar said that there is an amendment to the contract if the Board goes ahead with UV. The ammonia feed station was in the original contract, but it is only going to be plumbed in, so \$7,000 can be deducted from the engineering fee. To design the UV station will add \$35,000, making the overall increase to the contract \$28,000. Johnson asked if that is all engineering. Lozar replied yes, it is more complex.

Hill asked what Lozar needed. Lozar replied that the contract amendment to be approved and signed.

Hahn moved to accept the contract amendment, and Johnson seconded the motion which was then passed. Hill signed the contract amendment.

Lozar said that he will mail a current set of drawings to Chappell tomorrow morning.

Resolution #03-M08-03

Derry explained that TSEP requires that the District commit \$3,000 to the project which is what this resolution does. The Board voted as follows:

	Yeas	Nays	Absent
Walter Hill	X		
Glen Morin			X
Todd Johnson	X		
Charlie Hahn	X		
Kim Grover			X

TD&H Invoice

Chappell said that the TD&H submitted an invoice for \$4,031.71.

Johnson moved to pay Invoice #21654 in the amount of \$4,031.71, and Hahn seconded the motion which was then passed.

Alpine Trails Subdivision (KAKWA)

Chappell wrote a letter informing them that the Board could not write a letter of support due to water rights issue. Kevin Wetherell received the letter and was not happy. He was very upset that the Board did not write a support letter because the original discussions inferred that once the District's project was completed we could support him. No mention of water rights issues were made at that time. Chappell said that over the past couple of years the water rights issue had been mentioned at public meetings. Also he explained the legality of giving away the water that was due to people within the District. Wetherell said that this was bordering legal action against the District. Chappell said that to his knowledge the Board has never legally committed to supporting the subdivision in writing.

The Board decided not to write a letter of support listing all of the contingencies because Missoula County and DEQ will turn it down. Wetherell said that the District is fixing the issues with the project but is now

adding a new issue. Hill said he understands his complaint, but at that time it was not clear that water rights would be an issue. Hill asked what the next step was. Chappell said he has not heard back from Wetherell. Johnson said that he recalls in the initial conversation the Board said we support them but there are issues that have to be worked through. Chappell said at that time water rights were not an issue. Johnson said it was the PER that brought the lack of water rights to light. The Board discussed the possibility of writing a letter and agreed that they would wait to do this.

Tools

Chappell informed the Board that he had purchased the requested tools.

DNRC

Chappell said that DNRC had called to inform him they were still working on the State land easements and he has heard nothing since.

Computer Network

Chappell said that Rick Derry is finalizing the computer network.

Water Rights

Chappell had spoken to Helena and Missoula, about water rights. He is getting two different stories from within the same department. Helena says you can use water rights on the flat. Missoula says that you cannot use anything down river from the lake without completing in-depth paperwork. Chappell spoke to various people who were good candidates to get water rights from, and they did not want to talk. Bartlett and Cahoon are in the process of making a deal with DNRC to get the water to their property. Hill said that he is waiting for a report from Mike McLean. Chappell said that he is waiting to hear back from him.

High School

Chappell said we were hired to put in the new water line. We had dug 200 feet when we hit oil in the ground. There was an old fuel oil tank that was removed in 1999 which the school thought had been cleaned up. We cannot use PVC pipe because the oil will penetrate it. Chappell shut down the dig and called DEQ who came out the next day to inspect it. After talking to the head engineer at Missoula County Schools we agreed to put the meter pit in so that the District can monitor the line until DEQ is done. At that point we can look at rebuilding that line. Chappell just finished putting the meter in the pit so that the readings can be compared with the meter in the school. Chappell suggested writing off the loss. The School District has incurred a large expense to date trying to fix the leak. DEQ mandated that we put steel pipe in so they will help the school pay for it. Hill asked if it will be fixed next year. Johnson suggested giving the school a time line showing how long the District will write off the loss. The Board agreed to wait until next month to decide on this.

NEW BUSINESS:

PrePay Propane

Chappell said that we cannot discuss this because Hahn cannot vote on it. Hahn said that it may not be an issue as the price of propane is going down.

Don Larson

Chappell informed the Board that Don Larson has requested that the District install a fire hydrant on the edge of the school ball field fence by his apartment complex. Technically by insurance standards there should be one there; however because the District was an existing system it was grandfathered in. The cost to the District of putting in a fire hydrant would be approximately \$2,800. Don Larson doesn't think that he should have to for pay it as it will benefit others. It would help the grade school and the homes around there. It is not part of the project and there are a lot of areas through out town that need hydrants. The Board discussed the matter and did not want to set a precedent therefore suggested that Don Larson approach the Fire District to see if they could get grant money to do this.

CORRESPONDENCE:

None

NEXT REGULARLY SCHEDULED MEETING:

The next regular Board meeting will be held on September 22, 2008, at the Water District Plant.

ADJOURNMENT:

Hill announced that he was very grateful for the Board and thanked them for their work. Hill adjourned the meeting 7:16pm

Attest:

Walter Hill, President

-And-

| SEAL |

Vincent Chappell, General Manager