

OFFICIAL MINUTES
Special MEETING
HAYDEN AREA REGIONAL SEWER BOARD
March 17, 2023

The Special meeting of the Hayden Area Regional Sewer Board (HARSB) was held on March 17, 2023, in the Kootenai County Administration Building at 451 N. Government Way, Meeting Rooms 1A/1B, 2 Coeur d'Alene, Idaho 83814

The meeting was called to order by Leslie Duncan, Chairman at 8:05 a.m...

Call to Order of the Entities Meetings:

Kootenai County (County): Commissioners Brooks, Mattare and Duncan are present.

Hayden Area Regional Sewer Board roll called by Stephanie Oliver
City of Hayden- Roger Saterfiel - yes
Hayden Lake Sewer District- J. Edward Short- yes
Kootenai County- Commissioner Leslie Duncan- yes

City of Hayden (City) roll called by Abbi Sanchez
Mayor Forssell-here
President Roetter- here
Council Member DePriest- here
Council Member Saterfiel- here
Council Member White-here

Hayden Lake Sewer District (HLSD or District) roll called by Tina West
Chairman Short- here
Board Member Coleman- here
Board Member Neal- here
Board Member Meany- here

Introduction of Attendees:

Danielle Quade, Hawley Troxell Attorney -Bond Counsel for City of Hayden and Hayden Lake Sewer District; Scott Forssell; Sandra White; Roger Saterfiel; Ed DePriest; Brett Boyer- City Administrator; Matt Roetter; Fonda Jovick- Legal Counsel City of Hayden; Alan Soderling- City Public Works Director; Bruce Mattare; Leslie Duncan; Bill Brooks via phone; Benjamin Allen- HARSB Legal Counsel; Jim Coleman; Ed Short; Barb Neal; Bill Meany

Changes to the Agenda (Action)

Remove Item E from Agenda (Public Comments)

D. Business (Discussion) Leslie Duncan, Chairman; Benjamin Allen, Moderator

Leslie Duncan turned the meeting over to Benjamin Allen, the meeting moderator for today.

D1. Hayden Area Regional Sewer Board (HARSB) purpose explained

Stephanie Oliver discussed the Quick History of HARSB, see enclosed sheet.

Ken Windram presented a function of HARSB PowerPoint, see the enclosed PowerPoint.

A point of clarification was brought up that HARSB maintains/operates the Wastewater Treatment Facility (WWTF) and maintains the collection system for the City of Hayden and the HLSD maintains the collection system for the HLSD. Ken Windram is the charge operator for the City of Hayden system, but the City of Hayden owns their own collection system. The City of Hayden collects enough funds to maintain their own system and made a decision a couple of years ago to start maintaining their own system and are moving in that direction. It was also pointed out that the Force mains are HARSB responsibility, these are the lines from the major lift stations to the WWTF.

A clarification was asked for “that O and M is only billed to active users, is that the case with Wastewater Unit Service Fee”. Ken Windram said that the Wastewater Unit (WU) Service Fee or Cap Fee goes into the equipment in the facility so that we can provide services. When you connect you get an allocation of WU services from HARSB.

The amount of WU’s currently available was discussed, their distribution between the members and the current yearly connection rate.

Discussion occurred on why the county was brought back into HARSB in 1990, and the history of why each entity has one vote regardless of their billable or allocated WUs.

It was brought up that the Joint Powers Agreement with 3 member entities is a complex way of doing business, and it would simplify the situation to have one entity in charge of the WWTF.

Concern was express how important it is to the District to have a voice at the table, and that it is a crucial issue to the district users.

D2. Wastewater Connection Defined, and Benefits

The Following were paraphrased from Ken Windram’s PowerPoint:

WU- Wastewater Unit

ER- Residential Connection (6 WU’s)

Flow- Gallons of Water expressed as gallons per minute or million gallons per day

Load- Constitutes in Wastewater (solids, organics, ammonia, phosphorus)

Ken Windram then discussed the we are anticipating a new permit since our current permit has been administratively extended since 2019. This permit will have possible metal limitations, issues on the horizon are PCB’s, PFAS, etc. which could be coming forward on a permit in the future.

