

SEELEY LAKE WATER DISTRICT
MONTHLY BOARD MEETING

March 24, 2008

Attendance:

Walter Hill	President	PRESENT
Glen Morin	Vice-President	PRESENT
Kim Grover	Director	ABSENT
Todd Johnson	Director	PRESENT (5:43pm)
Charlie Hahn	Director	PRESENT
Vincent Chappell	General Manager	PRESENT
Felicity Derry	Secretary	PRESENT

OPENING:

The meeting was brought to order at 5:37 pm at the Water District.

PUBLIC COMMENTS:

None.

MINUTES OF FEBRUARY 25, 2008:

The Board was informed that Grover had previously amended the minutes. Hill found no problems with them.

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

FINANCIAL REPORTS:

February 2008 Financial Report

Johnson had met with Chappell to review the financials. Johnson noted that Account#32977 (FMHA Payable Loan) contains \$5,055.26. That loan has been paid off and the customers will not be billed again; therefore Johnson suggested transferring the money to Account#35844 (Surplus Funds). Chappell informed the Board that First Valley Bank had lowered the interest on all accounts with the exception of the checking account from 3.5% to 3%. Johnson reported that the adjustments were large this month due to the Board approved leak write off for Robert Harman, as well as writing off the penalties and miscellaneous fees for the seven State Lease lots. Vehicle expenses were up mainly due to gas, Chappell attended numerous meetings in Missoula this month.

Johnson moved to transfer \$5,055.26 from Account#32977 to Account#35844 and then close Account#32977, and Morin seconded the motion which was then passed

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

DELINQUENCY REPORT:

March 2008

Morin moved to accept the delinquency report for March 2008, and Johnson seconded the motion which was then passed.

ACCOUNT	STATUS	TOTAL BALANCE	<i>CURRENT STATUS/COMMENTS</i>
17	TURNED OFF FOR WINTER	\$ 59.61	
89	PAYMENT ARRANGEMENTS	\$ 79.49	
76	SCHEDULED FOR TURN-OFF	\$ 67.47	
101	TURNED OFF	\$ 37.84	
148	BARE LOT	\$ 37.84	
224	SCHEDULED FOR TURN-OFF	\$ 146.75	
227	PAID IN FULL	\$ -	
250	PARTIAL PAYMENT	\$ 0.45	
255	SCHEDULED FOR TURN-OFF	\$ 81.51	
257	PAID IN FULL	\$ -	
307	SCHEDULED FOR TURN-OFF	\$ 80.09	
327	PAYMENT ARRANGEMENTS	\$ 68.28	
365	SCHEDULED FOR TURN-OFF	\$ 242.29	
369	PAID IN FULL	\$ -	
380*	LIENED	\$ 270.14	
414	PAYMENT ARRANGEMENTS	\$ 63.97	
462	SCHEDULED FOR TURN-OFF	\$ 85.29	
476	PARTIAL PAYMENT	\$ 21.03	
490	SCHEDULED FOR TURN-OFF	\$ 74.98	
525	PAID IN FULL	\$ -	
581	SCHEDULED FOR TURN-OFF	\$ 74.66	
586-04	FINAL BILL	\$ 20.00	
597	PAID IN FULL	\$ -	
603	PAID IN FULL	\$ -	
693	PAID IN FULL	\$ -	

TOTAL		\$ 1,511.69
*	DEBT TOTAL (INCLUDED ABOVE)	\$ 270.14
	STATE LEASE (NOT INCLUDED)	\$ 1,143.48

OPERATIONS REPORT:

Chappell informed the Board of the following:

1. The month was mainly taken up attending meetings and doing paperwork.
2. Chappell attended the CON Expo (Construction) in Las Vegas.
3. The parts arrived for Filter #1 and it is now up and running.
4. Tammy performed routine maintenance around the plant.

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

Chappell stated that the loss report is about the same as before. The leak detection company wanted to start detecting next week, but with all the snow it is too early this year.

