

**HAYDEN LAKE RECREATIONAL WATER AND SEWER DISTRICT
MINUTES OF REGULAR MEETING
APRIL 11, 2013**

CALL TO ORDER

Chairman Sewell called the meeting to order at 5:00 p.m. Board members present were Ed Short, Tom DePew, Todd Walker and Carole Stringer. Attorneys Mike Schmidt and Danielle Quade, Engineers Larry Comer, Ashley Williams, Accountants Ken Thompson, Stephanie Schultz, Superintendent Dustin Jacobson and Operator Chris Seward were present as representatives of the Board. Administrator Lynn Hagman recorded the minutes of the meeting.

AGENDA / MINUTES

Board member Stringer moved to approve the agenda with the modification of moving citizen issues to follow the approval of the minutes. Board member Short seconded the motion. The motion carried.

Following review of the minutes, Attorney Schmidt and Board member Stringer submitted their edits to the secretary. **Board member DePew then moved to approve the minutes of March 27th with the recommended edits. Board member Stringer seconded the motion. The motion carried.** Board member Short requested Superintendent Jacobson give an update at the next meeting on the issue with Mr. Clark and his guest house.

CITIZENS

Chairman Sewell asked Mr. Comer to explain why the Board is here today. Mr. Comer explained the 7 million dollar project and that this LID was in place now. Mr. Comer explained that 6.2 million of the 7 million will be for the upgrades to the treatment plant required by EPA. Mr. Comer stated that at the November 28th public hearing there were questions about the EPA requiring more in the future. Mr. Comer explained that they could and that the permit we get is only good for 5 years and will then need to be re-issued. The standards could change within that time. There are a lot of agencies that have influence in what is done in Idaho. We need to engage our elected officials.

Patricia Ohop questioned Mr. Comer if he was sure and had it really been looked into about the discharging on the ponds that was discussed in November rather than discharging into the river. Board member Walker explained that the District does discharge onto fields in the summer months and the Treatment Plant has recently acquired more land for this use. We can't discharge in the winter months due to the cold weather. Mr. Comer stated that the growing season is 5 months and that is when we use this type of discharge. The Hayden Area Regional Sewer Board is cooperating with the University of Idaho on research of a hybrid poplar tree to grow and we have over 400 acres. These trees absorb more water.

Ms. Ohop questioned why we couldn't use the water on golf courses. Mr. Comer replied that the District would have to bring the effluent up to a new level of treatment. However, tertiary treatment does bring new options for discharging. The District has researched selling it to the farmers or to power companies but this too would need a higher level of treatment. Ms. Ohop hopes that there is better management of money.

Lany Seigel asked if the District always has to comply with the EPA. Mr. Comer discussed the law suit that the District joined in with several other entities and what the cost of that has been. Attorney Schmidt stated that the cost was approximately \$200,000 and we didn't even get to the litigation part. Attorney Schmidt explained that with this did come some major improvements such as a more relaxed standard for phosphorus. Mr. Comer explained that this still isn't over, DEQ is looking at another standard and the permit is not in our hands. We only have the draft permit. Ms. Seigel stated that she wants to make sure the District questions these things when they come up and not just bow down to the EPA.

Verna Anderson informed the Board that she is being assessed for three ER's and two of them are inactive so why does she have to pay for them. Superintendent Jacobson explained why she has three hook ups. One of these lots was split and the ER stayed with Ms. Anderson's half, the other two lots have a house built in the middle of them. Therefore the ER on the half lot is not usable and the ER on one of the lots that the house is built on is not usable and she can sell them back to the District.

Attorney Schmidt clarified how the lots came to each having an ER on them through the original LID. The covenant of consolidation was explained and Ms. Anderson could qualify for this if she wants to give up sewer service on these lots. Attorney Schmidt explained how the District would buy these ER's back from her and that this would happen only when someone else comes to the District to purchase an ER and if her name was next on the list. Ms. Anderson asked where she could get this information and Attorney Schmidt replied that she could come to the District office and the Administrator could help her. Attorney Schmidt explained that the cost for the consolidation work is \$300.00 and until the District is in the position to buy back the ER's, she will be responsible for upgrading them to the tertiary treatment.

Cynthia Elliott questioned how, specifically, the \$44.00 a month charges were covering the system improvements. Ken Thompson replied that the \$39.00 covers operating costs of the District and \$5.00 is put aside for capital improvements. Ms. Elliott questioned if this was enough to be set aside so this doesn't happen in the future.