HARSB has no authority to finance projects. HARSB has no authority to incur debt, so no funding is available through SRF (State Revolving Fund) even though we are a governmental entity. The HLSD and City both have enterprises funds, so taxes are not used for Wastewater services.

Danielle Quade discussed the current HARSB permit driven construction project and the issues that were faced regarding financing. The financing methods needed to be used, and what methodologies may be needed to pay for any future construction if HARSB stays as it is and is faced with another

compliance upgrade. Financing possibilities (loans, grants, SRF funding, etc.) were discussed, funds that could be available, who can finance and what types of financing are available with the funding authority of the different entities.

Growth in the entities and then growth of HARSB was discussed, and who would pay for growth. HLSD is not planning on any growth. Language could be put into the agreement that would protect the District from paying for growth. Regulatory upgrade costs would need to be spread across all the entities.

Discussion occurred regarding investment of the HARSB infrastructure and current percentages of the infrastructure. A valuation of the asset and the depreciation of the asset study would need to be done.

Ben Allen brought back in a summary fashion the purpose of the meeting to all attendees. This joint power entity exists, are the parties in a position to explore dissolution of the entity. If they are, what is each side needing or requiring of the other in order to pursue that further. At the end of the day, we may reach a decision that the entities are not in a position to explore dissolution, maybe the parties settle on not doing anything, maybe settle on amending the JPA again and discussing a different outcome for how things are allocated, or maybe we move in the direction of dissolution. What questions need to be answered by both sides if we choose to go in the direction of dissolution, so that one entity can take charge or assume ownership of the WWTF.

Fonda Jovick discussed that if there was an exploration of the City of Hayden taking over HARSB or a dissolution of HARSB essentially HARSB is then a City owned utility and serving customers outside its boundaries. Several other local municipalities have similar agreements.

A discussion occurred regarding rate studies, and rate adoptions.

The dissolution of HARSB would need to be presented to a judge for approval. If a judicial approval happens then District and Airport would become wholesale users, and the rate study costs start from that point forward, these studies can be run simultaneously so that everyone makes an informed decision in an open and transparent process. This process allows for a fully informed decision-making process.

9:07 am Recess called.

9:21 am meeting resumed with Agenda Item D#3

D3. Requirements in Order for the City of Hayden to Assume HARSB Responsibilities

Brett Boyer, City of Hayden Administrator handed out a possible direction informational sheet from the Cities perspective, see enclosed information.

City of Hayden also stated that it is not looking at turning HARSB into a money-making endeavor and that HARSB would all become part of the City of Hayden Sewer Enterprise Fund. They would like to remove some of the complexities and resolve some of the issues by making it into one entity thus having greater efficiencies.

Brett Boyer would like to hear what the concerns are from the other entities so that this could be moved forward. What needs to be addressed by the agreement so that we can move forward.

Concern was expressed about the land/acreage that HARSB owns, and what will happen with it. Discussion occurred that the sale of HARSB land can be addressed as part of the agreement.

D4. Impact on Entities if City of Hayden Assumes HARSB Responsibilities

The County feels that their stake in HARSB is low. County airport customers have so much collection line but so few users, so it makes the collection costs very expensive.

We need to find a way to equitably and accurately calculate the investment values using generally accepted accounting principles.

We need everyone to understand that the HARSB infrastructure is in place and that without the infrastructure we don't get services. So how do we pay someone for the infrastructure when you still need to use the infrastructure? We cannot split the HARSB asset, due to still having to use the HARSB asset. An example, was that if you are buying a house with someone still sleeping in one of the bedrooms. No one is losing their allocation to use the system it is just changing ownership/management.

What is needed is a cost-of-service analysis going forward, because the district would become a wholesale customer at this point. District wants to protect the sewer connections that are already allocated but not used.

Fonda Jovick, City of Hayden Attorney, discussed that the land becomes an asset of the Sewer Enterprise Fund and cannot be used for the City's General Fund, it can only be used for Enterprise fund. i.e., if the city wanted a ballfield on HARSB land, the land would be sold to the City's general fund at fair market value and the money would then be part of the Sewer Enterprise Fund.