OLD BUSINESS

Project Update

i. Bridge Project

Chappell reported that the plans for the bridge project were approved, contingent on the main project going ahead, by Department of Environmental Quality (DEQ). The County permits are still needed for this project. Chappell attended a meeting with the County Road Department to clarify that the project is needed to fix problems in the system and not for future growth. The County agreed to review the preliminary plan of the pipes and do one permit for the project. If the mainline is extended through Kevin Wetherell's subdivision the County would view that as a mainline extension as it is for future growth. The head supervisor said that the District has the right to put a pipe in the county right-of-way, however they do not want the mainline under the asphalt. The mainline would be buried under the shoulder or in private easement. The only asphalt road is Locust Lane and the County will be repaving it. They agreed to work with the District on this and share the cost of repaving. Johnson requested that Chappell should request the agreement in writing. After much discussion the County agreed with Chappell that it would be ok for the District to leave the old asbestos/concrete pipe in the ground as long as its location was documented. Ultimately the permit has to be finished and then set a meeting to enable the County Commissioners to review it.

ii. Ordinances to Set up GO Bond

Chappell reported that Mae Nan Ellingson wanted the Board to start thinking about the ordinances needed to facilitate the GO Bond being written. Hill thought she should do that, not the Board. Chappell questioned if the properties that don't have access to the main but are in the District pay the GO Bond? Hill and Johnson questioned if they pay the filter debt. Chappell replied no, only if they tap the main, then they have to back pay the filter debt. The Board discussed this matter. Hill requested that Chappell inform Mae Nan that the Board appreciates all that she has done and ask that she write the GO Bond document leaving blanks for the Board to complete.

Chappell requested the Board's guidance on the taxable valuation of properties. There are ten properties (such as the Schools, Senior Center, Post Office, Forest Service Complex, Fire Hall, Churches, etc) within the District that need to have the buildings appraised. Chappell has two bids. The first is Blue Star, from Seeley Lake, for \$20,000 and Stevens & Co, from Missoula, for \$20,000. Potentially the properties may have to be reappraised every 6 years. Johnson suggested that it might be acceptable to raise those properties in line with the County. Morin asked if this expense will be paid using project money. Chappell reminded the Board of the reimbursement resolution they had passed and said that should allow the District to be reimbursed for this expense.

Hahn moved to contract with Blue Star to appraise the 10 properties, and Morin seconded the motion which was then passed.

iii. Grant Application

Chappell informed the Board that the next round of STAG/USACE grant applications, each for \$500,000, has been submitted to Tester and Baucus. The engineer missed the deadline to Rehberg.

iv. Earmark Approval

Chappell explained that Missoula County had been talking about getting an earmark for the District. Chappell, Hill and Morin met with Matt Boulanger, Missoula County, and Marnie, the Washington lobbyist. Missoula County will have Marti lobby on behalf of the District to get an earmark for the water and sewer. The County requested \$10,000 from the community to help with the cost of the lobbyist. The Sewer District has approved to pay \$5,000 if the Water District will pay the remaining \$5,000. The deadline for the lobbyist is the beginning of April for 2009 funding. It was clarified that if the project is in progress the District will be able to receive the appropriation. The Board discussed the possibility of getting a favorable return on the \$5,000.

Johnson moved to pay the lobbyist \$5,000, and Hahn seconded the motion which was then passed.

Johnson questioned when the GO Bond will begin on the tax bill. Also what would happen if miraculously funding appeared or the resort tax started, will the District be able to refund? Chappell explained that the District cannot bill the customers until there is a final cost for the project. The

resort tax will pay down the loan, not make the payments because it is not a guaranteed amount. Once it is clear how much the resort tax will generate then the Board can review the payment and lower it as they did with the filter debt.

v. Water Rights

Chappell reported there are thousands of water rights in the valley, some of which are very large. Many of the people listed do not own property still, so the files are not totally accurate. There are different kinds of rights such as irrigation, stock watering, municipal water rights and the list goes on. The people of interest to the District are James Cowan, Wayne Cahoon, Bill Bartlett, US Lands, Plum Creek and US Forest Service. James Cowan has an irrigation right. Chappell was told by DNRC that the District could utilize an irrigation water right during the summer when much of the water the District supplies is used to water lawns, etc. Then in the winter revert back to the District's water right. Chappell will talk to the above mentioned individuals and inquire if they are open to the District acquiring a portion of their water right for the good of the community. The Board agreed that if the District could get an additional 300 acre feet it will alleviate the current problem. Hill added that water rights will become more and more valuable, so it would be better to buy it sooner than later. The Board agreed that Chappell should approach these people.

vi. Appraisals for GO Bond

Previously covered.

vii. Resolution for Special Use Permit

Chappell reminded the Board that a special use permit application has to be completed for the acquisition of land for the tank and transmission pipes. The permit requires a resolution be passed to this effect.

