

**HAYDEN LAKE RECREATIONAL WATER AND SEWER DISTRICT
MINUTES OF LID7 PUBLIC INFORMATIONAL MEETING
SEPTEMBER 5, 2012**

Chairman Sewell opened the public meeting at 6:00 p.m. Board members present were Dave Weinstein, Todd Walker and Carole Stringer. Board member Tom DePew was absent. Others present at the meeting were Larry Comer and Ashley Williams from Welch Comer & Associates, Mike Schmidt, Attorney for the District, Ken Windram, Administrator for HARSB Ken Thompson, Accountant for the District, Danielle Quade from Hawley Troxell LLP and Dustin Jacobson, District Superintendent. Administrator Lynn Hagman recorded the minutes of the meeting.

Chairman Sewell introduced the Board, Larry Comer, Attorney Schmidt and staff. Chairman Sewell explained that Mr. Comer will be giving the presentation.

Mr. Comer explained the comment period and regarding this meeting and stated that the District will take comments up to September 26, 2012. Mr. Comer discussed the history of the Sewer District and explained that the sewer treatment plant is also 25 years old. Ashley Williams addressed the Board and public with an overview of the District boundaries and lift stations. Future growth estimates were discussed; the District currently bills 1,922 ER's and has 702 vacant ER's. The District anticipates over the next 20 years, growth in the service area accommodated by the ER allocation at HARSB.

Ms. Williams explained the conditions of the existing lift stations and presented charts for structural/mechanical conditions with ratings. Rehabilitation of the lift stations were discussed with options A, B, and C. An environmental analysis was done for each option. Ms. Williams showed a tiered approach to the lift stations controls. Tier 1 is high flow/high risk, tier 2 is moderate and tier 3 is low.

Larry Comer explained the relief line on Strahorn Rd. and the cost benefit. Miles Ave. relief line was also discussed and Mr. Comer stated that this would be used for emergency use only. The benefits and challenges for both lines were reviewed by Mr. Comer. An environmental analysis and a depreciation analysis for both lines was presented to the Board and reviewed by Mr. Comer.

The collection system capital improvement options were discussed. Mr. Comer informed the Board that the District staff reviewed options for each lift station and formed a recommended alternative for each station. The improvements were divided into three parts, phase A (near-term need), and phase B (mid-term need) and O & M (long-term need). Mr. Comer reviewed a summary of costs for the collection system capital improvements.

Ken Windram, Administrator for HARSB, discussed the TMDL and the EPA permit process and new standards. Some of the proposed improvements and the phasing of them were discussed as well as a range of costs for each entity. The treatment plant will be upgraded to tertiary treatment level. The Sewer District portion will be \$5.5 million. Mr. Comer informed the Board and the public that the upgrade from secondary to tertiary treatment is regulated by federal law.

Mr. Comer discussed the financing options for the Sewer District. For the District collector capital improvements there could be long-term with O & M depreciations funding or near and mid-term with LID bond with a DEQ loan or using the bond bank. The HARSB upgrades would be LID bond with the DEQ loan. Mr. Comer explained that the DEQ funding is at a very low

interest rate of 2%. Mr. Comer gave a proposed LID7 overview and explained that the Board will take public comments until September 26, 2012.

Alan Peterson questioned the cost per year for the LID7. Mr. Comer replied that it would be approximately \$225.00. Mr. Peterson asked what the impact to Lake Spokane would be if these new regulations weren't there. Mr. Comer explained the draft permit and the mandated regulations.

Dana Smith questioned the treatment cost to change from chemicals to bacteria and who supplies the bugs. Mr. Windram explained that the bugs are just there and the bio is a fraction of what the chemicals are in cost. This is a natural process. Ms. Smith then questioned how deep the gravity relief line would be on Strahorn Rd. and where will it be placed. Mr. Comer explained that the work will be done in conjunction with the City of Hayden Lake doing a project at the same time and the line will be placed down the middle of the road. This will be a cost savings to the District. Ms. Smith asked if the line would come through people's property to connect. Mr. Comer replied that there will be no connections to this line.

Terry Ferris questioned the gravity relief line and why we needed it. Mr. Comer explained that the line is an interceptor and will be 10 to 12". Mr. Ferris questioned the cost to put it in. Mr. Comer replied that it will cost approximately \$30.00 to \$40.00 a foot and we will save on asphalt costs by working with the City of Hayden Lake. Mr. Ferris questioned if the capital improvements had to be done now. Mr. Comer stated that it did not, however the maintenance will keep the lift stations reliable.

Linda Schultz questioned if the vacant lots are paying towards the common costs. Mr. Comer explained that the District has 700 vacant lots that would not have to pay for growth. If a new sub-division were to come into the District they would pay the growth cost portion. Ms. Schultz asked if there will be an increase in the O & M fees and what would it be for and will there be future increases in the O & M. Mr. Comer explained that \$3.00 of the last increase went towards depreciation.

Attorney Schmidt discussed the fight with the state of Washington Dept. of Ecology regarding the Spokane River and Lake Spokane and the new regulations. Ms. Schultz asked if there will be savings if chemicals are not used and how much per month and will it offset the total. Mr. Comer stated that the operating costs of the new facility will be higher and these costs will be discussed in further detail at future meetings.

John Schultz asked if Hayden Canyon would be involved. Mr. Comer explained the Hayden Canyon is not in our District. Mr. Schultz asked if the next thing going to be phosphorus in household products. Danielle Quade explained that the interest rate is 4% with 3% interest and 1% in reserve.

Danielle Quade explained the debt reserve that is required. Mr. Schultz asked how the depreciation would be unfunded. Mr. Comer explained how the depreciation works. Mr. Schultz asked if the \$689,000 could come from the depreciation fund. Mr. Comer explained that these are real costs.

Merlin Deurkson questioned the bio process and will it work in cold weather. Mr. Windram stated that it would work in cold weather, the bugs slow down in the winter but they don't die.

Dana Smith asked if there is a provision to not upgrade the plant. Mr. Comer explained the permit process and the plant upgrades could be mandated. If they are not done DEQ could impose a large daily fine. Ms. Smith asked if the capital improvements could be done now and the plant upgrades later. Mr. Comer replied that the DEQ funding comes with a very low interest rate now.

Danielle Quade stated that the money is drawn on as needed and the District can only use the money they need for the project. Board member Stringer explained that the District is not at the point of an LID yet.

Mr. Ferris asked if the District could change the destination of the flow from the Spokane River. Mr. Windram discussed the Woodland Water project briefly and why this would not work for the District.

ADJOURN

The meeting was adjourned at 8:00 p.m.

Dave Weinstein, SECRETARY

Lynn Hagman, ADMINISTRATOR