

**HAYDEN LAKE RECREATIONAL WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
JULY 24, 2013**

CALL TO ORDER

Chairman Walker called the meeting to order at 4:00 p.m. Board members present were Carole Stringer and Ed Burke. Board member Ed Graves arrived at 5:00 p.m. Attorney Mike Schmidt, Engineers Steve Cordes and Ashley Williams, Ken Thompson, Stephanie Sherman were also present.

Superintendent Dustin Jacobson was present at the meeting as representatives of the Board. Visitors present were Ken Windram and Stephanie Oliver from HARSB and Mr. Meany. Administrator Lynn Hagman recorded the minutes of the meeting.

AGENDA/MINUTES

**Board member Burke moved to approve the agenda for this meeting, seconded by Board member Stringer. The motion carried. Following review of the minutes Board member Stringer moved to approve the minutes of July 10, 2013, seconded by Board member Burke. The motion carried.**

CITIZEN ISSUES

Mr. William Meany, 10161 N. Fairway Dr., addressed the Board regarding his concerns of being charged one half of an O&M fee for his guest house. Mr. Meany is requesting reimbursement of the O&M plus interest from 2003 when he purchased the home. Chairman Walker reviewed the District policy on guest houses and explained that in previous years the Sewer District charged a full O&M for guest houses. Attorney Schmidt explained the guest house policy and the O&M charges and how the ER's were bought back from the owner when the policy was changed and the O&M went to one half for a guest house. Mr. Meany questioned how a guest house could cause more O&M costs. Attorney Schmidt explained the fee structure and how the District arrived at the current amount for the O&M charges. Mr. Meany felt that if you have one ER you should be charged one O&M fee.

Board member Stringer suggested a workshop devoted to the issue of anyone being charged more than one O&M fee. Chairman Walker agreed that the policy should be discussed further.

Chairman Walker discussed Mr. Johnson's letter to the Board regarding the non-buildable lot and the fee for having the non-buildable covenant drafted and recorded. Chairman Walker informed the Board that he went to the County to research Mr. Johnson's lot and found that the lot is 30' wide and is non-buildable.

Attorney Schmidt explained the covenant of non-buildability and stated the covenant puts possible new owners on notice that the lot cannot be built on and there would be no sewer service. Attorney Schmidt felt that if there is no ER involved with the property then the Board may want to treat this situation differently. Board member Stringer suggested the District let the owner draft the document and record it on his own. Chairman Walker suggested this issue be continued to the next meeting and the Administrator will check on the ER status of the lot.

## HARSB BUDGET

Mr. Ken Windram and Stephanie Oliver presented the HARSB budget for fiscal year 2013-2014. Mr. Windram discussed the summary of flows and what has been done so far this year for 2012-2013. The reuse farm is being used from July through September. The NPDES draft just came out and on August 28<sup>th</sup> there will be a public meeting on the permit. In discussing the budget for 2013-2014 Mr. Windram informed the Board that the NPDES permit will be final and construction at the treatment plant should begin by March 2014.

Mr. Windram stated that the Blue Water test facility building lease ends August 14, 2013. Chairman Walker questioned if the building would stay with HARSB. Mr. Windram replied that it would and there are options being discussed for the use of the building. Mr. Windram reviewed the summary of the 2013-2014 budget line items and in discussing the legal fees Mr. Windram explained that once the NPDES permit is filed, Boise Attorney Gary Allen will charge less. The expense for Attorney Allen is shared with the City of Post Falls.

The ER breakdown was discussed and the Sewer District has 2645.1 ER's which equals 24.36% at the plant. Mr. Windram discussed the summary budget for the plant project as well as the payment schedule and the District's monthly cost will increase to approximately \$51,587. Attorney Schmidt asked Mr. Windram to explain to the Board why the depreciation is increased by \$100,000 each year. Mr. Windram explained it is to catch up from years of not collecting depreciation.

Stephanie Oliver explained that the current budget will need to be re-opened to receive \$700,000 and the Sewer Board will need to approve this. **Board member Burke moved to approve the opening of the 2012-2013 HARSB budget to receive \$700,000. Board member Stringer seconded the motion. The motion carried.**

A payment request to HARSB in the amount of \$200,879.50 was presented to the Board. This invoice will be submitted to DEQ with copies of all invoices from Engineers and Legal fees spent so far on LID7A and plant upgrades. HARSB will be the construction administrator. Mr. Windram reviewed the process for the reimbursement payments. Attorney Schmidt questioned who the monthly invoices should go to for review and suggested Attorney Quade and Welch Comer be added to the list of reviewers. Board member Graves felt that this would be more prudent on the change orders.

