

HAYDEN LAKE RECREATIONAL WATER AND SEWER DISTRICT

MINUTES OF REGULAR MEETING

May 23, 2012

CALL TO ORDER

The regular May meeting of the Hayden Lake Recreational Water and Sewer District ("District") was called to order at 5 p.m. by Chairman Kenneth Sewell. Also in attendance were Board Members Dave Weinstein, Tom Depew, Todd Walker, and Carole Stringer. Larry Comer, Superintendent Dustin Jacobson and Ken Thompson were present representing the Board. Attorney Michael Schmidt recorded the minutes of the meeting.

AGENDA AND MINUTES

The Board first considered the Agenda for the May 23, 2012 meeting. Board member Todd Walker moved to approve the agenda for the meeting, which Motion was seconded by Dave Weinstein, and thereafter unanimously carried.

Following the review of the Minutes for the May 9, 2012 meeting, Carole Stringer recommended that the word "Visitors" be substituted with "Presenters" since they were there at the request of the Board for presentation of District matters. Other minor corrections were noted and made by attorney Schmidt. Todd Walker moved to accept the minutes as modified, which motion was seconded by Carole Stringer, and thereafter unanimously carried. Mr. Schmidt advised he would make the corrections and forward to Lynn Hagman.

CITIZEN ISSUES

No citizens were present.

ACCOUNTANT

Ken Thompson first presented the financial report and invoices for approval. Ken noted that the indicated property taxes were erroneously listed in a different column, which would be corrected for the next balance sheet to the Board. Mr. Thompson further mentioned that LID#7 line was going to be tracked, and that it was not provided for in initial budget, but should eventually be taken care of through LID formation and funding with that mechanism. Mr. Thompson noted that in Line 11 relating to the outstanding Bonds, the District would need to call District bonds, and give three weeks' notice. Carole Stringer inquired as to restrictions on usage of funds within each budget category. Ken Thompson indicated that budgeting larger numbers gives more ability to use the funds, but does not necessarily require that the funds be used.

Ken Thompson then presented the invoices for approval. Mr. Thompson noted that the RC Worst cost was unusually high. Dustin explained that two pumps were purchased to replace pumps in the Point Hayden lift station because they were worn out. The pumps that were purchased fit the long-term strategy for the LID#7 as well. Mr. Sewell questioned the cost for Chris' per diem cost for the conference, and why it was paid before he left. Ken Thompson advised it was paid before he left, and Dustin stated that is the way it is always done so the employees don't have to wait for reimbursement. Tom Depew moved to accept the financial report and pay the bills, which motion was seconded by Todd Walker, and thereafter unanimously carried.

Ken Thomson next addressed budget issues, and utilization of "study" funds to be allocated for costs that are not specifically anticipated. Carole Stringer questioned whether or not the study funds could be used to pay for the EIR (environmental clearance study), which would be needed for seeking financing. Larry Comer indicated that it would be needed for USDA financing, but not for bond bank funds. The need for an EIR depends on which source of funds the District seeks. Todd Walker expressed his recollection that the study fund was informally dedicated as a use for tax funds, which are gathered from many lake property owners who are not served by sewer. As Mr. Walker recalls, the budget allocation towards a "study" was a way of earmarking the funds for the users around the lake who pay taxes and are not sewered, as this use was historically seen as more equitable. Todd Walker has informally discussed this with property owners who are not serviced by the District but who pay taxes, and always told such owners that it was his understanding that there were funds – which were approximately the same as what was paid in taxes – which were dedicated to lake-specific studies (e.g., the Yellow Banks project, studies concerning water quality, etc.). Carole Stringer and Larry Comer pointed out that the EIR would benefit all of the users in the district, regardless of whether they were sewered or not.

The Board directed Ken Thompson to allocate \$30,000 to the study fund, and pointed out that there is currently \$40,000 in the fund, which is still in the hopper for potential use this fiscal year. This money could be spent between now and the next fiscal year. The Board directed Ken Thompson to try and have \$30,000 in the budget for a study at the beginning of the next fiscal year.

Ken Thompson and Larry Comer next discussed the budget for Capital Improvements. Larry Comer presented the 2012 and 2013 capital improvement plans that had been previously reviewed, and discussed the GIS software component of the capital improvements budget. This was discussed in more detail at the last workshop meeting. Larry Comer explained that the objective was to undertake spatial mapping as step A, use survey grade GPS (gets within .1 of a foot), which makes the "backbone" of the GIS system. This would also include some conventional surveying to set control points and convert to coordinates where GPS is unavailable. This "first pass" could be very detailed, and the more thorough it is (which is partially dependent on Dustin's work), the more it will save on Step B. The budget for step A is \$28,600. Step B would likely be budgeted into 2013. It involves populating the GIS with known asset attributes, utilization of the zone robots to gather and populate the data points. It is budgeted for \$7,200. Step C is purchasing of the software and hardware, which would involve a budget of \$15,000 to \$21,000. Dustin explained that we recently had District sewer lines dug up eight feet away from the District's own locate. Dustin and Larry explained that GIS mapping would provide a "forever"

coordinate, which does not rely on field workers' knowledge, which could lead to such errors of approximation based on memory. Mr. Comer also indicated that the second component of step B was based on the unknown availability of certain attribute management services. Dave Weinstein raised concern that he and the Board felt they were getting those services when they approved the purchase of the robots. Larry Comer was unsure whether attribute management services were or were not included, but wanted to mention the possible issue because Ashley and Donna Phillips from Hayden asked questions related to these services, and the presenter did not know the answer as to what services were included. It wasn't clear that the "service" component would not cost money, but that it would need followed up. Larry Comer also explained the function and options available with the hand-held units (10- or 3-foot range accuracy accounts for the cost differential, with the more accurate units being more expensive). Mr. Comer again explained that if Dustin locates everything on the first pass very well, it may be that it can be surveyed for less money in the future, and that the handhelds might not be absolutely necessary. However, hand-helds would eventually be needed for locates.

