

Minutes of Meeting
Hayden Area Regional Sewer Board (HARSB)
March 17, 2023
8:00 a.m.

The Kootenai County Board of Commissioners: Chair Leslie Duncan, Commissioner Bruce Mattare and Commissioner Bill Brooks met to discuss the following agenda items. Also present was Deputy Clerk Tina Ginorio. Also present were Hayden Area Regional Sewer Board (HARSB) System Administrator Ken Windram, HARSB Office Manager Stephanie Oliver, HARSB Legal Representative Benjamin Allen, Hayden Lake Sewer District Representatives Barb Neal, Tina West, Bill Meany, Jim Coleman, Ed Short and Dustin Jacobson, Hayden Lake Watershed Association Representatives Will Neal and Geoff Harvey, Hayden City Council Members Sandra White, Ed DePriest, Roger Saterfiel and Matt Roetter, City of Hayden Mayor Scott Forssell, Hayden City Administrator Brett Boyer, Hayden City Clerk Abbi Sanchez, City of Hayden Public Works Director Alan Soderling, City of Hayden Legal Counsel Fonda Jovick, and Hawley Troxell Representative Danielle Quaid. Commissioner Brooks was present via teleconference.

- A. Call to Order:** Chair Leslie Duncan called the meeting to order at 8:00 a.m.

Call to Order of the Entities Meetings

Hayden Area Regional Sewer Board: Hayden Area Regional Sewer Board (HARSB) Office Manager Stephanie Oliver called the HARSB meeting to order and took attendance.

Kootenai County: Previously done by Chair Duncan.

City of Hayden: Hayden City Clerk Abbi Sanchez called their meeting to order and took attendance.

Hayden Lake Sewer District: Hayden Lake Sewer District Administrator Tina West called their meeting to order and took attendance.

- B. Changes to the Agenda (Action):**

Chair Duncan requested that item "E", public comment, be removed from the agenda. No objections were voiced.

- C. Introductions**

Introduction of Entity Attendees

Kootenai County

County Commissioner Bruce Mattare
County Commissioner & HARSB Member Leslie Duncan
County Commissioner Bill Brooks

Hayden Lake Sewer District

Jim Coleman, Hayden Lake Sewer District Board Member
Ed Short, Hayden Lake Sewer District Board Chair and HARSB Member
Barb Neal, Hayden Lake Sewer District Board Member
Bill Meany, Hayden Lake Sewer District Board Member

City of Hayden

Sandra White, Hayden City Council
Roger Saterfiel, Hayden City Council
Ed DePriest, Hayden City Council
Scott Forssell, City of Hayden Mayor
Brett Boyer, City of Hayden Administrator
Matt Roetter, Hayden City Council
Fonda Jovick, Legal Counsel for the City of Hayden
Alan Soderling, City of Hayden Public Works Director

Hayden Area Regional Sewer Board

Danielle Quaid, Attorney at Hawley Troxell
Benjamin Allen, HARSB Attorney and acting moderator of the meeting
System Administrator Ken Windram

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

Mr. Allen thanked everyone for attending the meeting. He introduced Ken Windram, Hayden Area Regional Sewer District Board System Administrator. He also introduced Office Manager Stephanie Oliver.

Hayden Area Regional Sewer Board (HARSB) Purpose Explained

Ms. Oliver provided an overview of HARSB’s history, from May 1983 to the present.

Mr. Windram described the cycle wastewater followed, going from used and contaminated to clean and ready to be released into the Spokane River or used for irrigation. He also explained how other materials removed from the water were used or discarded.

Mr. Windram explained billing for homes and businesses for wastewater connections and provided definitions for terms commonly used in reference to wastewater services. He also went over their budgeting cycle and processes.

Mr. Boyer shared his impression of HARSB from the point of view of the City of Hayden. He informed the group that the City collected enough in fees to maintain the collection system and hire staff to manage it.

