

**SEELEY LAKE WATER DISTRICT**  
**MONTHLY BOARD MEETING**

September 22, 2008

**Attendance:**

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

**OPENING:**

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

**PUBLIC COMMENTS**

None

**MINUTES**

Hill requested some clarification on page 5. *“Hill said chlorine is doing more damage ..... reducing the organics in the water.”*

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

**FINANCIAL REPORTS**

Due to scheduling problems Johnson had not reviewed the financials prior to the meeting. Chappell informed the Board that water sales were up as expected. Office supplies were a little high due to mailing out letters, Repair & Maintenance was also up because of the digs on Riverview Drive as well as the High School. Construction Services showed a loss because of the parts and labor on the previously mentioned digs was a District expense. The District will be reimbursed by the County for some of the High School parts. Net income was \$3,487.88. Everything is tracking on the balance sheet. Accounts Payable is \$47,000 because of the \$36,000 invoice from TDH. Nothing else looks out of the ordinary. The adjustments journal showed the usual small adjustments and one large refund to Randall Alderfer who had a credit of \$187.47 when he sold his property. Johnson reviewed the financials during the meeting.

09-22-2008 MINUTES

**DELINQUENCY REPORT**

Chappell reported a few arrangements have been made; however the Board meeting is earlier in the month. Chappell does not foresee any problems. Acc#140-03 broke the payment arrangements that they had previously made so that one will have to be filed on.

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

ACCOUNT	STATUS	TOTAL BALANCE
89	PAID IN FULL	\$ -
94	BARELOT	\$ 54.31
101	TURND OFF	\$ 157.17
106	PAID IN FULL	\$ -
107	PAID IN FULL	\$ -
116	SCHEDULED FOR TURN OFF	\$ 215.13
140-03	FINAL BILL	\$ 59.48
148	BARELOT	\$ 34.54
153	BARELOT	\$ 33.17
218	PAYMENT ARRANGEMENTS	\$ 102.66
224	SCHEDULED FOR TURN OFF	\$ 213.34
226	PAYMENT ARRANGEMENTS	\$ 123.29
227	SCHEDULED FOR TURN OFF	\$ 124.85
241	SCHEDULED FOR TURN OFF	\$ 119.57
251	PAYMENT ARRANGEMENTS	\$ 150.89
257	PAYMENT ARRANGEMENTS	\$ 68.46
307	SCHEDULED FOR TURN OFF	\$ 70.78
339	SCHEDULED FOR TURN OFF	\$ 107.69
365	SCHEDULED FOR TURN OFF	\$ 69.55
374	PAYMENT ARRANGEMENTS	\$ 49.31
380*	LIENED	\$ 270.14
403	SCHEDULED FOR TURN OFF	\$ 84.95
426	SCHEDULED FOR TURN OFF	\$ 103.62
434	PAID IN FULL	\$ -
500	BARELOT	\$ 34.54
506	BARELOT	\$ 34.54
516-02	FINAL BILL	\$ 31.39
542	SCHEDULED FOR TURN OFF	\$ 52.40

*CURRENT STATUS/COMMENTS*

548-03	FINAL BILL	\$	64.62
574	PAYMENT ARRANGEMENTS	\$	170.33
594	SCHEDULED FOR TURN OFF	\$	66.05
627	SCHEDULED FOR TURN OFF	\$	95.49
656	SCHEDULED FOR TURN OFF	\$	99.24
693	PAID IN FULL	\$	-
<b>TOTAL</b>		<b>\$</b>	<b>2,666.77</b>
*	DEBT TOTAL (INCLUDED ABOVE)	<b>\$</b>	<b>270.14</b>

## OPERATIONS REPORT

Chappell informed the Board of the following:

1. Lots of paperwork.
2. Performed annual testing for the District and Ovando School District. We are starting a three year test cycle, so we are trying to do the heavier testing at the beginning and finish out the cycle not having too much cost.
3. Assisted with the leak at The Filling Station. Mechels did not fix their leak and requested that the water be shut off until they fix it in the spring. It will not be turned on until it is fixed. The High School is showing a leak, nothing that we can do about that now.
5. TW Enterprises performed annual maintenance on the generators. The plant generator needs a few things, but it will be replaced in the project so they were not done. Hahn asked what the plan was for the old generator; Chappell replied that presently there was no firm plan.

## LOSS REPORT

Chappell informed the Board that it was a good month; the loss was only 536,000 gallons. The leaks were not adjusted in this month. The Board agreed this was outstanding.

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

Johnson questioned why the ending balance on the bank accounts was different than that on the balance sheet. Derry explained that this was because the closing date on the bank statement was September 1<sup>st</sup> and not August 31<sup>st</sup>. The close date on the balance sheet was August 31<sup>st</sup>. Derry showed Johnson that the balance on the QuickBooks report matched the balance on the Board's financial report.

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

## **OLD BUSINESS**

### **Project Update**

#### **TD&H Invoices**

Chappell informed the Board that TD&H's July invoice#22163 in the amount of \$36,955.86 and the August invoice#22225 in the amount of \$45,736.50 are both outstanding. The invoices have been checked and are ok.

