

SEELEY LAKE WATER DISTRICT
MONTHLY BOARD MEETING

March 25, 2010

Attendance:

Walter Hill	President	PRESENT
Glen Morin	Vice-President	PRESENT
Kim Grover	Director	PRESENT
Todd Johnson	Director	PRESENT
Charlie Hahn	Director	PRESENT
Vincent Chappell	General Manager	PRESENT *5:34pm
Felicity Derry	Secretary	PRESENT
Tammy Lewis	Operator	PRESENT
Dan Lozar	Engineer	PRESENT*5:34pm

OPENING:

The meeting was brought to order at 5:30pm at the Water District.

PUBLIC COMMENTS:

None

MINUTES:

The minutes for February 25, 2010 and the January 18, 2010 meetings were presented to the Board.

Grover moved to accept both February 25, 2010 and January 18, 2010 minutes as presented. Johnson seconded the motion, which was then passed.

FINANCIAL REPORTS:

February 2010

Johnson noted that water sales for the month of February had been good and they had met budget. A high number of late charges were assessed in February. There were minimal expenses this month. The majority of vehicle operations were for gas. If the price goes up more it will put this category over budget. The debt retirement continues to be under budget because some of the pipes are not functional; those lots cannot be billed until they are online. There was a profit for the month. All of the accounts on the balance sheet looked good. There was a payment on the accounts receivable loss. This was the first payment since October 2008.

There was nothing out of the ordinary in the check detail. All of the checks had two signatures. He reviewed all of the other statements and they all looked good. Chappell accidentally put a couple of charges on the credit card, which he paid for. There was nothing out of the ordinary.

Johnson moved to accept the February financial report. Morin seconded the motion, which was then passed.

DELINQUENCY REPORT:

March 2010

The Board reviewed the delinquency report

Some of the accounts that began being billed for debt services at the beginning of the year are now two months behind. A few of them have called and are very concerned. Chappell wanted to know how long to let new accounts go delinquent before they are filed on in court. Johnson suggested that a policy be developed to cover this so that everybody is treated the same way. Hill requested that Morin and Chappell write a policy for this.

Grover moved to approve the March delinquency report. Hahn seconded the motion, which was then passed.

OPERATIONS REPORT:

March 2010

Chappell had worked with TD&H trying to get some final information on the change orders. Neely Electric worked on the system. There was a problem with the plant that was independent of the project. The communications between the pump house and the plant went out. Neely Electric made it work until he could get some modems to replace the obsolete one that failed. The fix is functional but it is not a permanent solution.

Chappell went on vacation for a week. Lewis is going on vacation for a week, and Derry will be taking a couple of days. We are all trying to take some time off before the project starts up again.

Chappell worked with Montana Rural Water and DEQ regarding issues with the testing requirements relating to the project.

The water loss report shows 17%. All of the known leaks were accounted for. The water loss is back down.

Morin moved to accept the manager's report for March. Hahn seconded the motion, which then passed.

OLD BUSINESS:

Project Update

TD&H Invoice

Chappell said that there was a TD&H invoice for approximately \$9,000. There were no issues with it.

Johnson moved to approve for payment the TD&H invoice for \$9,287.62. Hahn seconded the motion, which then passed.

There is a credit from TD&H for the asphalt and some of the engineering write-off. The combined credit is approximately \$25,000. Lozar said that they would like to deduct it from one invoice, rather than cut a check to the District; if that works with the District. To date TD&H has not submitted an invoice large enough to do this.

Design Changes/Cost Increases Update

Chappell said that this month change order #6 needs to be reviewed by the Board. It is for the following:

1. Bypass operational controls. This is the problem with the tank not functioning properly during maintenance situations. Neely Electric put in a quote to fix it that was better than we had thought. - \$11,318
2. Mag meters and chlorine feed. An email was sent out to the Board on this and everybody approved it. - \$33,434
3. Optiview. This is for the cost of the unit, the water line to and from the Optiview, the pump and the controls to make the unit function. - \$19,029
4. Security system. This is one of the things that had been left out of the project. Chappell had talked to Neely Electric. It has been installed and is ready to go. - \$3,295.

Lozar noted that on item#2 Mag Meters DAC had requested an additional four days of construction time be added to the contract. Chappell said that the Board needed to remember this because it means that the District has to pay for the engineering inspection time. Lozar said that with the added time there are 53 days of contract time remaining. Chappell said that the change order does not include the added cost from TD&H for the inspection.

Johnson moved to approve change order #6. Grover seconded the motion, which then passed.

Chappell said that a problem was found with the chlorine feed stations. John Weikel with Montana Rural Water was reviewing the District's yearly paperwork. While reviewing the plans he noticed that at the chlorine feed stations the injection and reading equipment does not meet his interpretation of DEQ requirements. Chappell immediately called TD&H and DEQ regarding this interpretation and last week there was a conference call with DEQ. When DEQ reviewed the plans they overlooked this issue. By the end of conversation DEQ could not agree on the interpretation of the rule and what the District's testing requirements were. Chappell said that the District needed DEQ to put in writing what their

testing requirements were so that TD&H can formulate a plan to meet those requirements and present them to the Board.

