

**HAYDEN LAKE RECREATIONAL WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
JANUARY 26, 2011**

CALL TO ORDER

Chairman Sewell called the regular meeting to order at 5:00 p.m. Present were Board members Weinstein, DePew, Walker and Stringer. Attorney Mike Schmidt, Larry Comer, Ken Thompson and Superintendent Dustin Jacobson were also present as representatives of the Board. District Administrator Lynn Hagman recorded the minutes of the meeting. Ken Windram from HARSB was present as a visitor.

AGENDA AND MINUTES

**Board member Stringer moved to approve the agenda for this meeting, seconded by Board member Weinstein. The motion carried.**

**Board member Stringer moved to approve the minutes of January 12, 2011 with amendments. Board member Walker seconded the motion. The motion carried.**

ACCOUNT REPORT

Ken Thompson reviewed the financial report with the Board and pointed out that LID4 payments were being made. Invoices for payment were discussed and Attorney Schmidt explained the legal fees that had been charged. Board member Stringer questioned Mr. Thompson about a budget comparison report so the Board could compare the budgeted figures with current figures. Mr. Thompson asked if this would be on a monthly basis or a quarterly basis. Chairman Sewell suggested quarterly and Board member Stringer asked for monthly. Following discussion, Board member Stringer felt that a quarterly comparison would be fine for now and if this does not give the Board enough information, then they would possibly go to a monthly report.

**Board member DePew moved to approve the financial report and the invoices for payment. Board member Weinstein seconded the motion. The motion carried.**

Chairman Sewell questioned Mr. Thompson on the 2009 audit for the District and is it being worked on. Mr. Thompson replied that the 2009 information should be to the auditor within the next 30 days. Board member Stringer questioned why the audits are behind. Mr. Thompson explained that scheduling with the auditor is difficult at times.

SEWER RATES

Larry Comer presented a power point presentation on sewer rates and an overview of the revenues and expenditures by fund. Ken Thompson explained the funds shown and what revenue and expenditures come or go into each fund.

Chairman Sewell questioned why the Director's fees were different from salaries. Mr. Thompson explained that the Director fees come out of general fund because the Board has the responsibility of all areas for the District.

Board member Stringer questioned how the property tax is set and modified. Mr. Thompson explained that the property tax revenue is approximately \$50,000 per year and the Board has the authority to increase up to 3% per year. Board member Walker explained that property tax revenues come from all people within the SMA. This includes those that are not on the system. Larry Comer explained what the tax monies are used for.

Mr. Comer discussed a report showing the District's operating revenue and expenses from 2004 to 2010. This report also shows the net operating income (loss) without depreciation. Mr. Comer feels that the District needs to fund depreciation and not rely on the CAP fees any longer. CAP fees received and spent from 2005 to 2010 were shown and discussed. The CAP fees have gone down considerably due to the capital improvement costs on several projects. Attorney Schmidt explained the difference in the use of capitalization fees and operating expenses. It makes sense to fund depreciation through operations and maintenance fees. Mr. Schmidt explained that CAP fees can be used to replace things such as pipe, etc. but cannot be used to build new expansion of the plant.

Ken Windram discussed the plant and the capacity regarding CAP fees and what they are used for. Larry Comer gave an explanation of the District's CAP fees and how they are split with HARSB and what the fees are used for. Board member Stringer questioned the difference in accounting for the loan from the sewer to the water fund and CAP fees to O & M. Ken Thompson explained that the Sewer and Water funds are two different funds and the CAP fees and O & M fees are in the same fund, therefore, there is no special accounting that needs to be done.

Mr. Comer discussed the pending TMDL treatment upgrades for the plant and how this might be funded. Two options were discussed, one option would be a revenue bond election and the second option would be a local improvement district. (LID). Mr. Comer explained each process with an estimated cost to customers per year.

Mr. Comer then presented a history of the sewer rates from 2003 to current. Board member Walker questioned if the increases at the plant were included in the increase of the sewer rate. Mr. Comer explained that if the plant were to expand and be updated with new technology, costs should go down for various reasons.

Attorney Schmidt suggested looking at the property taxes and raising them because property taxes can be used for anything. Board member Stringer questioned if the District had a foregone amount that could be taken. Mr. Thompson explained that the foregone amount would be very small. Board member Walker agreed and stated that even taking the 3% would be a very small amount.

Ken Windram feels that based on the economy and the interest rates today, the District might think about moving forward with the LID while the construction costs are low. Larry Comer does not agree and feels the District needs to wait until the decision is made regarding the new regulations. There is too big of a risk of having to go back to the customers more than once if we don't get enough money the first time. Board member Weinstein is in agreement with Mr. Comer and stated that the interested rates have gone up and down and are not stable. Mr. Windram stated the new LID will be for tertiary treatment and the original was for secondary treatment.