Grover moved to approve TD&H invoice#22163 & invoice#22225 for payment, and Hahn seconded the motion which was then passed.

#### **Design change**

Chappell said that the Board had told TD&H to go ahead with the change at the last meeting; however no numbers were given and there was no amendment to contract. He asked Lozar to put something together and Lozar said he would get it to Chappell by Friday for review. The numbers that were given to you previously were massaged in to a nine page pamphlet which arrived around noon on Monday. The high service booster station from the PER cost is \$170,000, his new booster stations will cost \$185,000, for both. The tank site savings are \$15,000. There was no information other than moving the tank to the same level as clear well. There are no specifications and no change order. Lozar's big sell for moving the tank was that it will us save lots of money, when questioned on this he said he is going to leave that number alone for right now. Grover asked if there was originally a design for tank. Chappell replied there was a tentative design. The only savings in cost are from the access road. The papers that he brought last week showed the approximate savings on the high service water plant is \$63,000. The current information shows we are going to get rid of that, the savings are \$73,000, but there are no details. Hill asked if that included the additional engineering costs. Chappell asked about that and a contract change and Lozar replied that there will be no additional cost in engineering services. He did not put that in writing. Lozar sent a contract amendment for moving the tank and adding the UV over late this afternoon. The engineering costs are now \$331,200 up from \$303,200. Hill noted that this does not include the pump stations, send it back he will not sign it.

Chappell still has a question on the plant and the tank site. He has discussed it with several others and they agree it will not work. It will work if you run one tank dry, but it will cause problems with the UV. Lozar has done no other work on this. As of 3:00pm today it has all been given back to the hydraulic modeler who is tweaking it. Johnson asked who Chappell had spoken to about this. Chappell said that he talked to equipment sales people. Chappell showed the Board a diagram (included with the minutes) of it all and explained how it all works.

There is 7-8 feet of water below the level of the clear well. If you run the tank below the 10 foot mark the water will pour in to the tank and try to make it out the other side. Lozar had said you can run the tank down. You can but it is not good for the equipment and the UV cannot run with a half full pipe. The manufacturer said that you cannot operate the UV that way. Technically this would only happen during a period of high flow or a fire situation. The Board is paying for a 500,000 gallon tank and with this design there is 8 feet (200,000 gallons) of water that cannot be used. Why pay for it if you cannot use it. The Board questioned if the tank could be made a different shape and level. Chappell replied if the tank were 10 feet high it would have to be 150 feet wide. That is not an economical way to build a tank. The other problem is that the water is chlorinated and goes into the clear well. There is a tee before the clear well so whatever water is not used to fill the clear well goes around through the UV to the new tank. This causes a short circuit so there is no contact time with the chlorine. The water will bypass the clear well as people use the water down town it and the water in the clear well will become stagnant. Hill and Hahn expressed their concern over this. Hill suggested putting a float valve in clear well and an additional valve. Chappell agreed that it will have to have more controls to make it work, however you are trying to fix a design problem that needs to be redesigned and not fixed. Hill said that the two alternatives are to build a 500,000 tank at the same level or higher up the hill. At the same level you cannot make the tank 10 feet high. Chappell said there has to be a way to use the tanks and all of the equipment properly, without hydraulically slamming the system and sucking out the debris from the bottom of the tank when it drains.

Hill asked what would happen if you put the tank 7 feet above ground. Chappell said that the new tank will have to be partially higher than the other tank, and use a pump. Grover said that we had talked about finding a spot between the two elevations. Chappell said he thought that to use everything 100% correctly the new tank will have to be a little higher. Hill said then you still have to install a \$200,000 pump. Grover asked if it will save the equipment in the long term. Hill asked Chappell if Lozar is aware of this. Chappell said that he has discussed this at length with Lozar. Johnson asked if Lozar had any thoughts about Chappell's concerns. Chappell said that Lozar understands what he is saying; however Lozar thinks it is going to work. Hahn asked if Chappell had talked to any other engineers. Chappell said that he had and they agreed with Chappell. We would always operate on the upper end of the tank, however if the tank were higher you could use the total 500,000 gallons. Johnson asked what was stopping the tanks from at least being at the same level. Chappell said if you move the 17 feet tank up to the same level as the bottom of the clear well, there would be 7 feet above the top of the clear well and you would push water out the top of the clear well. You would then have 7 feet that you could not put water in unless you had a valve or a pump. Johnson said that we need to decide if the last half of the tank warrants the expense of the pump and having the hydraulic issues. Chappell said if that is the case cut off the top of the tank and have a 300,000 gallon tank. It is all gravity feed, and in that situation it cannot happen. Hill said that with the extra valves it can work. Chappell said it can but you will be flushing one tank to fill the other and it will cause a hydraulic slam on the tank. It will work but you will be continually flushing junk out. Grover said that Chappell had valid concerns.