Board member Graves questioned if the Board will be made aware of any change orders that come in. Attorney Schmidt explained that the District will be aware of all changes under the funding agreement and will be approving them. Mr. Windram stated that DEQ will also be looking at all material change orders. Mr. Windram explained that the invoice for the \$200,879.50 will need to be approved by the Sewer District Board but can be paid to HARSB when the DEQ funds come in. It will be the Sewer District's responsibility to send the draw requests to DEQ with the correct bills attached. **Board member Burke moved to approve the payment of \$200,879.50 to HARSB. Board member Graves seconded the motion. The motion carried.**

Mr. Windram informed the Board that County Commissioner Greene is requesting a meeting with a Board member from the Sewer District and a member of the City of Hayden to discuss the Joint Powers Agreement in September.

## ENGINEER

Ashley Williams addressed the ER issue and informed the Board that the final count to date for unsold ER's is seven. Ms. Williams proposed to move forward with this number.

Steve Cordes discussed the Country Club lift station and reminded the Board of the options given at the previous meeting. Mr. Cordes stated that the noise of the lift station was a concern with the station being above ground. With proper equipment Board member Graves measured the noise level and the results were minimal under the City of Hayden Lake decibel limit. Mr. Cordes suggested Welch Comer Engineers put together a proposal to do a design on the station. Mr. Cordes explained that the next step is to meet with the Country Club to negotiate an easement for more space to work in.

Ms. Williams discussed the route for the sewer line in Canterbury Cove. Superintendent Jacobson will speak with the property owners regarding easements. Mr. Jacobson informed the Board that the homeowner on Friar Dr. would like to be hooked up to the gravity sewer line for the easement they're willing to give the District. There will be approximately five homeowners that will have their sewer re-routed.

## ATTORNEY

Attorney Schmidt informed the Board that the ER issue with Connie Church has been resolved as well as the ER issue with Mr. Meany. Documentation was found that showed that their ER's were purchased by the District in 1990.

Attorney Schmidt discussed the status on the consolidations and there have been two recorded to date. The non-District customer letter includes an invitation to the August 28<sup>th</sup> meeting and is ready to be sent out. There are three letters to those that have special circumstances that will go out as well. It was suggested that Larry Comer be present at the August 28<sup>th</sup> meeting to give a presentation for LID7A.

## ACCOUNTANT

Board member Stringer addressed Mr. Windram regarding the Board authorizing the HARSB tentative budget. Chairman Walker agreed that the District needed to approve the HARSB budget. **Board member Stringer moved to approve the HARSB tentative budget for FY 2013-2014. Board member Burke seconded the motion. The motion carried.**

Mr. Thompson reviewed the financial report and the invoices for payment. Mr. Jacobson explained the expenses for Ken Bettis excavating. **Board member Stringer moved to approve the financial report and the invoices for payment, seconded by Board member Graves. The motion carried.**

Mr. Thompson then reviewed the District tentative budget for FY 2013-2014. Mr. Thompson pointed out that the HARSB payment line item will need to be increased. Mr. Thompson pointed out that there is a \$6,000,000 construction loan for LID 7A. Chairman Walker questioned the budget for LID 7A asking for explanation for the amount budgeted. Ms. Williams presented a

cash flow chart showing the LID7A estimated expenses for next year. Chairman Walker asked Mr. Windram if this amount was accurate for the construction that will be done this year. Mr. Windram felt that the HARSB portion of the \$6,000,000 would be more and suggested increasing this amount to \$7,500,000.

Mr. Thompson reminded the Board that the public hearing on the Budget will be on August 28, 2013. Board member Stringer asked to have the budget hearing set for the year 2014. The Board agreed that the budget hearing will be set for the fourth Wednesday in August, 2014.

Chairman Walker suggested that whom-ever audits the City of Hayden and HARSB regarding this DEQ loan, the District should use the same auditor. Board member Burke suggested an RFP (request for proposal) be sent out for an auditor. Ken Thompson will draft the RFP. **Board member Burke then moved to approve the tentative budget for FY 2013-2014. Board member Graves seconded the motion. The motion carried.**

Mr. Thompson discussed opening the current budget to receive funds from DEQ and suggested that the public hearing for this be held separate from the regular budget hearing. The Board discussed the public hearing for opening the current budget to be held on September 11, 2013 with the approval of the tentative current budget on August 14, 2013.

#### CERTIFICATIONS

Administrator Hagman explained the certification of delinquent O&M accounts and LID accounts to the County tax rolls and informed the Board that the \$100.00 certification fee was added to each one. **Board member Stringer moved to approve the certifications, seconded by Board Burke. The motion carried.**

#### HARSB REPORT

The Board was emailed the HARSB report, written by Board member Stringer prior to the meeting. There were no questions or comments by the Board.

#### ADJOURN

**With no further business before the Board, at 7:45 p.m. Board member Burke moved to adjourn, seconded by Board member Graves. The motion carried.**

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Todd Walker, CHAIRMAN

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Lynn M. Hagman, ADMINISTRATOR