

SEELEY LAKE WATER DISTRICT
MONTHLY BOARD MEETING

July 28, 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

OPENING:

The meeting was brought to order at 5:33 pm at the Water District.

PUBLIC COMMENTS:

None.

MINUTES OF MAY 19 and JUNE 23, 2008:

The minutes for May 19 and June 23, 2008 were presented to the Board.

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

FINANCIAL REPORTS:

June 2008 Financial Report

Johnson had met with Chappell to review the financials. There was nothing unusual in the operating expenses. The quarterly health insurance and the annual liability insurance were paid and there was a large propane expense this month. The construction income reported a loss due to many of the recently found issues being fixed at the District's expense. There was a decrease in the current assets because the property appraisal bill from TinLizzie (\$16,500) was paid and the filter debt DNRC loan July payment (\$44,990) was also paid. There were some adjustments made by the auditor, JCCS. Derry informed the Board that the accountant had zeroed out some redundant accounts and had adjusted some items between 2007 and 2008 to correct the period in which they were paid in. One of the adjustments caused there to be a \$2,000 difference between the credit card balance in QuickBooks and the actual credit card statement.

07-28-2008 MINUTES

All of the receipts match up with the statement; it is a problem with one of the audit journal entries. Derry should have clarification from JCCS by the next meeting. Johnson reported that the adjustments journal looked good. There were several voided checks that had happened while Derry was on vacation, but nothing out of the ordinary. The credit card statement and all bank statements were reviewed and they all matched up.

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

2007 Audit

Chappell informed the Board that the communications letter from the auditor had been received. The findings are on the last couple of pages. Hill noted that the only comment from the auditor was that the QuickBooks accounts receivable needed to be reconciled monthly with the BlackMountain report. We must be doing well.

Johnson moved to accept the findings from the auditor, and Hahn seconded the motion which was then passed.

DELINQUENCY REPORT:

ACCOUNT	STATUS	TOTAL BALANCE
94	PAID IN FULL	\$ -
57	PAID IN FULL	\$ -
101	TURNED OFF	\$ 118.63
140-03	PAYMENT ARRANGEMENTS	\$ 59.48
148	PAID IN FULL	\$ -
227	PAYMENT ARRANGEMENTS	\$ 88.04
242	PAID IN FULL	\$ -
257	PAID IN FULL	\$ -
315	PAID IN FULL	\$ -
365	PAID IN FULL	\$ -
366	PAID IN FULL	\$ -
380*	LIENED	\$ 270.14
403	PAYMENT ARRANGEMENTS	\$ 83.45
414	PARTIAL PAYMENT	\$ 64.68
415	PAID IN FULL	\$ -
420	PAYMENT ARRANGEMENTS	\$ 69.53
434	PAID IN FULL	\$ -

CURRENT STATUS/COMMENTS

445-01	FINAL BILL	\$	32.18
466	PAID IN FULL	\$	-
476	PAYMENT ARRANGEMENTS	\$	44.88
569	PAID IN FULL	\$	-
578-03	FINAL BILL	\$	62.90
603	PAID IN FULL	\$	-
654	PARTIAL PAYMENT	\$	145.19
693	PAID IN FULL	\$	-
714	BARELOT	\$	41.93
TOTAL		\$	1,081.03
*	DEBT TOTAL (INCLUDED ABOVE)	\$	270.14

July 2008

Chappell said that today was shut off day and the majority of accounts have made arrangements, and nobody was shut off.

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

OPERATIONS REPORT:

Chappell informed the Board of the following:

1. Mainly did District maintenance and finished the leak detection. During leak detection we found numerous curb boxes and main valves that needed to be repaired. We are working our way through the list.
2. The engineers performed the aerial survey. Tammy helped them set some targets.
3. Worked with the engineers in the plant on some of the additional testing that the Board had approved at the last meeting.
4. The Forest Service inspected the tank area. To date they have not given their approval for the Special Use Permit.
5. Dan Lozar came to the plant while DEQ were here to do the sanitary survey (inspect the facility). Chappell and Lozar went through the project with them and they did not have any issues.
6. We installed a sink in the pump house for the new test requirements. This will make the test site more sanitary. We also plumbed in a very small hot water heater.
7. There are two leaks left to fix. The High School approved Chappell's recommendations and we will be helping them with that dig.

