

**SEELEY LAKE WATER DISTRICT**  
**SPECIAL BOARD MEETING**

October 27, 2008

**Attendance:**

Walter Hill	President	<b>PRESENT</b>
Glen Morin	Vice-President	<b>PRESENT</b>
Kim Grover	Director	<b>PRESENT</b>
Todd Johnson	Director	<b>PRESENT * 5:42pm</b>
Charlie Hahn	Director	<b>ABSENT</b>
Vincent Chappell	General Manager	<b>PRESENT</b>
Felicity Derry	Secretary	<b>PRESENT</b>

**OPENING:**

The meeting was brought to order at 5:35 pm at the Water District.

**PUBLIC COMMENTS**

None

**MINUTES**

The minutes of the September 15<sup>th</sup> and September 22<sup>nd</sup> Board meetings were presented to the Board.

Morin moved to accept the minutes for September 15<sup>th</sup> as presented, and Grover seconded the motion which was then passed.

Grover moved to accept the minutes for September 22<sup>nd</sup> as presented, and Morin seconded the motion which was then passed.

**FINANCIAL REPORTS**

Chappell informed the Board that Johnson had reviewed the financial reports and found everything to be in order. The water sales are dropping off. Hill asked if the District would meet budget by the end of the year. Chappell replied that it will be very close to budget or possibly \$5-10,000 below. This was mainly due to cooler temperatures. Chappell pointed out that only one new tap was performed. A lot of District maintenance had been done this year. Reviewing the bottom line year to date it is not looking too bad overall. Computer maintenance was above budget caused by the Board approved work on the network. Everything else was in line. The High School reimbursed the District for some of the money from the High School digs. Everything looked good on the balance sheet. Currently there is \$33,000 in the filter debt account#32969; there will be three more

months of funds to be deposited before the next payment which is \$44,510. Accounts Payable is at \$88,000 due to the TD&H invoices that have not been paid.

Grover moved to accept the September financial reports, and Morin seconded the motion which was then passed.

### DELINQUENCY REPORT

ACCOUNT	STATUS	TOTAL BALANCE
97	PAID IN FULL	\$ -
101	TURNED OFF	\$ 177.94
140-03	FINAL BILL	\$ 19.48
220	PARTIAL PAYMENT	\$ 38.63
222	PAID IN FULL	\$ -
241	PAID IN FULL	\$ -
243	PAID IN FULL	\$ -
251	PAYMENT ARRANGEMENTS	\$ 74.45
271	PAID IN FULL	\$ -
286	PAID IN FULL	\$ -
307	SCHEDULED FOR TURN OFF	\$ 106.64
315	PAID IN FULL	\$ -
332	PAID IN FULL	\$ -
348	SCHEDULED FOR TURN OFF	\$ 256.42
374	BARELOT	\$ 104.08
380*	LIENED	\$ 270.14
401-01	FINAL BILL	\$ 53.49
414	PARTIAL PAYMENT	\$ 41.72
423	PAYMENT ARRANGEMENTS	\$ 74.20
485	SCHEDULED FOR TURN OFF	\$ 81.65
490	PAID IN FULL	\$ -
504	SCHEDULED FOR TURN OFF	\$ 89.09
513	SCHEDULED FOR TURN OFF	\$ 72.95
548-03	PARTIAL PAYMENT	\$ 44.69
571	PAYMENT ARRANGEMENTS	\$ 57.35
581	PAID IN FULL	\$ -
592	PAID IN FULL	\$ -
603	SCHEDULED FOR TURN OFF	\$ 81.75
667	PAYMENT ARRANGEMENTS	\$ 95.28

*CURRENT STATUS/COMMENTS*

<b>TOTAL</b>		<b>\$ 1,739.95</b>
	STATE LANDS (NOT INCLUDED)	<b>\$ 328.86</b>
*	DEBT TOTAL (INCLUDED ABOVE)	<b>\$ 270.14</b>

Most of the accounts have paid or made payment arrangements.

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

### **OPERATIONS REPORT**

A great deal of work was done this month with TD&H. The second set of test holes for the tank site were dug, and the geological reports were ok. The Forest Service has not given the final nod but they have tentatively given OKs over the phone. The fire hydrants were flushed this month. In the process one minor leak was discovered and then fixed. The Filling Station leak repair was completed. Derry attended the annual conference of the Montana League of Cities and Towns in Missoula. Chappell recommended that she attend this in the future. Morin suggested that the Board members should also attend. Derry reported that there was some useful information in the various sessions and it was very informative talking to the clerks especially regarding the project. There is an annual clerk institute which they suggested that she attend. Chappell took some time off.