Mr. Roetter asked why Kootenai County had rejoined the Joint Powers Agreement.

Ms. Oliver reported that there had been contention between the entities involved, so a moderator was needed. She said the County was brought back in to act as a tie-breaker in case of disputed issues.

Ms. Neal stated that she continued to have a problem with Hayden Lake Sewer District not having “a voice at the table.” She said that was crucial to their district.

Wastewater Connection Defined, and Benefits

Mr. Windram provided additional details regarding the HARSB permit from the state. He said they were expecting a new one this year and it would include some requirements about metals. He noted that there were metals restrictions for the Spokane River and said that metal content limits may be placed on users in the future, but the treatment facility did not include metal removal technology yet. He indicated that other restrictions might be imposed in the future in relation to “forever chemicals.”

Mr. Allen commented that if HARSB were dissolved, would simplify bureaucratic processes and make it easier for the treatment facility to adjust to any new requirements.

Mr. Windram pointed out that HARSB had no taxing authority. He said that having one agency which did have taxing authority take them over, would simplify getting funding.

Ms. Quaid explained why HARSB was not allowed to levy taxes and why they did not have authority to borrow money. She agreed that seeking funding would be simplified if a single entity were in control.

Mr. Roetter speculated that, as population increased, HARSB would need to increase its capacity and asked whether the district would be willing to pay for the necessary upgrades.

Mr. Short said the issue came down to how to deal with two different entities experiencing two different growth patterns: the City of Hayden and Hayden Lake. He expressed concern that expansion could create an unfair burden on his group.

Mr. Coleman stated that, in his opinion, the cost for expansion of the project should go to those people who were going to use it. If Hayden Lake Sewer District was not going to use it, they shouldn't have to pay more for it.

Mr. Boyer offered some suggestions which would ensure that the expense of an expansion was carried by the people who would benefit from it. He added that overall regulatory requirements' expenses would be shared equally among all those paying the fees.

There followed additional discussion about the division of costs, past and present, and funding issues.

Mr. Allen refocused the discussion. He commented that today they needed to deal with the joint powers entity that existed and whether the parties were in a position to explore

dissolution of that entity. He said they needed to determine what each party needed from the others in order to proceed. He remarked that they might decide that they were not in a position to consider dissolution.

Ms. Jovick said if the City of Hayden took over HARSB after dissolution, the result would be that a city would own a utility which provided services outside its own boundaries. She pointed out other local examples of this, including the Post Falls water treatment center which provided services to Rathdrum.

Ms. Neal expressed concern regarding rates for users increasing and the potential for a lawsuit in case of a dispute over fees.

Ms. Jovick said there were companies which evaluate such enterprises and advise municipalities about appropriate rates. She suggested that they invest in independent consultants for rate studies and evaluation of investments to assist in fully informed decision making.

Meeting went into recess at 9:07 a.m.

Meeting called back into session at 9:21 a.m.

Mr. Boyer said that, if the City took on ownership and management of the treatment plant, then all HARSB employees would become City employees, in their own division. He suggested that they model agreements with the Sewer District and the County on those used by Post Falls. He noted that they would also have to address the Airport infrastructure and any concerns expressed by each participating entity.

Regarding assets, Mr. Boyer stated that HARSB assets would belong to the enterprise fund and would not be taken away by the City of Hayden. He listed the primary benefits which would come from ending the Joint Powers Agreement (JPA).

Ms. Neal expressed her concern regarding the 500 acres currently owned by HARSB.

Mr. Short repeated that the land would be made part of the enterprise fund and thus off limits for sale by the City of Hayden. He suggested this be added as a contingency of the agreements.

Mr. Boyer voiced his agreement. He urged all participants to voice any additional concerns they might have. He remarked that he had not heard anything so far that could not be addressed by a properly crafted agreement.

