

**HAYDEN LAKE RECREATIONAL WATER & SEWER DISTRICT
MINUTES OF REGULAR MEETING
JANUARY 23, 2013**

CALL TO ORDER

Chairman Sewell called the meeting to order at 5:00 p.m. Board members present were Carole Stringer, Todd Walker, Tom DePew and Dave Weinstein. Attorney Mike Schmidt, Ken Thompson, Stephanie Schulman, Larry Comer, Ashley Williams and Superintendent Dustin Jacobson were also present as representatives of the Board. Administrator Lynn Hagman recorded the minutes of the meeting. Ken Windram from HARSB was also present.

AGENDA

Board member DePew moved to approve the agenda for this meeting, seconded by Board member Walker. The motion carried.

MINUTES

Board member Walker moved to approve the minutes of November 28th 9:00 a.m. meeting. Board member DePew seconded the motion. The motion carried.

Following review of the November 28th public hearing minutes, several edits were made and Board member Walker moved to approve these minutes with the corrections. Board member DePew seconded the motion. The motion carried.

A review was then done on the December 12th 9:00 a.m. meeting. Board member DePew moved to approve the minutes with corrections made. Board member Walker seconded the motion. The motion carried.

FINANCIAL

Ken Thompson reviewed the financial report and the invoices for payment with the Board. LID 4 was discussed and Mr. Thompson informed the Board that the bonds are paid off and North Kootenai Water District is still paying payments on the system. **Board member Walker moved to approve the financial report and the invoices for payment, seconded by Board member Stringer. The motion carried.**

ENGINEER

Larry Comer discussed the newsletter and a list of potential additions such as the upcoming election was discussed. Mr. Comer felt that the District needs to tell the public what the amortized payment will be for LID7a, people will want to know. Mr. Comer felt that using the word "estimated" would let people know that it may change. Mr. Comer informed the Board that the District will need to do something with the rates and people should be informed early. Mr. Comer reminded the Board that a lot of people in the previous meetings asked about the O&M rates and what was going to happen to them. Mr. Comer recommended this information be put in the newsletter.

Ashley Williams discussed the District web site and things that could be put on the web site such as the LID7a boundary map and the newsletter and election information.

Board member Stringer agreed that several things can be placed on the web site and agreed that the election information be placed in the newsletter also. Board member Stringer questioned adding the letters regarding consolidation and non-buildable lots to the newsletter and what the cost would be. Ms. Williams replied that it would be an additional \$800.00. Attorney Schmidt stated that we would need to address the consolidation letters by each person requesting consolidation.

Larry Comer discussed the consolidation policy and stated that the people need to qualify first for consolidation, they apply and we confirm and they are put on a waiting list. They are still in LID7a and their ER has to be upgraded. Their ER comes off LID7a when the District purchases it. Attorney Schmidt questioned how much the District would pay to buy back an ER, would it be the current rate.

Mr. Comer discussed the possibility of HARSB buying back the secondary ER's and putting them in their pool to sell. Mr. Windram will put this on the next HARSB agenda for discussion. Attorney Schmidt stated that the value of the ER plus the increment would equal the total value is it is assessed in LID #7A. Board member Stringer suggested the Board identify a price/value for everyone and give them a time frame for them to make their decision if they want the District to buy the ER back. HARSB should look at this concept also if they decide to be the one to buy back these ER's. Mr. Comer stated that this would be discussed at the next HARSB meeting and a hold would be put on the consolidation letter for now.

Attorney Schmidt felt that the person who wanted to consolidate would go on the list and if they have more than two ER's their name would go on the bottom of the list. HARSB could agree to buy back two or less ER's in connection with the consolidations. Attorney Schmidt stated that if it is not buildable they would not be on the list for consolidation and the District would just buy back that ER. Welch Comer will determine if a lot is buildable or not.

Ken Windram asked for a list of the non-buildable lots. Board member Walker suggested that the District would buy back the non-buildable ER's and HARSB will only buy those in the consolidation. Mr. Windram stated that he will need an estimate of what each person paid for their ER. Mr. Comer stated that if the newsletter goes out before HARSB has made a decision on the ER buy back; we will pull the consolidation letter from the mailing.

Board member Weinstein informed the Board that he had called Danielle Quade and discussed the possibility of changing the use of the portion of LID money that was to go towards the Strahorn Rd. line. Board member Weinstein would like to use those funds for other upgrades. Board member Weinstein informed the Board that Ms. Quade suggested he wait until the comment period is over and then the District could send out a notice. Attorney Schmidt felt that Ms. Quade should be advising the Board on this at a meeting. Board member Weinstein and Chairman Sewell felt that the District should send a letter out now with the total LID #7A amount and delete the work on Strahorn and then keep updating it.

Mr. Comer discussed the recordation at the County courthouse of the LID roll and the legal description. Mr. Comer also discussed the LID overhead costs which we are now at \$130,000 and this money will either come from the LID funds or the general fund.