Board member Stringer understood the concerns of citizens regarding the Board being lax in obtaining reserves; however Board member Stringer pointed out that the District has spent a large amount on litigation trying to get a situation to where we could manage it which was partially successful. Board member Stringer reminded those who had been to public hearings over the last few years are aware of the fact that the District has tried to seek an increase in the rates. The response from the public was always, "please don't raise my rates". Board member Stringer discussed the last two rate hearings that were held and the outcome of each. The reserves are being built up again but there are a lot of years to make up for.

Board member Walker informed the public that we have not had an LID in 27 years. The new upgrades should last longer than the 27 years we just went through.

Jim Foote, 2442 Avon Circle, explained that he has just built a new house, paid a capitalization and hook -up fee. Mr. Foote questioned why the EPA doesn't put some money into these mandates. These are tax dollars that they are requiring us to use.

Mr. Comer explained the low interest loan through DEQ. This loan is a taxpayer subsidized low interest loan at 2% interest and 1% reserve. Previous grants that were available by the government are no longer available.

Mr. Foote asked what the bond sale was that is listed on the District budget. Board member Walker replied that this was for LID 6 where a group of large property owners came to the District and asked the District to do the LID. Only those people are paying for LID 6. Mr. Foote questioned if there was an LID fee for the engineers or is a percentage of the LID paid to the engineer. Board member Walker stated that the only engineering fees coming out of the LID funds would be for LID engineering services only. Mr. Foote questioned if there were any competitive bids for the engineering. Chairman Sewell informed Mr. Foote that Welch Comer is the District engineer and the District has a service agreement with Welch Comer & Associates. Board member Walker explained that there will be competitive bids on the design and construction phase.

Mr. Foote questioned why supplies and repairs have doubled on the budget. Superintendent Jacobson explained that the accountant reviews the capital improvement projects for the year and he then budgets accordingly. Maintenance of the system over the last year was explained by Mr. Jacobson and it always depends on how much money we have as to what improvements we can do. Board member Stringer also informed Mr. Foote that the LID was not in the budget so the budget reflects funds for the maintenance of things we are not yet certain that we will be able to replace. If the LID doesn't go through then they lift stations remain in the corrosive state and have to be maintained that way.

If the LID does move forward, some of these funds will be absorbed by the LID. Board member DePew explained that when a pump has to be pulled due to being plugged the cost is between \$2,000 and \$3,000. Mr. Comer explained that the new style of pumps are not only more efficient but are designed to carry new materials that are getting into the system now. Upgrading the pumps will hopefully decrease the call outs and maintenance costs.

Mr. Foote then questioned why there was an increase in labor costs. Board member Stringer explained that our operator, Chris Seward had been serving our Country in Iraq the previous year and his salary was not included in the budget. When he came home last year his salary was added back in which made the budget higher.

ANALYSIS OF LID 7A AMENDMENT PROCESS

Ashley Williams informed the Board that this analysis was put together using the letters of protests and comments that were sent in as well as those received at the public hearing. An analysis was also done combining the letters received in November, 2012 from the first hearing. Ms. Williams showed the total of all letters per acreage which equaled .43%, the total protests of all letters per ER was 1% and the total protest percentage of acreage was .37%. Ms. Williams explained that for the LID analysis we needed to evaluate 60% either by acreage or ER protests then it goes to a higher court for evaluation. Board member Stringer questioned if the protests for the rate increase was included in this analysis. Ms. Williams felt that they were.

The summary of protests by issue was discussed with the highest concern being the economy and cost. Summary of issues with the non -protest letters showed a high percent in favor of the LID. Combined comments from both hearings and combined summary of issues were explained. Lastly, the LID versus a rate increase showed most in favor of the LID.

Board member Walker stated that he would have liked to have had questions at the public hearing. Board member Walker is in favor of the LID amendment because we can get the funds and take care of the problems in the next couple of years versus over the next 10 years and doing only a couple of projects at a time. It is very costly to keep maintaining what we have.

Board member DePew informed the public that the District has lift stations on the perimeter of Hayden Lake. If one fails and sewage goes into the lake, the District could be fined every day that it is not in service.

Board member Short feels that the Country Club lift station needs to be addressed and explained that we have lift stations that are only feet from the lake. The District did not create all of these lift stations, but inherited them. Board member Short feels the LID makes the most sense and we need to be conservative in how we spend the money.

Board member Stringer stated that Board member Short is new and has taken his time to learn about the District and tour the lift stations. Board member Stringer discussed the Strahorn Rd. and Miles Ave. relief lines and the amount of flow that this will take off of the Country Club lift station which will reduce the chance of a big problem like a failure that could be costly and damaging to the lake. This line will be a gravity line which lessens the need for pumps. Board member Stringer addressed the comments from people regarding scare tactics. There are no scare tactics here; the facts are here for the public to look at. LID 6 was explained to the public and Board member Stringer assured the public that only those property owners were paying for this LID. Their engineers came up with the costs for that LID.