Requirements in Order for City of Hayden to Assume HARSB Responsibilities

Chair Duncan said that the County's stake in these proceedings was very low. She stated that the challenge for the County was that it had many miles of sewer lines and very few users, which made the cost for users very high. She added that there would be expansion at the Airport in the future, but there was no way to know exactly when it would happen.

She concluded that the County would remain as participants in the process and that she felt that things would be settled in a satisfactory manner.

Commissioner Mattare said that he felt they needed to equitably calculate the investments and values using accepted accounting methods. He remarked that once that was done the two primary parties could move forward.

Chair Duncan explained that the infrastructure was already in existence and had been paid for, so there would not be money returned to the participants. She cautioned against viewing the process as including assets to be divided.

Ms. Quaid provided additional clarification regarding the fiscal situation, including investments, offsets and operational costs.

Mr. Coleman indicated that he would like to have a projection of the cost to the customers in the future.

Ms. Jovick affirmed that the land would become an asset of the sewer enterprise fund, which would mean that it could never be used for general fund purposes. She stressed that any land would have to be at fair market value and the proceeds would remain with the enterprise fund.

Impact to Entities if City of Hayden Assumes HARSB Responsibilities

Mr. Allen asked if there were other things any of the groups would like to see if the HARSB's JPA was dissolved.

Mr. Coleman said he wanted to ensure the protection of services already purchased by Hayden Lake Sewer District from HARSB, and the separation of O and M (Operation and Maintenance) from capitalization in financial planning. He agreed that a cost of service analysis should be done.

Mr. Short expressed concern regarding environmental protection of Hayden Lake in the future.

E. ~~Public Comment~~ – PULLED

The portion of the meeting allotted to individual meetings began at 9:52 a.m.

F. Individual Entity Breakout on Items Listed in Agenda Item D (Discussion)

City of Hayden – Room 1A

Hayden Lake Sewer Board – Room 1B

The City of Hayden and Hayden Lake Sewer Board representatives departed to their designated private sessions. Their individual clerks will provide notes on their meetings as appropriate.

Kootenai County – Room 2

Commissioner Brooks said he felt that Commissioner Mattare and Chair Duncan were doing an excellent job and that the discussions were productive.

There followed substantial discussion regarding the views the other entities had expressed regarding the “assets” included in the situation.

The combined meeting reconvened at 10:27 a.m.

G. Group Discussion – Comments from Entities on Items Listed in Agenda Item D

City of Hayden

Hayden Lake Sewer District

Kootenai County

Ms. Jovick suggested an independent study be commissioned, to evaluate assets for any potential buy-out. She said that this study should be separate from the one proposed for projected rates. She asked if the City of Hayden would be willing to pay for the rate study, while HARSB paid for the asset evaluation. She also suggested a provision be included in any agreements to ensure the protection of Hayden Lake. She said that the Sewer District could be given input in any ACI (Area of City Impact) negotiations in the future.

There followed a substantial discussion regarding the proposed studies. Ms. Jovick’s suggestion was generally accepted, with the provision that all entities would be allowed input.

Ms. Jovick responded that it would be possible to include in the agreements that the District would be permitted input in ACI (Area of City Impact) negotiations in the future.

Mr. Allen asked for recommendations on the timeline of the project.

Chair Duncan remarked that she felt at least a year would be needed to complete the studies and create the agreement documents.

There followed substantial discussion regarding planning for creation of work groups and scheduling of future meetings.

Mr. Allen asked Ms. Quaid to clarify the specific obligations each entity would have financially regarding HARSB projects.

Ms. Quaid stated that the City of Hayden had a Revenue Bond and the Sewer District had a Local Improvement group.

There was general agreement that the discussion of HARSB dissolution would continue, with studies to be contracted, work groups created and additional meetings planned.

H. Adjournment (Action): Chair Duncan adjourned the meeting at 11:01 a.m.

Respectfully submitted,

JENNIFER LOCKE, CLERK

BOCC SIGNATURE

BY: _____
Tina Ginorio, Deputy Clerk