The resolution was passed unanimously. Grover was the only absentee. Hill signed the resolution.

State Lands Update

Chappell informed the Board that the District had received payment on the 7 State Land, Dog Town properties through June 2008. Chappell clarified with the Board that they had agreed to drop the Out of District fees this one time and that the next bill will reflect the full charges which are the Filter Debt and Out of District charges. Liz Mullins does not think she should pay the \$3.50, Out of District charge. Back in September 2007 she requested that the District annex in all the State Land properties that currently have water, in addition to the seven properties that access the main. Every one of those properties either has water or has been paying the Filter Debt. Ray Cebulski owns one of the properties. When reviewing the files and maps there are nine other properties that have been paying the Out of District fee which technically should not have been paying. Butch Bonnell is on Forest Service land. The original boundary was only 100 feet along Highway 83, when the map was redrawn Bonnell's property is now in the District. The others are The Tamaracks, two other cabins beyond them, the Forest Service

Complex and Dick Lewis' trailer court (Lewis should never have been considered out of District). There were also a few properties that were out of District but had never been charged the fee. Hill suggested writing a letter explaining that due to the realignment of the District boundaries the property is now in the District and will no longer be charged the \$3.50 out of District fee. The Board discussed the policy of adding no "growth" properties to the District and decided that this situation did not apply because these properties already had service and should have been included in the District to start off with. Chappell said that the District is obligated to provide water to the seven dog town lots now that the State has paid the Filter Debt. The Board requested that Chappell write a letter informing Liz Mullins that the State would have to pay the Out of District charge until after the project was completed, due to the current moratorium on annexation. Chappell suggested that it might make the implementation of the GO Bond easier if these lots are in the District when it is written. The Board discussed what mechanism to utilize the billing of State Lands.

District Boundary Map Update

Chappell stated there were a few other billing errors that were discovered on Double Arrow as well as the previously mentioned State Lands. The Board requested these properties be written the same boundary realignment letter as the State Lands properties.

NEW BUSINESS:

Policy Manual Review/Approval

Chappell informed the Board that he will begin to review the policy manual with Morin. The policies needed are for Ken Pitman's property that was subdivided/changed boundary lines. Should they be charged the Filter Debt now, or should they back pay it when they tap. With the upcoming GO Bond these properties need to be on the books. Whether to charge impact fees or assess the properties needs to be decided. Another issue is line size and Equivalent Dwelling Unit (EDU) value. Should an apartment with multiple residents and one line have a higher EDU, the trailer court that has 10 trailers and one service line should it have a higher EDU? Should commercial lines be more than one EDU? Chappell will enlist the help of Harry Whalen, Montana Rural Water.

Pump House Check Valve

Chappell informed the Board that he needed to buy a check valve for the pump house to replace the one that is leaking. It costs \$900. Chappell proposes to replace the valve, rebuild the old one and have it as a spare.

Morin moved to buy the check valve, and Hahn seconded the motion which was then passed.

Contractor Bid Request

Chappell told the Board that the contract with Gary Lewis expires in a month or so. The contractor bid will be advertised. Chappell recommended that the contract be changed to read by the hour or by the

yard instead of a flat fee for a service connection. Some jobs may be 2 hours, others 8 hours. It would be more fair to charge by the hour, especially with the gas prices the way they are. These numbers are being charged to the customer. The Board agreed that charging by the hour for service connections and main line extensions would be fairer.

Engineer performance

Hill said that he had spent an hour going through the Uniform Application with Chappell. It is a lengthy document. If this report were a draft thesis from one of his graduate students he would have sent it back. There were blanks and numbers that did not add up. Chappell concurred that in the five or so pages that were filled out numerous errors were found. This was still being worked on today. Everybody makes mistakes, but most of this was transferring numbers and is not explainable. At first TD&H tried to shift the blame to us. Today one of Lozar's responses was that the blank was not able to be completed on the computer, however we could fill in that blank on the computer in the office.