Todd Walker asked how much would be spent before Dec. 1, 2012. Dustin and Mr. Comer felt that the Step A would start locating September, meaning that 1/3 would be incurred this year, leaving 2/3 of the cost for next year. Step B would also be 2013. Step C would likely be a 2014 expense.

Carole Stringer indicated that she would like to confirm what kind of data can be imported v. exported with HARSB. More specifically, Carole Stringer wanted to confirm whether they can translate the data for usage in the field. Carole Stringer will draft questions and have HARSB answer. Carole Stringer wanted the answers before she approves a budget. She does not want to pay on many levels for usage of District, HARSB, both importing and exporting. Todd Walker suggested that the District use 1/3 of the \$28K, with an additional \$7K, totaling \$35,000 for the 2012 budget. So for 2013, it should initially list \$28,000.

Larry Comer next discussed budget issue of LID#7, which he split into three columns, "legal," "HARSB," and the "collector portion" of the LID, which totaled \$10,412,000. Mr. Comer did his best to allocate for four years total, with \$25,000 allocated for the remaining portion of 2012, \$2,025,000 for 2012-13, \$5,000,000 for 2013-14, and the remaining \$3,362,000 for 2014 to 15.

Carole Stringer questioned the time line for closing out the LID, and what the specific Idaho Code limitations were that concerned Danielle Quade when the Board discussed handling all phases through the LID. Larry Comer was unable to recall what bond counsel's concern was for holding it open so long were, but did not recall similar issues in other LID's he had participated in. Carole Stringer remembered that there were elements she was uncomfortable with that related to phasing the construction, and possible issues with judicial validation. Attorney Schmidt advised that he will ask Danielle Quade what the limitations are for the period of time the funding can be open on an LID.

The Board agreed that Larry Comer's numbers were reasonable for budgeting purposes, and \$2,025,000 should be number used for next years' process.

Carole Stringer questioned whether the Board could not include any LID expenses for the budget, and instead re-open the budget for that purpose at a later date? Carole Stringer explained that

it would provide for a practical and transparent presentation of the LID#7 real costs at a time when they were more relevant. Ms. Stringer did not feel it would be appropriate to budget up front as though the LID was a foregone conclusion. Dave Weinstein reminded the Board that he did not want to include LID numbers in the budget last year. The Board approved of leaving the LID#7 figures off of the budget at this time.

Ken Thompson indicated June 13 would be the date for finalizing the budget, and that the hearing on the budget would be July 25. The preliminary budget is the opportunity to dial in on the numbers.

ENGINEER

Larry Comer first addressed the LID #7 schedule update, and informed the Board that he and attorney Schmidt met with Danielle Quade. The result of that meeting was to confirm that the schedule for funding had been bumped back 45 days.

Larry Comer next addressed the DEQ funding request, and advised that the deadlines will become more and more difficult to meet as it gets closer to the end of the year. There is a DEQ check-list where the District must indicate how far along it is in the LID process. One of the most important questions is whether the District has the authority to bond, which requires more than simply initiating the LID process. In order to get "full points," an applicant must actually form the LID. Therefore, compressing at the front end of the year might help the District get that much further along for obtaining DEQ financing and the lower interest rate associated with such financing.

All other agenda items for engineering were discussed under Accountant, above.

ATTORNEY

Attorney Schmidt explained that there were issues with drafting the Agreement with the City of Hayden prior to determining exactly which costs and components of the improvements were attributable to (1) "replacement" (in which case the District would share proportionately with the expense), (2) "regulatory" (in which case the District would share proportionately with the expense), and (3) "capacity" (in which case the District would not share in the expense). Mr. Schmidt advised that the form and format of the cost share agreement for construction was finalized, but that a number of steps first needed to be completed before the District would be in a position to sign off on it. This includes having Larry Comer review the construction details and cost allocation, as well as a number of policy-driven decisions that needed to be made. Larry Comer also explained that the bidding process needed to be transparent so that costs could be allocated based on actual figures. Mr. Schmidt presented his outline of steps needed to be completed, as emailed to the "working group" of principals and agents/professionals.

Mr. Schmidt next discussed the requirements for making payment to Board members at meetings, and advised that the Idaho Code is not entirely clear on the subject, nor does it anticipate involvement with a joint-powers entity that adds meetings to the calendar and increases public

meetings and Board member responsibilities, including educational requirements and administrative time. Mr. Schmidt felt that recommending a conservative approach towards payment would be appropriate from his perspective, but also felt that special circumstances might warrant that additional meetings be paid for attendance.

Mr. Schmidt also discussed the election date change to May 2013. He advised that there was some confusion on the part of the County election officials, who believed that elections could be held in November. However, the Statute requires elections be held in May. Additionally, past precedent related to code changes for dates of elections required that Board members serve additional months until the next election. This would likewise appear to be the rule with respect to the serving Chairman.

Mr. Schmidt also presented to the Board with draft Resolutions for purposes of adopting a fee schedule for regularly charged fees, and also for officially addressing the election date change and continuing the terms of the Board members and officers until the next election. The Resolutions were presented for review only, and were not adopted. They will be considered at the next Board meeting.

BOARD DISCUSSION

The matters listed for Board discussion were addressed by attorney Schmidt, above.

ADJOURN

Todd Walker moved to adjourn, which Motion was seconded by Dave Weinstein, and thereafter unanimously carried. The meeting was adjourned at approximately 7:30 p.m.