### **LOSS REPORT**

Chappell reported that the loss had increased to 130,000 gallons. Every time the leaks are fixed the system tightens up and something else breaks. Morin stated that it was a great deal better than the 80% loss when Chappell arrived. Hill added it was better than the 30% at the beginning of the year.

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

### **OLD BUSINESS**

#### **Project Update**

Chappell informed the Board that a conference call between Hill, Morin, Chappell, DEQ and TD&H had taken place last week. Rob Ashton, DNRC/DEQ received a letter from TD&H informing him that even after the project the District probably will not meet the Disinfection Byproduct (DBP) levels during certain times of the year. This concerned him and prompted the conference call to make sure the District was heading in the right direction. The purpose of the project is to fix the problem causing the violation and DEQ wants to see it fixed. That kind of statement from our engineer to DEQ was not comforting. Morin stated that he was very disappointed in TD&H who were looking for loop holes so they would not have to spend any

money to fix our problems. Chappell said that on the average it will be ok, but there will be a few months in the year that you will not pass. Chappell explained that the testing is based on a running annual average; however the District's numbers are borderline on a general basis so one test puts us over and we are then out of compliance for a year. Currently we have been in compliance for the last six months and the results have been posted in town and are in this week's Pathfinder.

Morin said he was surprised that DEQ did not come back with harsher language. Chappell said that they will once they have reviewed the plans, this was prompted by the revised PER scope of work. At the time of the conference call they had not opened the plans yet. Now they are reviewing the plans and then they will be detailing what needs to be fixed to make the plans acceptable to DEQ. Grover asked why TD&H sent the letter. Chappell replied that they were supposed to have sent it a long time ago when the Board requested all of the information and did not receive it. New paperwork was finally received last week.

DEQ requires that the UV has redundancy. TD&H tried to get around this by telling DEQ that the UV was going to be a back up disinfection system. The Board agreed that this was not what had been discussed. The UV was supposed to be a primary method of disinfection. Morin said that the rule states that two UV systems are required so one can be shut down for maintenance or if there is an issue. Chappell added that with one UV if it had to be shut down for any reason it would shut the plant off and water could not be made until the UV was fixed. That is why DEQ requires redundancy which means two, which means more money, but that is the rule.

Grover asked if the redundant system could be a chemical system. Chappell replied that the redundant system now is chlorine, but where the system relies on UV so heavily to fix the problems it has to be UV. Hill added that we are looking ahead to when UV will be needed to take care of any crypto problem that chlorine does not help with. If a second UV system has to be added down the line it will cost much more. To build a bigger box for the new system will cost an additional \$100-\$150,000 which in the scheme of things will not break the bank. Chappell said that we are fighting the DBPs and also taking new lake water E-coli samples and if we fail that we will have to move on to the crypto sampling as of 2014. If we cannot prove that we will pass it all of the time we will have to fix it and the way to do that is UV. The only way to make it work all of the time is redundancy.

According to DEQ booster stations are supposed to have back up power. TD&H did not want to put in back up power, so their plan used a cross connection with check valves. For example on Black Bear when the power fails the pressure on the check valve will drop allowing the old static pressure to push the water to the homes. This is not an acceptable method according to DEQ and they want it to be fixed properly. TD&H's fix for Willow is to open the valve box with a key and manually turn the valve. So in the middle of the night we would be out there turning valves to keep people in water. Hill asked how hard it would be to put in back up power. Grover asked if this was to save money. Chappell replied that by not wiring the stations for backup power would save a few bucks. The pressure station on Black Bear will potentially have eight homes on it. Currently there are four water connections. In the future who pays to hook up to the old water system and installing the new water system? Who pays for the extra tap on the main and digging up the hill?

Johnson asked if 110 would run the pump. Chappell said no it would probably be 240. Hill asked what kind of fuel the generator would use. Chappell replied it would be gas or propane. Morin asked how many generators would be needed. Chappell said one at each of the two booster stations. Morin asked if they would be wired back to the plant. Chappell said no it would be remote, they would have to be checked and maintenance performed. Morin asked if they would be easy to get to, close to the road. Chappell replied that they would be.