Mr. Comer discussed the LID #7B formation and estimated costs. Mr. Comer felt that the District may want to re-think how to bring these 50 people in. Attorney Schmidt discussed previous practices of servicing people that are not in the District. There were no service agreements made for these people. We have some people who are in the City of Hayden and Attorney Schmidt recommends billing the City of Hayden for the cost to upgrade the ER's and they can bill the property owners.

Board member Stringer suggested an appendage to the construction agreement to deal with the ER's in LID #7B. Board member DePew stated that there are different fees in the City versus the District. Board member Stringer suggested that this would be worked out in the agreement. Mr. Comer informed the Board that there are four categories and suggested we look at non-LID people first.

Mr. Comer presented a hand out on re-evaluating the priorities for the collection system upgrades. The prior upgrade policy regarding the panel upgrades, rails, plumbing and coatings and types of pumps was reviewed and Mr. Comer reminded the Board that the facility plan was based on this policy. Mr. Comer reviewed the existing conditions of the lift stations and the priorities. Mr. Comer discussed capital funds versus O & M funds and cost benefit. The current policy relieves or minimizes call outs and labor costs. A new policy would be to fix things as it is needed.

Superintendent Jacobson informed the Board that the District has depleted pumps now because of our current policy, the old pumps get regular call outs. Mr. Comer felt that to change the policy now will mean an increase in the O & M fees. Board member Weinstein questioned Mr. Comer what the District has to do right now before someone gets hurt. Mr. Comer gave his perspective on stewardship and expending cap fees and O & M fees. Mr. Comer discussed the existing conditions of the lift stations and reviewed the analysis sheets on the lift stations that were shown in previous presentations. Mr. Comer stated that the rate payers will now bare the cost for the improvements. The O & M may need to go up \$15.00 over the next 10 years in order to do this work if the rates are to pay for improvements. Mr. Comer stated that he needs to know what the Board's policy will be.

Board member Walker felt that because the system is 25 years old, most things will break down in the next 10 years and to take care of them the District will have to collect more O & M fees. Board member Stringer questioned the Flygt pumps versus what we have now in some of the lift stations and what will be available in 5 to 10 years. Ken Windram stated that the City of Hayden is using smart panels and has reduced their costs.

Mr. Comer discussed the lift station priorities. Board member Weinstein questioned taking the top three and mitigate the problems and be consistent with current policy, what would the cost be. Ken Windram stated that he could only give an example of Leisure Park for cost and this would not be comparing apples to apples. Board member Stringer questioned if the policy were to be changed, where we will go with the O & M rates.

Superintendent Jacobson stated that every six months to a year a pump is changed and we have call outs. Mr. Jacobson stated that research shows the Flygt pumps perform very well. Mr. Windram stated that the Flygt pumps save on O & M costs. Board member Weinstein questioned if the District could run two different types of pumps. Mr. Jacobson responded that we could and it is in the feasibility plan.

Board member DePew questioned the funds that the District has for improvements.

Board member Walker feels that we need to fix these things now and we need to raise the O & M fees to do it. Chairman Sewell questioned the \$600,000 in reserves and asked if we kept \$200,000 in reserve and used \$400,000 plus the LID money, how many improvements can be done with that. Mr. Comer again stated that he would need to know the District policy decision. Board member Weinstein feels that using this money if the accountant, Ken Thompson approves and use some of the funds for the Flygt pumps. Board member Weinstein questioned Mr. Windram on how much we spend on call outs. Mr. Windram replied that it is approximately \$250.00 each time. Board member Stringer questioned upgrading the panels and Mr. Comer informed the Board that the type of pump drives the panel.

Mr. Comer summarized the direction of the Board and that is to consider the hybrid approach, which ones to take care of first and to optimize the capital and O & M fees. Attorney Schmidt questioned if this would be a replacement cost and Mr. Comer replied that it would for the lift stations. Miles Ave. and Strahorn Rd. would not be replacement. Attorney Schmidt stated that LID money could be used for Strahorn Rd. and Miles Ave. Attorney Schmidt reminded the Board to keep phase two of the construction in mind in case of overruns. The District will have to pay for our share out of CAP fees.

Mr. Windram stated that the NPDES permit requires the District to maintain our collector system. The facility plan is our documentation of the improvements needed. Attorney Schmidt requested permission from the Board to do a brief on risk and liability to the District. The Board approved Attorney Schmidt's request.

Ashley Williams informed the Board that the DEQ letter of intent for 2014 has been sent. Administrator Hagman requested permission to attend the IIMC conference. Board member Walker moved to approve the conference, seconded by Board member Stringer. The motion carried.

ADJOURN

With no further business before the Board, at 8:05 p.m. Board member DePew moved to adjourn, seconded by Board member Weinstein. The motion carried.

SECRETARY

Lynn M. Hagman, Administrator