

**HAYDEN LAKE RECREATIONAL WATER AND SEWER DISTRICT
MINUTES OF REGULAR MEETING
APRIL 24, 2013**

CALL TO ORDER

At 5:00 p.m. Chairman Sewell called the regular meeting to order. Board members present were Ed Short, Tom DePew, Todd Walker and Carole Stringer. Attorney Mike Schmidt, Engineers Larry Comer, Steve Cordes and Ashley Williams, Accountants Ken Thompson and Stephanie Schultz and Superintendent Dustin Jacobson were also present as representatives of the Board. Administrator Lynn Hagman recorded the minutes of the meeting.

AGENDA and MINUTES

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

The minutes of April 9, 2013 were reviewed and Board member DePew moved to approve the minutes as prepared. Board member Stringer seconded the motion. The motion carried.

Following review of the April 11, 2013 minutes, Board member Short moved to approve, seconded by Board member DePew. The motion carried.

CITIZENS

Mr. Jim Shelby, 5357 E. Hayden Lake Rd. addressed the Board with his concerns of being charged \$132.00 a month for his guest/bunk house and informed the Board that the bunkhouse has a barbeque area with a bathroom and uses the same driveway as the main house. The County designates this as an H2 because it has a cooking area. This cabin will never be rented out and will only be used by family. Administrator Lynn Hagman explained the billing on the bunk house is calculated at one half the amount of the main house and the bill is for a two month period.

Board member Stringer questioned if the bunkhouse had plumbing to it and Mr. Shelby replied that it did. Board member Short felt that Mr. Shelby's only option would be to disable the sewer at the bunkhouse and this would comply with District policy and the bill on the bunkhouse would be stopped. Mr. Shelby replied that he did not want to disable the sewer because he wants to be able to use the bathroom facilities. Board member Walker questioned what the County considers an H2. Administrator Hagman explained that the H2 designation means there are two homes on one lot. The second home could be a guest house or second living quarters. Mr. Shelby felt that the County was considering the bunkhouse a second home because it has a barbeque. Mr. Shelby asked for positive consideration on a case by case basis for the fees he is being charged. Mr. Shelby asked if he could get a plumbing permit and connect the two so he would have only one tap into the sewer line. Attorney Schmidt replied that this cannot be done.

Board member Walker explained that the District policy is to disable the sewer and in the past there have been people who have rented their guest houses out.

ACCOUNTANT

Ken Thompson reviewed the financial report and the invoices for payment. Mr. Thompson pointed out the recent funds that have been received for LID6. The debt service payment on LID6 for \$370,000 will be paid on this invoice list.

Board member Stringer asked Administrator Hagman, when the County does an election on behalf of a jurisdiction, do they bill that jurisdiction for what they do. Administrator Hagman explained that the elections are now consolidated and those entities that are included in the consolidation do not pay any costs for their elections. The Sewer District will be paying for all of our elections supplies because we are not in the consolidation. Board member Stringer questioned if the District should look into having the County reimbursing the District for these expenses because they are collecting from taxpayers for the elections and are not handling the Sewer District election. Attorney Schmidt stated that if we were included in the consolidation, the County would be paying for our election.

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

Mr. Thompson then discussed the upcoming 2013/2014 budget. Mr. Thompson informed the Board that if they chose to increase the property tax by 3%, this amount would be approximately \$1,600 and would be added to last years levied amount. Mr. Thompson informed the Board that this decision can be made at a later date. Attorney Schmidt questioned Mr. Thompson if the District has recaptured everything that was capable of being recaptured. Mr. Thompson replied that there is still a small amount left.

Mr. Thompson discussed the studies fund and informed the Board that he did not feel there would be any funds for this line item this year. The other expenses that are paid by the property tax money and what is left over from this year will be approximately \$88,000. Mr. Thompson questioned the budget for capital improvements and what is needed. Mr. Comer informed the Board that he is working on this with Superintendent Jacobson. Mr. Thompson assumed there will be no rate increase and questioned Administrator Hagman on what the new certification fee was. Administrator Hagman replied that the new fee is \$100.00 and will be implemented in July.

Mr. Thompson reviewed the schedule for the budget and the public hearing, which would be either July 24th or August 28th. There would be more preliminary discussion on the budget at the May 22nd meeting. Chairman Sewell felt that with the election on May 21st the Board may be in a state of flux on May 22nd. Mr. Thompson stated that the issues will be the same on May 22nd. Administrator Hagman suggested that a special meeting be called for May 29th or 30th to swear in new Board members and to approve the abstract of votes. Chairman Sewell called for a special meeting for May 30, 2013 for the swearing in of new Board members and approves the abstract of votes.