Chappell said that ultimately it is up to the Board to accept the final plans; DEQ can accept a system like this if we sign off on it. It depends what the Board wants. Hill said that he thought that the backup was needed. Morin said that TD&H are not listening to Chappell.

Chappell said that the chlorine booster stations were briefly mentioned in the conference call, but he has brought them to up two or three times to TD&H. He questioned it when the 65% plans were received because Lozar was trying to design a chlorine booster station using 55 gallon drums of chlorine. One of the booster stations will be out here in the trees and the other one will be out in the trees on the snowmobile trail north of town. It is hard enough for Chappell himself to get the barrels off the truck on concrete, let alone Tammy. Trying to get them off the truck in a snow drift or in mud and then getting them inside the building will be less than ideal. Then inside the building there is a containment devise incase a barrel breaks. This means lifting them a foot off of the ground. Chappell requested that TD&H research a chlorine pellet system. They are already designed small prefab units that are pretty much ready to go. TD&H ignored that request and went forward with the liquid chlorine system. At the 90% plans Chappell asked them again why they did not look in to the pellet system. TD&H's reply was that we are currently using 55 gallon drums of chlorine at the plant and thought it would be easier. Chappell stated that he would like to see a system where it would be easy for his workers to carry 5lb buckets of pellets in to the building. TD&H said that they would look into it. By the 100% plans TD&H had completely designed the booster stations for the 55 gallon drum system. That is not what Chappell had asked them to do. Chappell told TD&H again after he had received the 100% plans that it was not acceptable. If this system is used the District will have to buy equipment for the truck or a piece of equipment to get the barrels off the truck and in to the booster station. The booster stations will have to be snow plowed. The liquid chlorine system using 55 gallon drums is not feasible. Hill asked how much more expensive is the pellet system. Chappell said that by the time the drum system is designed it is fairly equivalent. The pellet system did not need to be designed as it is plug and play. The pellets are a little more expensive than the liquid chlorine we are currently using which is essentially household bleach at a higher concentration. A year's supply of pellets can be purchased and they will not degrade, however the liquid chlorine degrades quickly. The pellets can be purchased in different sized buckets making it workable.

The Board discussed the location of the chlorine booster stations and if there were any other sites that would be more advantageous to maintaining a lower chlorine level. Chappell explained that because the booster stations require a pipe with single direction flow there are not that many alternative sites. Morin stated that the chlorine level will not be lower which defeats the purpose of the booster stations. Chappell said that the chlorine level should be lower at the plant because of the UV and then will be boosted once it reaches the first booster station. The hope is that it will

require a smaller boost to hold the 0.2 mg/L. Chappell reviewed the system with the Board showing where TD&H had drawn the booster stations, how the new and old mains will interact and where the mains were being looped to improve the hydraulics. Morin asked what the chlorine levels are at his home now and what they will be after the project. Chappell said that he could not be exact; currently it is approximately 1.0 mg/L because the mill draws so much water through that area. After the project it might be 0.7 mg/L or 0.8 mg/L. This is enough to lessen the odor and taste, but will it be enough of an improvement? Morin stated that he was disappointed it was not lower. Chappell explained that many options had been explored however the booster stations cannot be placed in what would seem to be an ideal location because of the hydraulic looping that is needed to fix other problems. The Board expressed concern that the project will not lower the chlorine level to where community would like it to be.

Chappell said that TD&H's paperwork indicated that the District may not meet the test requirements in certain areas at certain times of the year after the project as the contaminant has not been removed. Also because there is not high flow in certain areas through the main it will act as a huge tank and because of that more chlorine will need to be added. Johnson said that if the two additional booster stations are added it might keep the chlorine level lower and that he would be in favor of that being explored. Hill agreed with Johnson. Chappell said that DEQ wanted to know why the District had never explored removing the organics in the water. A simple fix would be to change the level of the intake pipe depending on the time of year. DEQ also mentioned using a different kind of filtering system. HKM had investigated this a little, however did not pursue it because of the high cost. DEQ also queried why all of the money has been spent on disinfection and no money had been spent to investigate removing the organics. TD&H said that they did not pursue it because HKM had indicated that it was cost prohibitive.

Morin asked if there was a list of the priorities. Chappell said that he had a list of everything that needs to be fixed. The plans are with DEQ for review and they have 60 days to respond. There will be time for the District to tell TD&H what needs to be changed. The 100% plans that were sent to the District are minus a few plans. Last week Lozar requested information on the existing computer system at the plant. The plans cannot be 100% if they are still designing.