Chappell said that Lozar gave out a preliminary design status booklet at the August 25 Board meeting. On page 21 the cost estimate for the project is now \$4.73 million. The write up today

shows we will save \$73,000 on the pump station and the piping will cost an extra \$560,000. Johnson asked why. Chappell replied Lozar had attributed it to the materials cost compared to the PER. If the cost is approximately \$500,000k more than the \$4.7 million then the project total is \$5.3 million. That is \$1 million more than the PER. Chappell requested a write up of overall project cost to give to the Board at this meeting. Lozar said he did not have them and no he can not get that. The Board can not make a decision without all of the information. Chappell said that every time he talks to Lozar the numbers are different.

Hill asked why the linear feet of pipe had increased. Chappell replied that there is one section, from Locust Lane to Redwood, that according to Lozar was not counted in the PER, so he added it. Chappell said that the Board can take out certain items to save money. Lozar told Chappell that hydraulically it would be it would be ok to leave that section out.

Hill said that the numbers for the transmission main don't agree. The Board discussed if the extra \$560,000 was included in the \$4.7 million or additional. Chappell said that the booklet from the August Board meeting were the last numbers that Lozar had presented. The \$560,000 increase occurred after that. Chappell said he has been trying to get the corrected numbers from Lozar. The Board agreed that Lozar needed to give the numbers to the Board.

Chappell said that the Board can not vote on this tonight and Lozar plans on turning this over to DEQ before the next meeting. Chappell said that realistically he does not think that will happen. Johnson said that Lozar needs to get it by next week, for a meeting. Grover questioned if the Board can vote on this before the tank location is known. Chappell said that Lozar needs to prove that his design can work. Grover questioned if the results of the hydraulic testing will clarify this. Chappell said that Lozar is selling the new tank site as a savings, but he did not include any details. There should be more savings. Johnson said that there is one way to get their attention and that is to not pay the bill until we get what we ask for. The Board agreed this approach usually works. Johnson suggested telling TD&H that the check has been written, it is sitting in the safe and when the Board gets what we want it will be mailed.

Chappell said that a lot of time was spent up to, and at the last Board meeting, working towards the project and he did not say a word about this. A week later Lozar comes back with this huge change. Chappell said if the Board does not approve the agreement TD&H can continue to work towards the change. Johnson said that Lozar needs to update the project cost sheet. Chappell also requested an updated project schedule, which Lozar did not have as of this morning. Lozar changed the timelines, getting the plans to DEQ and so forth, but the completion date remains the same. As of last week Lozar indicated that the change had pushed the timeline back a month. Hill requested a motion.

Grover moved to not sign the amendment to the contract until more financial information is provided and therefore table it, and Hahn seconded the motion which was then passed.

Chappell suggested when the information is received the Board could approve the amendment over the phone. Johnson, Grover and Hahn said that a meeting next week would not be a problem. Hill

said that he will be gone until 6<sup>th</sup> October. Hill said that there will be a quorum and if need be a phone approval could be done. Chappell said that he will send it back to Lozar and go from there.

### **Water Rights**

Chappell said that he has had no time to deal with water rights this month.

### **High School**

Chappell said that the leak has been confirmed. The Board needs to give the High School a time limit to fix it. Chappell said that they probably will not touch it until school is out next summer. The High School has not asked for a write off, but nothing further can be done to fix the leak which luckily is fairly small. Johnson suggested writing off the leak for six months and then charge them, hoping that it will push them along to fix it. Chappell confirmed that the Board wanted to give them until May and said that he would write a letter to that effect. In the mean time the District will keep track of the loss. Johnson said to add that as long as the existing loss stays within a certain limit, but if the leak becomes large then the Board may have to revisit this matter. Chappell said that he would mention if there is a catastrophic failure of the pipe then it will need to be fixed immediately or they will be billed for the loss.

### **Correspondence**

Chappell said that the Filling Station reading jumped in August. Lewis spoke to Kris Martin and she said that it was fine. The next month the reading jumped again, Kris realized it was on the business and that there was a leak. Chappell said that their last bill was \$1,200. Hill asked if it had been fixed. Chappell said no it is a nightmare we have dug twice, isolated the leak and put in new shut off valves. Hahn agreed it is a maze. Kris plans to install a new line in to the kitchen next week. She has eaten a lot of money so far as there were no drawings showing where the pipes were. She has done everything she can to fix it. Johnson asked what her request was. Chappell said that she is asking for some forgiveness on the bill, she has been working to fix it. The normal bill is approximately 120,000 – 180,000 gallons and now it is almost 600,000. Her previous bill was higher also. Grover said that she did try to fix it. Johnson suggested using her highest normal bill for a baseline and subtracting the rest for the two and a half months.

Grover moved to use the Filling Station's highest normal bill for a baseline and write of the excess usage for the two and a half months of the leak, and Hahn seconded the motion which was then passed.

### **NEW BUSINESS**

Grover requested the Board meeting be moved to another day of the week. Her regular days off are Sunday & Monday and she is often gone on Mondays. The Board discussed which day would be best and will decide at the next meeting.

**NEXT REGULARLY SCHEDULED MEETING:**

The next regular board meeting will be held on October 27, 2008, at the Water District Plant.

**ADJOURNMENT:**

Hahn motioned to adjourn at 6:50pm.

Attest:

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Walter Hill, President

-And-

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Vincent Chappell, General Manager

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