Larry Comer went on to discuss the different options for the sewer rate increase, some of which would include funding for depreciation. Chairman Sewell questioned the number of ER's being billed and how many we have that are not hooked up to the system. Mr. Comer felt that when the original LID was formed in 1985 the people were told in a news- letter that they would not have to pay anything extra if they were not hooked up. Mr. Comer feels that regardless of what the news-letter says, this could possibly be an exclusion. They did not buy into a phosphorus system, they bought secondary treatment.

Mr. Comer discussed current rate payers and vacant lots and if a new LID was formed, they would be included. Superintendent Jacobson voiced his concern with not funding depreciation. Mr. Jacobson questioned Mr. Windram on how HARSB funds their depreciation. Mr. Windram stated that they are supposed to be funding \$500,000 per year; however it has gone from \$100,000 to \$200,000 in the budget. Every year that there is no money spent in the budgeted amount, the Board has the opportunity to add money to it.

Larry Comer discussed the HARSB depreciation and spreading it out to all users and to keep adding to their reserve fund. Board member DePew suggested charging for dry hook ups for lots not yet hooked to the system.

Board member Weinstein voiced his concern with the date of a possible rate hearing and felt that a public hearing should be held when everyone that has gone away for the winter, is back home. Board member DePew felt that the customers that are gone for the winter can write or email a letter. Chairman Sewell feels that the people would rather be present at the public hearing.

Ken Windram discussed the lift stations and evaluated the efficiency of them. Mr. Windram is in favor of the upgrades that Dustin Jacobson wants to do. The District needs to invest in the system. The multi smart system was discussed and Mr. Windram stated it would be ideal for all lift stations to have this system. The upgrades need to be a part of the increase in user fees.

Chairman Sewell instructed Administrator Hagman to continue the news-letter time line and the user fee increase to the next meeting on February 9, 2011 at 9:00 a.m.

At 7:00 p.m. Mr. Windram excused himself from the meeting.

**At 7:10 p.m. Board member Weinstein moved to recess to executive session per ID Code 67-2345 (f) Assisted Living issues and Jackson Tort Claim update. Board member Walker seconded the motion. A roll call vote showed; Board member Weinstein, “aye”, Board member DePew, “aye”, Board member Walker, “aye” and Board member Stringer, “aye”. The motion carried.**

Present in the executive session were Chairman Sewell, Board members Weinstein, DePew, Walker and Stringer, Attorney Mike Schmidt and Administrator Lynn Hagman.

At 7:30 p.m. the Board reconvened to regular session. At this time Board member Weinstein excused himself from the meeting.

## EMAIL RECORDS

Chairman Sewell questioned Attorney Schmidt on the need to retain emails between Board members. Attorney Schmidt explained that there is a records retention policy in place and suggests the Board keep the status quo and retain the records the same as we have in the past and don't add to it. The Administrator's computer is considered public record and emails of importance should be retained. Email on private computers is not considered public record.

## BOARD MEMBER COMPENSATION

Board member DePew informed the Board that he had attended the Aquifer meeting and reported it on his time sheet as an Aquifer meeting. Board member Stringer felt that everyone had agreed that meetings of this type are considered a meeting and minutes should be presented, however, when it is a conference, Board member Stringer suggested looking at mileage and per diem.

Attorney Schmidt suggested research be done and possibly the Board could have a schedule for the meetings and conferences. Chairman Sewell felt that the meetings may be 1 hour or may be 3 hours and the pay is the same and should remain that way. Board member Stringer felt that maybe the Board should visit the idea of HARSB paying the Board members that attend those meetings. Board member Walker felt that Attorney Schmidt should look into this issue and come back to the Board with an opinion. **Board member Stringer moved to adopt a policy, pending resolution of Attorney Schmidt's research, that the meeting rate of \$100.00 apply to conferences as well as external meetings. Board member Walker seconded the motion. The motion carried.**

Board member Stringer questioned Chairman Sewell on when a full Board vote is needed under the Joint Powers Agreement. Board member Stringer has asked Attorney Schmidt to research this issue and give an opinion. Attorney Schmidt asked the Board on what direction he should take to research.

Board member Stringer stated that in the Joint Powers Agreement there are 10 categories where it calls for a full Board member vote and the District representative then takes the Districts decision back to HARSB. Board member Stringer questioned if the District is doing this and this is what she has requested Attorney Schmidt to research. Chairman Sewell directed Attorney Schmidt to research this and report at the meeting on February 23, 2011.

ADJOURN

**At 8:00 p.m. Board member DePew moved to adjourn, seconded by Board member Walker. The motion carried.**

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Dave Weinstein, SECRETARY

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Lynn M. Hagman, ADMINISTRATOR