

**HAYDEN LAKE RECREATIOANL WATER AND SEWER DISTRICT
MINUTES OF REGULAR MEETING
FEBRUARY 9, 2011**

CALL TO ORDER

Chairman Sewell opened the regular meeting at 9:00 a.m. Board members present were Dave Weinstein, Tom DePew, Todd Walker and Carole Stringer. District Superintendent Dustin Jacobson and Larry Comer were also present as representatives of the Board. District Administrator Lynn Hagman recorded the minutes of the meeting.

AGENDA AND MINUTES

Board member Stringer moved to approve the agenda for this meeting and Board member DePew seconded the motion. The motion carried.

Chairman Sewell asked that the minutes of January 26, 2011 be carried forward to the next meeting.

NEWS LETTER

At Chairman Sewell's request, Larry Comer presented news-letters from 1987 to be reviewed. Mr. Comer explained why the District formed the first LID. The questioned proposed earlier by Chairman Sewell is, were the people told they would not have to pay anything else? Mr. Comer stated that the people bought in for secondary treatment. If the District increases the quality of treatment they will have to pay their share.

Sewer Rate Options:

Chairman Sewell questioned why HARSB has gone up in the last 5 years. Mr. Comer explained the current legal cost for the TMDL issue plus normal increase of cost to do business is why their costs have gone up. Also, HARSB is funding depreciation heavily now.

Chairman Sewell questioned the option of raising taxes. Board member DePew felt the rates should have been doubled as planned last year as per the Districts accountant. Board member Weinstein stated that the accountant does not answer to the people and this Board needs to listen to the people.

Board member Stringer questioned if the District could combine a property tax increase with a rate increase to meet obligations without requiring a public hearing. Board member DePew felt that the 5% would be less than \$5,000 a year in revenue. Board member Walker agreed and felt that this doesn't do what we are trying to do with funding the depreciation.

The tax increase would not help the numbers on the rate option chart provided by Mr. Comer. Board member DePew felt that the District can justify a rate increase easier than a tax increase.

Larry Comer stated that if the plant were to expand, the District would need to do a Revenue Bond or an LID. It may be possible to add depreciation into the LID if the District were to go that way.

District Administrator Lynn Hagman informed the Board that the staff has been educating the rate payers of the possible increase since last year. Many people are already aware of an upcoming rate increase of some kind.

Board member Stringer felt the LID increase to fund depreciation is a good argument. Larry Comer stated all would pay, not just the rate payers. Dustin Jacobson questioned catching up with the lots that don't have ER's now and can they be assessed in the new LID to catch up. Larry Comer felt that this may happen if they front the system directly. Board member DePew questioned if a charge for dry hook up would be possible. Larry Comer informed the Board that this is a harder fee to assess.

Board member Weinstein felt that it is better to hold the public hearing on a rate increase when more people are home for the summer. Chairman Sewell suggested the news-letter go out in April. **Board member Weinstein moved to send the news-letter out the first week of April with the public hearing to be held on April 28th at 6:00 p.m. Board member Walker seconded the motion. Board member Weinstein suggested giving general information regarding a possible upcoming LID and the reasons for it. The motion carried.**

Board member Walker voiced his needs for having further discussion on the rates before making a decision. Larry Comer will have a draft news-letter at the March 23rd meeting where the rates will be determined at that time.

REQUEST FOR INTEREST-DEL KERR

Mr. Kerr has requested interest on an LID payoff payment he made during the prepayment stage of LID6. The payoff was made on a parcel that already had an ER. Mr. Kerr was refunded the funds he had paid and is not asking for interest on that money. Board member Weinstein felt the District should send him a check for the interest the District earned on the money for the 10 months we had it. Administrator Lynn Hagman informed the Board that based on the bank savings account interest rate .10%, Mr. Kerr's funds would have received \$12.65 in interest. Board member Stringer suggested using 1% per CD rate. The figure from Ken Thompson was slightly higher at a rate of .20% from the State Treasurers Pool, at \$23.77. **Board member Weinstein moved to send Mr. Kerr a check in the amount of \$12.65. Board member DePew seconded the motion. The motion carried 3 to 1 with Board member Stringer voting "no".**

EMPLOYEE PERFORMANCE BONUS

Board member DePew stated that he feels there is no problem with the way the performance bonus has been done and would let it remain the same. Chairman Sewell informed the Board that a yearly evaluation is done by the Chairman of the Board and the Mayor of Hayden Lake for Lynn Hagman in April or May and an evaluation on Dustin Jacobson will be done at the same time. Board member Stringer stated that the bonus needs to be tied to performance. Board member Weinstein stated that the evaluations will tie the bonus to their incentive performance.

JOINT POWERS AGREEMENT

The question of the Hayden Lake Recreational Water and Sewer District Board voting on certain issues at HARSB was asked previously by Board member Stringer and an opinion was asked from the District's attorney. Chairman Sewell informed the Board that he had called the attorney and asked that he not research this at this time due to the Board not having voted to have him do so.

Board member Stringer questioned the authority of the Chairman to direct the attorney not to act on the request of another Board member. Chairman Sewell stated he is the only one who can give directions to the attorney. Chairman Sewell advised that requests made of the District's attorney were to be submitted to him and that he "usually" forwards them.

Board member Stringer questioned where this authority comes from. Board member Weinstein stated that it costs the District money to have Board members ask the attorney for opinions and it is custom in usage that everything is funneled through the Board before any direction is given. Board member Weinstein felt that he may get an opinion from the HARSB attorney on this issue of the District voting on certain issues. Chairman Sewell suggested this be continued to the next meeting.

Larry Comer excused himself from the meeting at 10:15 a.m.

Board member Stringer voiced her concern with the Board not exercising their right to vote on certain issues in the joint powers agreement. Board member Weinstein stated that he had never been involved on budget decisions of HARSB. Board member Weinstein suggested he ask the attorney for HARSB to review the language in the joint power agreement. Board member Weinstein also feels that the Board needs to discuss who has the authority to give direction to the attorney. Attorney Mike Schmidt will research this and give an opinion at the next meeting.

ADJOURN

Board member DePew moved to adjourn at 11:00 a.m., seconded by Board member Weinstein. The motion carried.

Dave Weinstein, SECRETARY

Lynn M. Hagman, ADMINISTRATOR