8. The Mechels are talking to Gary about fixing their leak. Chappell recommended replacing the line.

Chappell said that the Loss report shows the leak is down to 1.2 million gallons from April's 2.6 million gallons. The meters were read on Thursday and the loss is down to 500,000 gallons, which is 6%. That does not include the unfixed leaks. When those are accounted for it brings the loss down to 3.2%. Hill noted that the loss is at an all time low. Chappell said that he and Tammy have been working really hard to get this number down. Hahn commented that the leak detection machine has paid for itself. Chappell said that in July 9.6 million gallons were pumped and 8.5 million gallons were sold. When everything else factored in the loss is 300,000 gallons. This being said the leaks will come back.

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

OLD BUSINESS

Project Update

Chappell informed the Board that the aerial survey was completed. We have been working with the Forest Service on the tank site and they gave permission for the soil samples to be dug at the tank site. The soil specialist took samples and was very happy with what he found. The final test results from the additional testing will be available on August 12. Lozar has requested a special Board meeting on August 18 so that he can present the findings of the UV feasibility study. Johnson said that he won't be here. Hill said that Dan Lozar can present at the August 25th meeting.

Chappell informed the Board that the engineers are mailing an inline UV test unit to see how the UV will react with the District's water. This will assist the engineers to select the best system for the District's parameters.

Hill asked if things are going better with the engineers. Chappell replied yes for the most part. Yesterday they had scheduled a conference call with the County. After 30 minutes of waiting Chappell called Lozar who said that he was just going to email Chappell to tell him that the call had taken place this morning, and he did not need to sit around waiting.

TSEP Management Report

Chappell explained that the Board needs to review this and then vote on it. It designates the tasks through out the project. Hill asked what happens when a quarter of Chappell's time will be taken up on this project. Chappell replied that Tammy will be out fixing issues alone. The District could hire a project manager to oversee it all, but it will cost a lot of money. Hill said that Chappell knows the system and that expertise cannot be bought. Johnson said that the Board will have to review compensation for the additional time spent on the project. Hill added that the Board would agree to overtime for Derry. Hahn said that might need to be done for Tammy, as well as bringing in some contract labor.

Johnson moved to accept the TSEP Management Plan and for Hill to sign it, and Hahn seconded the motion which was then passed.

Chappell reported that he had received an email from the lobbyist saying that currently \$200,000 has been given to the Water and Sewer Boards to be allocated at their discretion. This is a preliminary list and the funding could still be cut. Chappell told the lobbyist that the Water project will be completed by next year. \$200,000 will help but once the project has been completed the Water District cannot receive any more money, so at that point the money will have to go to the Sewer District 100%.

EPA Violations

Chappell explained that the violation stems from failing the Halocetic Acid test and failing to notify the public of the results in the first quarter of 2004 & 2005. At that point we were following DEQ guidelines. To correct this for the EPA a letter has to be mailed out to the entire District by August 17, 2008 listing this violation word for word. Also we have to devise a plan to correct the situation within 90 days. Chappell informed Kimberly (EPA) that we are in the process of engineering plans for a project to fix this. The plans will be available in September. Once the EPA has approved them, they will give us 24 months to implement the plan. After two years if we have not fixed the problem and come back into compliance, or made steps to come in to compliance, they can fine the District \$32,500 a day and file civil and criminal charges against the operators. Hill said that we are working to fix the problem and there should not be anything to worry about.

Computer Network

Chappell referred the Board to the quotes from Richard Derry and Mark Meissner. They were given the same parameters and their quotes were fairly close. The Board discussed both quotes and asked for a recommendation from Chappell. Chappell recommended that the Board go with the lowest bid.

Johnson moved to accept Chappell's recommendation, and Hahn seconded the motion which was then passed.