ATTORNEY

Attorney Schmidt presented the guest house policy to the Board and discussed Mr. Meany's concerns with owning two ER's and not specifically the assessment for the guest house.

Attorney Schmidt stated that if a property owner qualifies under Ordinance 05-2, which amended Ordinance 89-2, and it shows up on the County records as an H2 and is a guest house they don't need to have two ER's on the property but they need to pay one and a half O & M fees. If they have two ER's they can do a buy back with the District according to District policy.

Several people have come to the District and wanting to sell back an ER. Attorney Schmidt felt that the District may want to think about an option of letting the constituent forfeit their extra ER to the District without payment. The District would then need to pay for the upgrade to the ER.

Board member Short questioned how much the ER cost. Attorney Schmidt stated that the original amount was \$4,387 less administration fee of \$150.00. Board member Short asked if this number would change based on another LID. Attorney Schmidt stated that if the District were to accept an ER after the LID7A assessment was in place then we would need to pay the assessment off.

Board member Walker questioned the issue with Mr. and Mrs. Meany. Superintendent Jacobson stated that he met with Mr. Meany and he was going to get back with Dustin later that day and never did. Mr. Jacobson stated that he reviewed the District policy because he feels there are other discrepancies in the billings of H2 properties. A Duplex is being billed at one and a half O & M and should be billed for two. Attorney Schmidt stated that the Ordinance states a Duplex should be billed at two O & M fees. Mr. Jacobson suggests the Ordinance be reviewed and updated. Attorney Schmidt discussed the District's intent when Ordinance 05-2 was adopted.

Board member Walker stated that he has been in some of these guest houses such as Mr. Meany's and no one would ever live there and this isn't fair that they pay one half of an O & M fee. Board member Stringer stated that she has not read the Ordinance and voiced her concern of discussing an ordinance that no one has read, but feels we should treat similar circumstances similar. Board member Stringer feels we need to stay with the H2 designation from the County or if the H2 standard doesn't apply, we need to look at a new standard, maybe by water use. Attorney Schmidt informed the Board that the Ordinance allows for this by request. Board member Stringer felt we should have an appeal process for those who would like to appeal their O & M charges such as Mr. Shelby.

Board member Short voiced his concerns with a single family residence wanting the same and feels that the option to disable the sewer and stop the charges is a good option. Board member Walker felt that Superintendent Jacobson could inspect, get the water usage from the winter months and look at it. Board member Short feels that Mr. Shelby is not adding to the sewer system by using the bathroom facilities in his bunkhouse. Mr. Jacobson feels the District should not charge for guest houses at all. Board members Stringer and Short would like to see standardized rules and a policy that defines the steps. Board member Stringer will review the Ordinance for further discussion on this issue.

Chairman Sewell continued the guest house issue until the June 12th meeting. Attorney Schmidt discussed the customer service policy and the appeal process that goes with it. Mr. Jacobson questioned if the Board can determine that duplexes are not an H2 and should be billed two O & M fees. Attorney Schmidt suggested bringing this to the Board as a separate item and a list of these duplexes should be brought to the Board. Board member Short would like to see a proposal for disabling standards by the next meeting.

Resolution 2008-1 was discussed and Attorney Schmidt recalled the history of this Resolution. At the last HARSB meeting Attorney Schmidt presented a letter and the City of Hayden presented their letter in response and Attorney Schmidt explained the Districts position. Everyone agreed upon working on the Joint Powers Agreement with one elected person from each entity. Board member Walker questioned Attorney Schmidt if this could ever be resolved. Attorney Schmidt felt that it could be solved if it is solved in our favor. HARSB would need to agree to do certain things to protect themselves.

Board member Stringer suggested the District have a subcommittee of two to review the existing agreement and report back to the Board. Larry Comer felt that each member of the HARSB subcommittee will need an advisor to advise them. Chairman Sewell voiced his concern with Nancy Stricklin being the legal counsel for both HARSB and the City of Hayden. Board member Stringer asked for the District subcommittee to review the Joint Powers Agreement and try to establish those things that we want and report back to the Board. Board member Stringer and Board member Walker volunteered to do the review of the Joint Powers Agreement.