Johnson questioned if DEQ approved the plans. Chappell replied yes DEQ did approve the plans. John Weikel used to be a DEQ rule specialist before he started working for Montana Rural Water. His interpretation of the rules is pretty accurate and he caught the problem. Johnson said that DEQ has some responsibility as they approved the plans. Chappell said that DEQ would plead ignorance. DEQ said that it was the District and the engineer's responsibility to figure out how to comply with the rules and put it on paper to them. Grover asked if there were any similar systems that the District could be compared to that would have set precedence for the rule. Lozar said that there are systems that have remote feed stations, but it is dependent upon DEQ's interpretation of the rules. There were five people from DEQ involved in the conference call and they could not come to a consensus on an interpretation of the rule. Lozar said DEQ would look at it as Seeley's system regardless. Chappell said that even though other systems have chlorine feed stations each system is unique. Chappell explained the way the District's system works and where the potential problem was.

Morin asked if the site to sample the chlorine was outside. Chappell said that currently the pipe is buried and there is nothing set up to take a sample. If needed, a sample station would be a little box. Or if it had to be an electronic continuous read sample it would have to be inside a building with a chart recorder.

Lozar said that currently we do not know what will have to be done. After the conference call he wrote a letter to DEQ saying that TD&H need to know what the requirements are. He has not heard back to date. Chappell said that he wanted the decision from DEQ in writing for their records so they cannot come back in a year saying that the District does not comply. Once DEQ responds TD&H will come up with a solution and they will get it to the contractor as quickly as possible; and there will be another change order.

Lozar said that he went around town with Chappell today. He took some photos and will attach them to a letter to DAC requesting that they come and fix the problem areas around town. The roads around town are holding up good. Lozar had put in two calls to Greg Robertson of Missoula County regarding the status of the compaction testing and had heard nothing back. Hill said that he had talked to Pat O'Herren of Rural Initiatives who said he would go directly to the County Commissioners to resolve it. Lozar said that he would talk to Pat O'Herren.

Morin asked when the project would restart. Chappell said that he had talked to Kirk Hogan and DAC's hope is June 1st at the latest. Johnson asked if DAC was done with the boost station or would they have to dig again? Lozar said that there is still digging to be done. Johnson said that there is no point in DAC doing too much work there if there is more digging to be done. Lozar said that he foresaw contouring the ditch around and wrapping it back on the road. He also thought that something should be done about the mud in the Water District's parking lot.

Chappell said that Lozar had put together a contract amendment for the 8 additional days. Lozar explained that it was for the four days granted to Advanced Earthworks in the Airport Road phase of the project. And the additional four days for DAC that will be added to the inspection and project management time. The cost for that is \$7,466. This is based on eight-hour days.

The Board decided that it should be tabled until the decision from DEQ had been given.

Water Rights

None

EPA Violation Extension

Chappell said that the District is under violation because of the haloacetic acid testing. The District passed the test this quarter and the running average passed also. He had been working with the EPA and they granted an extension until the end of September because the project was delayed.

Orion Radios

Chappell said that the supplier came up and drove around with Lewis. We are waiting to hear back from him. He is thinking it is an equipment failure. The meters are not putting out the signal strength they are supposed to for whatever reason. The equipment is under warranty. The battery is a lithium 20 year battery. Some of the worst radios will be replaced and the old radios will be sent to the factory for testing.

Office Furniture

Chappell said that he had got a proposal from a local contractor for work centers similar to those at Cenex. The proposal was for \$5,500 for both. Grover said that was a great deal.

Grover moved to accept the proposal. Hahn seconded the motion, which then passed.

Audit

Chappell said that the JCCS auditor went through the books, contracts for TD&H and the funding agencies and the project scope. He is still working on the audit and we are sending him more paperwork, as he needs it. It will take a couple more weeks. Everything to date looked fine and he had no issues.

NEW BUSINESS:

Correspondence

Donald Dyrud asked to waive the late fee. The Board agreed to waive the late fee.

Patrick Strouf had a leak. Lewis found it, was unable to reach the owner so shut off their water. They fixed it and thanked us for shutting off the water.

Grover approved the write off and Morin seconded the motion which then passed.

Linda Asich owns three lots that have just begun to be billed. She has had numerous family emergencies.

Johnson moved to waive the late fees, Grover seconded the motion.

NEXT REGULARLY SCHEDULED MEETING:

The next regular board meeting will be held on April 29, 2010.

ADJOURNMENT:

Morin adjourned the meeting at 7:12pm

Attest:

Walter Hill, President

-And-

Vincent Chappell, General Manager

| SEAL |