Hill asked if there is a hydrology study of the lake with regard to the organic content. Chappell said that he did not think so; samples would have to be taken and tested. The District tests for total organics using water from the intake. Grover suggested that the Forest Service might have a study relating to fish. Chappell said that he could check, but he doubted that they did. Hill said that before moving the intake tests should be taken to see if the organic level changes at different depths.

Hill asked the Board if there was a motion for the redundant UV system. Chappell suggested that the Board let DEQ review it and give their recommendations. Hill suggested that the Board pass a resolution for TD&H to look carefully at the chlorine pellet system due to the maintenance problems with the liquid chlorine system.

Morin expressed concern that Lozar had been passing the design work to various other engineers. Morin had asked Lozar during the interview if he would be on the job and hands on. He had said

yes he would be personally in charge of it. Hill asked Chappell what he needed. Chappell said that the Board could ask TD&H to investigate a different chlorine feed in the booster stations and/or possibly more booster stations. Also what it would take to change the intake structure. They will not do anything until the contract has been amended to give them more money.

Hill suggested a three part memo:

1. Checking to see about getting organic readings at various levels near the intake.
2. Look carefully at a chlorine pellet system as an alternative for the booster stations due to maintenance concerns using liquid chlorine.
3. The possibility of additional booster stations to allow the chlorine level to be lowered.
4. A special concern for back up power for the booster (pump) stations.

Chappell said that TD&H sent a contract amendment which reflects no change in cost only adding the design of the ammonia feed station and to change the tank site. Hill said that questions had been raised during the conference call as to if the ammonia feed would work, should be it scratched from the amendment? Chappell said that it is already designed, so leave it in. Grover questioned if the tank site had been decided. Chappell said that the tank had been moved to behind the plant. Morin was worried by the tank being lowered; it had been such a big thing to get the tank higher. Chappell said that it had been brought up a month ago and we have been waiting for the information from TD&H. The Board approved the move at that time. If the tank was high it would raise the pressure in town 30 psi or 40 psi. There are points in town that would have pressure of 120 psi or 150 psi. TD&H recommended lowering the tank and putting two booster stations to push the water to the problematic areas of town, raising it to a reasonable State level. Grover questioned if there would be 7' of unused water in the tank. Chappell said that supposedly according to TD&H's design it will work. There is still 7' below the tank but TD&H added a throttling valve to the design. Chappell is still concerned about the water flushing debris in the tank. The main reason was to keep the pressure in the town the same as it is now and boost the pressure in the two areas. Chappell said DEQ had told him that most engineers would rather put in PRVs to reduce the pressure rather than deal with all of the problems with booster stations. TD&H's reasoning was that the main would be over pressured in some areas and that a great deal of homes would need PRVs.

Chappell informed the Board that there are some TD&H invoices which need to be approved. No invoices have been paid since all of this came about because the Board did not get what they had requested. The invoices will be reimbursed by WRDA. There were a couple of minor questions which we are still waiting for answers, but there is nothing major.

Morin moved to pay all of the outstanding TD&H invoices to date; Grover seconded the motion which then passed.

## **GO Bond**

Chappell said that Mae Nan needs to know who the District will be billing. Everybody in the Water District had the right to vote, even people that did not have access to water. It could get ugly if people that have no access to water, and will never have access to water, are billed. One example would be Jack Piippo. He is in the District however for him to receive water he would have to put a main under the river. Where should the Board draw the line? The previous Board chose to bill everybody that had access to water whether they had water or not. Morin said that it would be hard to bill people that do not have and cannot get water. Chappell said that there are two common areas in Double Arrow that have no access to water that are large. If they are taxed the homeowners association would have to pay it. Mae Nan is against billing people that have no access to water. Chappell said the Board needs to decide how to bill. Whether to charge only lots with access to water as the District is doing now, or all of the lots within the District, or only water users. Grover asked if those people were not charged and then added a main to get service could the District then back bill them as we do with the filter debt. Chappell replied if a person built a home and comes in to the District they would have to back pay. With property tax, would the District charge on the value of the blank lot or for the home that was built on it? A rate has to be established. The filter debt is a revenue bond so the rate is set. A number of properties in town have not developed because the lots are too small to get septic approval. They are paying on a bond issue because they can get water but they cannot use water in a house. The Board discussed billing only users; however this would not be consistent with the current practice.