Last month the Board approved paying the TD&H invoice once the engineer level was included. We are still working with them to write the appropriate information on the bill. Finally Lozar wrote it in by hand. Per Diem is not listed in the contract. Finally today Chappell was told that Travel, Meals & Lodging is really only lodging and Per Diem is meals. Kim Hayes and Anna Miller both noted that Per Diem is not mentioned in their contract. If TD&H drop the Per Diem then they would have to provide receipts for the out of pocket expenses. Chappell stated that after having the Per Diem being explained to him he was comfortable with the TD&H billing, and would recommend that the Board approve the invoices.

TD&H were given all the information they needed in plenty of time, however they missed the Rehberg deadline. Admittedly they have other jobs, they are working on. Johnson interjected that was not the District's problem.

Hill said that we did finally get an application in to Rehberg's Office, however the Uniform Application is a big deal. The Per Diem and that kind of thing can be considered bumps in the road which can be ironed out, however remind the Board the basis on which TD&H were hired. TD&H promised they would get the District more grant money and that they were not too busy to start on the project immediately. HKM indicated they were not positive if they could get to it in time. Chappell said that so far on the bridge project they have not met the deadlines on it, which right now is fine because the State is not proceeding as previously planned. On the Uniform Application the balance sheet and the uniform environmental check list had not been completed. Prior to today no mention had been made in email or on the phone that Lozar expected us to do those sections.

Chappell added that the TSEP supplemental conditions to the TDH contract was signed and returned to TD&H January 30, 2008. Lozar requested that we sign and return it, and then he would forward a copy to Kim Hayes, TSEP. On Friday Kim Hayes had not received it. When Chappell asked Lozar he said we were supposed to send it. Chappell referred Lozar to one of his emails which said that Lozar would forward a copy to Kim Hayes. He opened the email and to his surprise it said he would send it.

Hill requested that Chappell compose a letter to TD&H, forward it to Hill for modification, and then have the entire Board sign it. The intent of the letter should be that the Board is aware of the difficulties when starting a new contract, we expect some bumps in the road, however we have repeatedly had problems with lack of communication, timeliness, accuracy, and meeting deadlines. This has to stop immediately, if this cannot be remedied on your part in the very near future we will look in to terminating your contract and move on to the next engineering company. The Board wants to send this as a warning letter informing TD&H that they have been very disappointed with their performance. Hahn commented that one of the Board's stipulations was that we would have one contact person that we could rely on to get everything done.

Chappell informed the Board that there were TD&H invoices that needed to be paid. The total amount due is \$18,682.26, \$6,622.95 of this balance still needs to be approved. Hill requested that a note be included with the check requesting that hence forth the name of the engineer with their fee be placed on all invoices.

Morin moved to pay \$18,682.26 to TD&H, this includes the \$12,471.00 that was approved at the previous meeting, and Hahn seconded the motion which was then passed.

CORRESPONDENCE:

TSEP Guidelines

Chappell explained that TSEP may now allow reduction in scope of work, if start up conditions cannot be met. Hill requested that Chappell talk to TSEP regarding this matter.

Carol Luzzi Acc#072

She sent a letter requesting that the Board waive a late fee due her being out of town on a family emergency. The Board previously had waived a late fee for her in 2006. The Board approved the request, but she should be reminded that a late fee had already waived in the past.

Joe Nagy Acc#442

He sent a letter informing the Board that the service line to his home had frozen, and he is now back feeding it through a garden hose lying on the ground. Therefore he has to trickle the water and is requesting that some of that water be written off. The Board agreed to average the bill down to 2 years ago and write a letter informing him that this is the second year in a row he has frozen and we will split the difference with him, but this is the last time. Also recommend that they insulate the line.

Chappell requested that the windshield of the new truck be replaced as a rock chip had cracked it. Hill requested research be done on the difference between zero deductible comprehensive insurance and \$500 deductible we have now. The Board approved that the windshield should be replaced.

NEXT REGULARLY SCHEDULED MEETING:

03-24-2008 MINUTES

The next regular board meeting will be held on April 28, 2008, at the Water District Plant.

ADJOURNMENT:

Morin made a motion to adjourn the meeting; seconded by Hahn and carried at 7:25pm

Attest:

Walter Hill, President

-And-

Vincent Chappell, General Manager

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