PCI Development

Chappell informed the Board that Dale McCormick (PCI) approached him at the Sewer meeting and followed up with an email requesting an approval of the subdivision by the Board. This would get the subdivision passed by DEQ and the Missoula County Subdivisions Board so it could be platted. They need the District to make a written commitment to service the subdivision. The Board discussed this matter and concluded that the District's water right is not sufficient and it would be unwise of the Board to commit to future developments until the water right has been increased. Johnson said that it seems that PCI want something to say that when the project is completed and if we get a larger water right the Board can commit to their subdivision. Hahn said that we could draft something listing all of the contingents.

Chappell said that he agrees with Hill that water right is the limiting factor. Johnson added that the people involved in the subdivision could probably help the Board get water rights. Hill again expressed his

reservations, but said if they could point us in the right direction that would be helpful. Hahn said that the Board needs to draft a letter and go from there. Hill said that a commitment has to be based on access to additional rights and requested that Chappell write a letter and forward it to him for review.

Hill asked if any usable nylon nuts had been found. Chappell said he could not find any nylon nuts that would work with the curb boxes so the metal ones would continue to be used. Hahn had loaned them a torch that did alright, but it was not the best. Chappell still had to call Pitman out a couple of times. The Board discussed the various options.

Hahn moved to approve the purchase of the acetylene torch, and Johnson seconded the motion, adding to go with the lowest bid, which was then passed.

Water Rights

Chappell said that he is still working on it. He has calls out but has not heard anything back. Hill requested that it be put it on the agenda next month.

NEW BUSINESS:

State Lands Easements

Chappell said that last year during all of the discussions with Liz Mullins over State lands he received a call from their easements office informing him that the District did not have an allotted easement for their pipes. In 1975 the pipes were dug in by local people, which is the way it was done then and an easement was never recorded. Dana from the easement office told Chappell that the District could not have a prescriptive easement on State land and the District would have to buy the land from State. Chappell told her to calculate the cost and get back to him. She finally got back to him on July 18, 2008. She had figured it all out. The District needs 20 foot easements which would be 2.5 acres at fair market price. This is \$150,000 which is due effective immediately. Chappell told Dana that the District is servicing the State's property. It is a County road. She said no it is a State road that the County maintains. Chappell said in every other County road we have a right of way and that is where our pipes go. She said no, it does not matter.

Chappell said that the Board had two options. Our pipes are supporting the State who is out of the District. If the State bills the District we will have to bill the people in the area for that cost. Seven of those lots belong to the State, so you will have to pay us back. There will be some very unhappy lessees. If you hand us a bill that the District cannot afford to pay, the Board has the right to decide not to service that area and shut the valve. The District can abandon the pipes in that section of town and the State can figure out how to service those people. The Board supported Chappell's response.

Chappell said that to date he has not heard back from her. Hill said once he has the County attorney needs to take a look at it

High School Leak

Chappell said that had been covered. It should be completed by the next Board meeting.

Propane

Hahn requested that it be put in the packet for the next meeting.

CORRESPONDENCE:

Norm Hall Write off Request

Chappell said that Norm’s leak started in the fall 2007 and he fixed it May 2008. It went from 35,000 gallons per month up to 60,000 gallons, with an average around 45,000 gallons. He is requesting a write off. Hahn asked if we have ever gone back this far and was concerned about setting precedence. Chappell replied that usually people request a write off when they are paying the large bill. Chappell kept reminding Norm to write a letter but he has waited eight months. After the leak was fixed the usage dropped to 1,500 gallons and has stayed under 2,000 gallons.

The Board agreed to write a letter saying that we appreciate his concern but he should have written the letter after he was initially notified. The Board cannot go back this far without setting precedent. Johnson requested that the date that he was first notified (June 2007) be included in the letter.

NEXT REGULARLY SCHEDULED MEETING:

The next regular board meeting will be held on August 25, 2008, at the Water District Plant.

ADJOURNMENT:

Johnson moved to adjourn and Hahn seconded at 6:50pm.

Attest:

Walter Hill, President

-And-

Vincent Chappell, General Manager

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