Mr. Foote asked who the biggest users of the sewer in the District were. Board member Walker replied that it is the individual homeowner. Superintendent Jacobson explained how the District calculates ER's for commercial by calculating how much water they use.

Board member DePew stated that Mr. Windram, manager of the treatment plant, is working on a proposition to take solids pumped from septic tanks and charge a minimal fee for it to go through the plant. Mr. Jacobson explained why the pump trucks from other companies have to charge so much. It could be that they may be able to pump and haul to the treatment plant at a cheaper rate.

Ms. Elliott questioned if the District had a way to collect extra money from people who wanted to give on the sewer bill to help others who maybe could not pay. Chairman Sewell asked the Administrator to put this item on the next agenda.

Patricia Ohop asked about the election and Chairman Sewell stated that this item is on the agenda for discussion.

Board member Stringer moved to adopt the rate increase by Resolution. Attorney Schmidt announced that the rate increase would be by Resolution in the amount of \$19.00 a month which would increase the monthly sewer to \$63.00 per month for the O & M effective May 1, 2013. Board member Short seconded the motion. A roll call vote showed: Board member Stringer, "no", Board member Short, "no", Board member DePew, "no" and Board member Walker, "no". The motion failed unanimously.

Board member Stringer then moved to adopt the proposed LID 7A amendment, Ordinance 2013-01 which supersedes Ordinance 2012-01, to suspend the rule requiring the reading on three separate occasions and to be read in full. Board member Short seconded the motion. Attorney Schmidt read Ordinance 2013-01 by Title. A roll call vote was taken; Board member Short, "aye", Board member DePew, "aye", Board member Walker, "aye" and Board member Stringer, "aye". The motion was unanimously carried.

Board member Stringer moved to adopt Ordinance 2013-01 and to publish by summary only and to adopt the summary. Board member Short seconded the motion. A roll call vote was taken; Board member Short, “aye”, Board member DePew, “aye”, Board member Walker, “aye” and Board member Stringer, “aye”. The motion was unanimously carried.

Mr. Comer explained how the LID loan will work and once the District has confirmation that the loan is available then we will start doing the design work and letting it out for bid to independent contractors. The Miles Ave. and Strahorn Rd. work will happen this year because that is the window we have with the City of Hayden Lake and Lakes Highway District to share in cost. The design and construction work for the lift stations would happen probably in 2014 and 2015. When the project is all done the costs will be put into summary. If the costs come in at 10.4 million or less this will be the numerator and the number of lots will be the denominator. Mr. Comer explained that the assessment will be determined and the District will hold another public hearing. The options for paying the assessment which should be sent in 2015 were explained and Mr. Comer informed the public that this assessment becomes a lien on the property.

A question from the audience, with regards to payment of the LID assessment and if a person could not pay the entire amount at first could they pay half and amortize the other half. Attorney Quade stated that a partial payment is acceptable by law if the billing clerk can do the amortization of just half of the assessment. Administrator Hagman will look into this.

ELECTION UPDATE

Administrator Hagman informed the Board that the election will be May 21st and stated what positions are up for election. The supplies have arrived and the ballots have been printed. The Board will need to designate the polling place for the election. **Board member Walker moved to designate the District office as the polling place for the election. Board member DePew seconded the motion. The motion carried.**

ENGINEER

Ashley Williams informed the Board that she has prepared a letter to DEQ stating that the LID amendment has been approved. DEQ has published a list of loans they will fund and the District is #5 on the list for a total of 7 million. This letter is to comment on that amount and state that we want to increase that amount to 10.4 million. The letter will be sent with adopted ordinance 2013-01. Chairman Sewell signed the letter.

Ms. Williams informed the Board that on Miles Ave. and Strahorn Rd., we did get authorization from DEQ to start on the design work ahead of the loan funding. Regarding negotiations with the City of Hayden Lake, Ms. Williams has received information from Mayor Beck regarding the ballast and the test information only went down one foot so Ms. Williams requested the Board to allow a geo-technological survey, which is on the approved task order, to get data further down. The Board approved the survey. Board member Short questioned if there was any further analysis for the gravity line on Miles Ave. regarding the drop. Ms. Williams stated that once the survey is done we will have the information.

ADJOURN

With no further business before the Board, at 6:50 p.m. Board member DePew moved to adjourn, seconded by Board member Short. The motion carried.

Kenneth Sewell, CHAIRMAN

Lynn Hagman, ADMINISTRATOR