What would the District need to see as part of an agreement in order to move forward?

The following items were brought forward and discussed:

- Separation of O&M impacts

- Separation of Capitalization impacts

- Existing Allocations stays with District and do not need to be purchased again; the LID would mandate that the allocated ER/WU would be dealt with

- Cost of Service Analysis needs to be done.

- How to make the transition from owner to customer and how to explain the transition to their customers

- Hayden Lake Protection issues would need to be addressed, especially from extended development and that the program would not take away from the Districts ability to protect the Lake. The District was founded on the principal to care for and to protect the Lake.

Concern was expressed regarding the HARSB employees, and the current benefits that they receive.

Fonda Jovick, emphasized that the HARSB Board has an obligation to have a unified approach to the welfare of the HARSB employees and as well as looking at their individual entities needs. The City of Hayden is looking to keep the employees and is aware that there are employment items that need to be addressed.

Agenda Item F, Individual Entity Breakout of Items Listed in Agenda Items D (Discussion)

Breakout at 9:53 a.m.

No HARSB meeting at this time, so no minutes.

Agenda Item G, Group Discussion- Comments from Entities on Items Listed in Agenda Items D

10:27 am Reconvening with Entities together

City of Hayden:

If all Boards are in agreement with this, the City proposed that the next steps would be:

to have an independent study conducted evaluating the asset and any potential buyout if there would be a HARSB dissolution and have that study bifurcated from the rate study

City of Hayden would pay for the rate study (usually takes 4-6 months), if the Entities do not agree on the rate study, the City would have ownership of this information

With a proposal that HARSB would pay for an evaluation of asset study....

Hayden Lake Sewer District:

Feels that we can have HARSB pay for the evaluation of asset Study

The rate study analysis will need to have input from all the entities....

Kootenai County:

Commissioners indicated that they were in agreement.

Hayden Lake Sewer District had additional comments from Individual Entity Breakout:

City of Hayden doesn't expand up the North Side of Lancaster which could affect the Watershed for Hayden Lake. Kootenai County would need to address the area of city impact. District would need input within the Watershed ACI negotiations.

General Discussion on Timelines:

County would like a year for getting studies done and agreements together.

Entity working groups can get together to discuss issues, and figure out how to get the information together.

Brett Boyer will forward out the electronic Wastewater Services agreement of City of Post Falls with the City of Rathdrum to the entities.

Jim Coleman indicated that the City of Boise has various Sewer Agreements, etc. Danielle Quade will track these agreements down for the entities.

We would need authorization to have Danielle Quade help with the process.

Direction for action to go back to the respective Boards: 60 Day Timeline

City of Hayden will have a Rate Study proposal (FCS was mentioned) with costs to put before their Council

HARSB will ask FCS to include the assets evaluation with the cap fee analysis

A collective dissolution progress meeting in September or October...

Responsibility and Coordination of the working group- The City of Hayden and HLSD will get a working group together to hash out ideas that are and are not important. City of Hayden will take on the responsibility of coordinating the working group.

Danielle Quad, as bond counsel, discussed each entities current financing of the HARSB permit driven upgrade project. She discussed how they are figured and the obligations that exist with each type of financing being used.

When a new regulatory project comes down, the entities will be required to find financial funding again, unless one entity takes over.

In Conclusion,

Each of the Entities will need to place on their agendas: Appointment of individuals to a working group

Update HARSB as an entity on who will be members on the working group.

The HARSB entity boards will meet again in September, HARSB will help set up a date

HARSB will have the topic each month on Board agenda to update the HARSB Board on what is happening

11:00 a.m. adjournment...

You can view this meeting: [3/17/2023 Board of County Commissioners: Hayden Area Regional Sewer Board \(HARSB\) - YouTube: https://www.youtube.com/watch?v=cTnjSmnlA1Y](https://www.youtube.com/watch?v=cTnjSmnlA1Y)



Leslie Duncan, Chairman



Stephanie Oliver, Secretary