

**HAYDEN LAKE RECREATIONAL WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
JANUARY 25, 2017**

CALL TO ORDER

Chairwoman Stringer called the meeting to order at 4:00 p.m. Board members present were Ed Short, Ed Burke and Bill Meany. Board member Ed Graves was absent. Attorney Mike Schmidt, Engineer Ashley Williams, District Superintendent Dustin Jacobson and Accountant Stephanie Sherman were present as representatives of the Board. District Administrator Lynn Hagman recorded the minutes of the meeting.

AGENDA/MINUTES

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

**Board member Burke then moved to approve the minutes of January 11, 2017, seconded by Board member Meany. The motion carried.**

ENGINEER

Ashley Williams presented the depreciation analysis on power point to the Board. During the presentation the Board discussed replacement value and the calculation of replacement value. Ms. Williams reviewed the calculation for the net system value which is 21.39 million at present.

Attorney Schmidt discussed the total applicable bond principal and referenced two court decisions on what you can support regarding calculation of capitalization fees. The District will calculate without deducting the LID.

Ms. Williams discussed the determination of RU capacity using H-1D with 3,240 RU's and the Country Club lift station with 3,651 RU's. From this the capitalization fee was calculated. Using the H-1D 3,240 RU's and net system value of 21.39 million; the new District cost per RU would be \$6,602. Adding HARSB capitalization fee of \$5,981, the new capitalization fee for the Sewer District would be \$12,583 per RU. The Board discussed the history of the District's capitalization fee and Chairwoman Stringer suggested the entire fee schedule be updated at the next meeting.

Ms. Williams went on to discuss depreciation and reviewed a graph presented in the power point. Ms. Williams informed the Board the depreciation amount now is 10 million.

Next, Ms. Williams reviewed operations and maintenance cost on a 3 year average and calculating the O & M rate at \$53.00 per month. A potential rate increase schedule with a larger increase each year was reviewed by the Board.

The Board discussed the option of mentioning a rate increase at the LID public hearing. The consensus of the Board was to not bring up a rate increase at this time. Attorney Schmidt estimated April 26, 2017 for a public hearing on the rate increase for O & M.

In conclusion to Ms. Williams's presentation, the total fee for capitalization will be \$12,583. Funding depreciation needed and an O & M rate increase may be needed.

#### ATTORNEY

Attorney Schmidt informed the Board on May 30, 2017 the DEQ loan will close. The Board will adopt the assessment roll on March 15, 2017.

The non-District customer letter was discussed with Board member Short questioning if the letter would inform these customers of the public hearing date and time. The Board discussed adding a brief non-District customer discussion with slides to the public hearing and all was in agreement.

#### ACCOUNTANT

Stephanie Sherman reviewed the financial report and the invoices for payment. Ms. Sherman informed the Board the LID6 bond payment will come due in April and the funds will come out of Bank CDA. Ms. Sherman suggested paying the bonds down. \$100,000.00 will be the original amount called and Ms. Sherman suggests a buy down of an additional \$220,000.00.

**Board member Short moved approve the financial report and pay the invoices and to also add a buy down of \$220,000.00 to the original payment of \$100,00.00. Board member Meany seconded the motion. The motion carried.**

Ms. Sherman then gave an update on the audit progress. The initial auditor working on the District's audit is no longer with Magnuson and McHugh Accounting firm. Ms. Sherman informed the Board as for the County records she has been trying to get from the County Assessor's office; the auditor has not given her an answer as to what is acceptable on this information.

Chairwoman Stringer directed Administrator Hagman to invite the auditor to the next meeting for an audit update.

#### BOARD DISCUSSIONS/APPROVALS

Chairwoman Stringer discussed Resolution 17-1, a HARSB resolution to open their budget. Chairwoman Stringer informed the Board, since it is a budget issue the Sewer District will also need to approve the Resolution.

**Board member Burke moved to adopt HARSB Resolution 17-1, seconded by Board member Short. The motion carried.**

The DEQ reimbursement was presented to the Board for approval. Ms. Williams reviewed the reimbursements and the amount to be reimbursed.

**Board member Short moved to approve the DEQ reimbursement, seconded by Board member Burke. The motion carried.**

ADJOURN

With no further business before the Board, Chairwoman Stringer adjourned the meeting at 6:20 p.m.

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Carole Stringer, CHAIRWOMAN

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Lynn Hagman, DISTRICT ADMINISTRATOR