Attorney Schmidt informed the Board that Paul Klatt from JUB Engineering is still working on the formula and will send it to him as soon as he can. The Safety Policy, Customer Services Policy and the Financial Control Policy have been sent out to Dustin Jacobson, Lynn Hagman and Ken Thompson for review. The Customer Services Policy and Safety Policy are pretty close to being done. The Financial Control Policy is still being reviewed. Attorney Schmidt suggested a workshop for the policies. Board member Walker suggested reviewed the policies at the next meeting on May 8th.

ELECTION UPDATE

Administrator Hagman gave an update on the election and informed the Board that all supplies are here and the poll book will be printed by the County. Board member Stringer had volunteered to work the election, however, she cannot be paid. Board member Stringer would like to have the amount that she would have been paid either split among the other election workers or given to a charity. Board member Stringer feels the funds should be expended to help keep the election looking clean and it is important for the District to pay its bills. Attorney Schmidt informed the Board that they can apply funds to other things in lieu of Board member Stringer's election wage. Chairman Sewell questioned the legality of a Board member working the election. Attorney Schmidt did not feel there was a conflict with this. Chairman Sewell asked Attorney Schmidt to look into this.

ENGINEER

Larry Comer informed the Board that he is prepared to present the recommendations for the implementation of LID7A collection portion. Ashley Williams will present the proposed approach and schedule and Steve Cordes, Vice President and principal engineer will present his experience with similar lift station upgrades in other areas and then we will discuss the Strahorn and Miles relief lines.

Ashley Williams presented a handout of the LID 7A capital improvements projected schedule and cash flow. Ms. Williams stated that there will be minor repairs on the newer lift stations. Miles and Strahorn should be complete by the end of the summer this year as per the agreement with the City of Hayden Lake and Lakes Highway District.

The lift station projects have been broken up into two phases, A and B. Phase A would include the majority of lift stations and there may be contracts you may or may not award depending on how expensive they are. Phase B would be left over projects. In Phase A there is mostly rehabilitation such as electrical and Phase B will be the newer lift stations and have some rehabilitation and purchasing some back up pumps. Ms. Williams reviewed the schedule for completion of these projects which will carry into 2015. Design will be done in the winter months with construction in the summer.

Board member Stringer questioned the telemetry, specifically in Phase B, is telemetry included in any or all of the lift stations.

Ms. Williams replied that some of the lift stations had been broken out into tier one, two and three with tier one being the smart panel, so some of these will have the smart panel which the telemetry will just be added to that. Board member Stringer voiced her concern with the telemetry only advising HARSB and does the District not have the capacity for the telemetry to communicate here and if we don't, should we. Superintendent Jacobson explained that he will have the same access as HARSB on his computer through the SCADA system. Board member Stringer voiced her concern with the District not having the telemetry to provide alerts at a lift station.

Superintendent Jacobson felt that the Board needs to decide what level of telemetry or panel that we are going to have at every lift station. Mr. Comer feels that there is no clear description of work between HARSB and the District. This could be done in parallel with the Joint Powers Agreement to have a services agreement between the two parties and this will help Welch Comer design the telemetry and design.

Ms. Williams informed the Board that Welch Comer needs direction on electrical controls. Board member Stringer questioned how we negotiate who does what. Larry Comer felt a staff level meeting and discussion of the efficiencies with HARSB.

Steve Cordes reviewed samples of lift station rehabilitation projects in other Cities and explained how the rehabilitation was done and what was used for new coatings. Control panels were updated as well. Board member Stringer questioned how the District can protect itself from faulty products. Mr. Cordes replied that good specs are needed and inspections should be done and you also have warranties on the products. Chairman Sewell stated that the District needs to keep good documentation on what we are doing now regarding maintenance standards and schedules. Mr. Cordes stated that each lift station will be custom in design.

The Consolidation and Buy Back Policies and letters to constituents were continued to the next meeting. Larry Comer stated that an analysis of the different costs of ER's over the years was done.

Ms. Williams gave the Board an update on the Miles and Strahorn project informing the Board that the geo-technical cores will be done on Friday and they will be taking 3 core in the roadway on Miles, 2 in Strahorn and 1 at Dakota. It will be approximately two weeks before we have the results. It was suggested that the negotiations with the City of Hayden Lake be put off until the results are in. Board member Walker has communicated with Mayor Beck regarding the testing and waiting for results. Several negotiating points were discussed among the Board.