Chappell said that the paperwork for this has to be turned in by January. The Board has to pass a resolution accepting the way the bond is written. Grover asked what Mae Nan had suggested. Chappell replied that she recommended a revenue bond. Hill asked how difficult would it be to withdraw from the District. Chappell said it is left to the Board's discretion to allow people to petition in or out of the District. There are certain properties that would make sense for them to petition out. Chappell recommended sticking to the same theory being used for the revenue bond and for everybody else (churches, schools, etc) a value will have to be set to pay the back bond. To back pay the current bond it is about \$2,000 by the end it would be \$4,000 or \$5,000. It sounds like a lot, but compared to places like Billings who have \$16,000 back payment it is not too bad. Hill agreed that billing the benefited lots seemed the logical way to go. Chappell said that because of the main extensions some properties will be picked up, such as John Richards' property in the center of town, and the homes on Tamarack. Chappell said that he would talk to Mae Nan on how to proceed.

### **Water Rights**

Tabled.

### **Board Meeting Date**

Grover had requested that the meeting date be changed from Monday because that was her day off and she was often out of town. The Board discussed the various options and decided that starting in January the meeting would be moved to the fourth Thursday of the month.

### **NEW BUSINESS**

10-24-2008 MINUTES

### **Sanitary Survey**

Chappell explained that every three years DEQ inspects the plant. Their report was good. Grover noted that they were very happy with Chappell's performance.

### **Contractor's Contract**

Chappell said that Gary Lewis has requested his contract be revised. There was a miscommunication and he would like to raise the gravel price by \$2 and the labor should have been \$37.50 and not \$36. Hill asked when the contract started. Chappell replied June 2008 and it is a 2 year contract. It does not affect the District much as the cost is passed on to the customer.

Grover moved to accept the change, Johnson seconded the motion which was then passed.

Johnson noted that the contract is Lewis' responsibility. If he is concerned about fuel costs he should put a fuel escalator in the contract. Chappell said that he would mention this to Lewis.

### **Connect Maintenance Agreement**

Chappell explained that this software is used for meter reading and has been approved in the past.

Johnson moved to renew the Connect Maintenance Agreement, Grover seconded the motion which was then passed.

### **WRDA FY09**

Chappell said that the District had received an email which indicated that Seeley Lake Water District is on the list of Montana communities slated to be funded.

## **CORRESPONDENCE**

### **Write off requests**

Fred Janelle noted that his water usage went up to 168,000 gallons from 45,000 gallons after a pipe broke. Tammy Lewis checks the readings after she reads the meters. She has been diligently checking with the people that have unusually high readings. She called them, they found the leak and fixed it and are now requesting a write off. The Board agreed to write off the usage above the three month average on their account.

John Mullenax is usually a low user. He had a broken pipe which he fixed and is requesting a write off. The Board agreed to write off the usage above the three month average on his account.

Shawnee Pringle - Tammy Lewis called her about the high usage. She found a big leak and fixed it. The Board agreed to write off the usage above the three month average on her account.

Robin Nisbet is requesting the late charges be written off. Derry explained that the property was sold in June, the District was not notified. There were tax liens so we are not sure exactly when the property closed. The Board agreed to write off the late charges on this account.

Becky Gehrke is requesting the late fees on her two accounts be written off as she mailed the check on the 24<sup>th</sup> and we received it on the 29<sup>th</sup>. The Board agreed to waive the two late fees.

**Liz Mullins, State Lands**

Chappell explained that the Board had agreed to write off the out of district charge in order to get the State to pay. The Board also stated that in the future the State would have to pay all of the fees as everybody else pays. Liz Mullins is now having a problem with that, and wrote emails asking why she has to pay them. Derry sent back the paperwork from the Board meeting and the letter from March 2008 which states all of this. Maybe she did not read the letter in March, but she is fighting it now. She also wanted to know why her request to be annexed was refused. Chappell said that they were not annexed because at that time others were being refused due to the water rights issue. The State is paying the out of district fee because originally the State was afraid that they would be taxed and so did not want to be annexed in.

**NEXT REGULARLY SCHEDULED MEETING:**

The next regular board meeting will be held on November 24, 2008, at the Water District Plant.

**ADJOURNMENT:**

Grover motioned adjourn the meeting 7:36pm.

Attest:

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Walter Hill, President

-And-

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Vincent Chappell, General Manager

| SEAL |