Ms. Williams informed the Board that she had met with City of Hayden Engineer Sean Hoisington to discuss the City of Hayden's jurisdiction at the end of Strahorn Rd. and where the sewer line will go.

Mr. Hoisington is change ordering into Lakes Highway District's ATB project, the asphalt treated base in his jurisdiction which is from Forest Hills subdivision south to Honeysuckle. The District needs to get the sewer line in before the road is done and if we need to we can bid this project first. Ms. Williams stated that there may be issues with the landscaping at Forest Hills. Mr. Cordes informed the Board that the City of Hayden would like to have a bike path put in with a concrete curb on the east side of Strahorn and the sewer line will be under the bike path. Mr. Cordes discussed the north end of Strahorn and the need to cut the bank back and flatten it out. Ms. Williams suggested a gravel path be put in. Board member Walker voiced his concern with the utility poles and Mr. Cordes stated that they will have to be moved. Board member Walker felt that the District can work with the City of Hayden Lake regarding a possible path on the east side of the road.

Ms. Williams discussed the draft newsletter for the LID7a outcome and asked for any further input to the letter. Administrator Hagman informed the Board that she and billing clerk Laurie Robb will be implementing a new billing system allowing constituents to use credit cards, pay bills through the District web site and over the telephone. Ms. Hagman requested a section in the newsletter to announce the new system. The Board approved the drafting of the newsletter.

Ms. Williams updated the Board on the DEQ loan. The public comment letter was submitted to DEQ through email and with the online form. The response from Katie Baker is that they will adjust the intended use plan to reflect the 10.4 million. Also, the draft finding of no significant impact on the environmental went out and is up for 30 days for public comment. We have also received the sign off on the facility plan.

LID7B property approach was also continued to the next meeting. Mr. Comer recommended calling this item as non-District customers.

Mr. Comer proposed that over the next two weeks, his firm will do research necessary to come up with their design proposal for Phase A, collection system lift station design. A draft contract will be prepared for the May 8th meeting. The Board directed Mr. Comer to start the research.

SUPERINTENDENT REPORT

Superintendent Jacobson presented his report to the Board for the month of April, 2013. Mr. Jacobson informed the Board that he had met with Larry Comer, Ashley Williams and Steve Cordes to discuss the capital improvement plan. Mr. Jacobson stated that there isn't much on the operations and maintenance plan due to most of the major projects being done through the LID7a. With this being said Mr. Jacobson asked the Board to consider placing \$30,000 into the truck fund and raise the monthly amount being contributed to the fund. Mr. Jacobson informed the Board that he has looked at a truck with a crane and other implements that would benefit the District and help him and Chris do their jobs. Board member Stringer requested Mr. Jacobson to bring more detail of the truck to the Board for discussion. Mr. Jacobson explained that the cost of the truck is approximately \$150,000 and that it will turn valves and will do other things that we now pay someone else to do. Board member Stringer stated that she would like to see a cost benefit analysis.

HARSB REPORT

Chairman Sewell discussed the HARSB engineers report stating that according to Paul Klatt there will be a draft permit with public comment by the end of the month.

Other discussions at the HARSB meeting were on the purchasing 10 acres of the City of Hayden property for \$435,000. Mr. Comer stated that the facility plan is based on having this land. The Board questioned where the money was coming from to purchase the land. Board member Walker stated that at the HARSB meeting, they just wanted to know if the District was interested in purchasing the property. The City of Hayden is looking for land, approximately 7 acres, to put their shops on and have stated that if the District can find such a piece of land at the same cost or less they will do a trade for the 10 acres.

Chairman Sewell informed the Board that the HARSB Board approved a contract with Dr. Mark Laquidara for design process engineering consultant. There was a discussion of annexing new property into Avondale Irrigation for water service; the Board tabled this discussion for a future meeting.

Chairman Sewell and Board member Walker explained a machine that was discussed at the HARSB meeting. The cost of this machine is about \$80,000 and its function is for water to pass through the machine and it will tell you in real time what is going on with the water, what the bugs are or any bad things that may be in the water.

Board member Walker informed the Board that there was a discussion regarding a company who is interested in the poplar trees for making biofuels. Chairman Sewell informed the Board that there has been theft of copper wire at the treatment plant.

ADJOURN

With no further business before the Board, at 8;00 p.m. Board member Walker moved to adjourn, seconded by Board member Short. The motion carried.

Kenneth Sewell, CHAIRMAN

Lynn M. Hagman, ADMINISTRATOR

