**Bayview Water and Sewer District**

**P.O. Box 637**

**Bayview, Idaho 83803-0637**

Rate Increase Hearing and General Business Meeting

October 15, 2016 Bayview Community Center

3:30 pm. Rate Hearing opens, and Chairman, Rich Doney, goes over general rules for speaking and addressing questions.

Director Steve May opens the information portion by reading from the Form Letter opposing the rate increase submitted by numerous customers. He notes the reasons the rate increase is needed, citing the following major projects.

1. Replace pumps at $45,000 to $50,000 each (3 pumps)
2. Dromore tank size increase approximately $150,000
3. Replace pond liner
4. Replace 4000 feet of water line in Farragut

These four projects are estimated to be just under $1,800,000.

Steve May notes that in the Five-Year Plan the majority of projects need to be completed sooner than later with some being in a critical need state. Funding these projects could be accomplished with grants from DEQ – and he suggests that going for money grants are best accomplished by packaging multiple projects. Current loan rates are 0 -3%, spread out over 20 years, resulting in a looking at about $276 per customer per year, to get back to optimal performance. DEQ requires a reserve fund of $100,000 to be eligible for grants.. Right now we have $92,000 so almost at that point where can consider taking out a loan to complete these projects. Our system is aging and is going to need maintenance and replacement. Absolute minimum to qualify for DEQ loans, $100,000. Our raise will help us get that and at $0.69 per week per customer, our increase of $3.00 will help us get to that baseline goal of $100,000.

Steve noted that System Operators, Neil Peck and Reid O’Connor found a big water leak, and the effect of this repair may reduce our utility bills substantially.

The recovery of $13,000 deficit for outstanding debt policy was discussed. Collecting any past due funds needs to be accomplished as soon as possible.

**Discussion as follows**

Costs – are costs being shared by all beneficiaries? Marsha responds: “Yes, they are.”

DEQ minimum, break-even level must be met to qualify. At year end, should end up with 2% revenue. If going for financing, prerequisite is that we meet guidelines of having $100,000 in reserves. We are currently near $90,000.

If we are not getting the message out, please let us know.

**Accomplishment in past year include**

* Meetings at Community Center with room for everyone.
* Financial audits completed.
* New website brought online.
* Process of making sure all funds are FDIC insured needs finalization at November meeting.
* Employee Policy Committee completed and renewed employee policy, authored originally by ICRMP (Idaho Counties Risk Management Programs).
* New employee policies are completed and will be addressed at November meeting
* Multiple board workshops. Last month we had two workshops in additional to the general Board meeting to reduce costs, increase production. Board and staff laying out Five-Year Plan. Encourage suggestions and help.
* Goal continues to provide safe and affordable water to all of our customers. Board thanks the public for their input.

**Board Responses**: Don: “Just glad we are getting this done.” Marsha: “Job well done.” Sharon: “Thank you all for working through this process.”

**Public Comments**: Sheryl notes that she thinks it is only fair that letters be read with names of those responding. Discussion ensued regarding instructions on submitting comments. Sue Damon asked for clarification of method to respond. She was questioning whether each response met the requirement of being postmarked, and asked if all the letters received were all appropriately postmarked. She felt that any objection needed to be mailed and postmarked by the stated date. Rich noted that the legal advertisement in newspaper sets the requirement. Robyn Edwards stated that the language was that they ***may*** be postmarked, but must be received on or before the meeting. Sue Damon asked if any were handed to board members and not mailed and postmarked. Rich responded: “Yes, some were dropped off at the office, and some were handed to board members today.”

Rich asked Steve if he would read all letters that were submitted. Steve noted that many are form letters, and then he begins by reading the names of customers who sent individual letters that were not part of the “form” letter that we received. As a point of clarification, it was noted that this form letter went out in an email and was also available at the Bayview Mercantile. Letters from numerous water and sewer customers were read. These are on file in the office for review.

All the letters were read from customers expressing concern; these will be noted on a separate list and are available in the office. One letter is in support of the increase and offers insight into office manager opportunities, suggesting shared job opportunities with other smaller districts.

**Public Comments**

* Steve Seire noted that letters were not sent to all Cape Horn residents. He was reminded that the form letter was put together by Robyn Edwards and Sheryl Puckett, and NOT the board. Form letters were available at the Mercantile.
* Steve Seire noted that he had problems with the engineering company that put in the system.
* Robert Hammell –reported that looking at wages, he notes they represent 53% of budget. Maintenance personnel too much, most have only one maintenance person, not two, and half-time secretary. Questions 5-year training to be qualified to be operator.
* Karen Renner spoke about the rigors of the job for the operators: weather conditions, 24-hour service, and all the things that go into keeping the system up and running, whether they are visible to the community, or not. She volunteers to help set up paying for accounts that have trouble meeting obligations, sort of like “round up” that KEC uses.
* Steve Seire commented on old installation issues and wonders if it is his responsibility to fix old problems from meter to house. Neil responds: “Yes, it is.” Customer responsibility begins at the meter and extends to the home.

Director Steve May asks Neil to explain the system, and its aging issues. Neil responds: “The system was built in 1942—when the Farragut Naval Base was constructed. Lines and all infrastructure were laid out in 1942. Main water system was installed in 1978. The Cape Horn area was redone in 2004, incorporating three existing water systems; everything done out there done with what each individual owner wanted. Some chose not to replace all of old lines. A lot of residents now are new people who had no choice in this and are wondering why old lines in place now are inadequate. A lot of new mains did not follow old lines from house to the closest proximity, which would tie into waterlines to homes. Most places (owners at the time) did not want to put in new lines when old were working at the time.

Rich calls for an end to the Public Comment Period.

**Call for Motion to Accept or Reject Rate Increase** Based on everything we have heard, Rich called for a motion to approve or disapprove the rate increase. Marsha moved that we increase rates to $3 per month, seconded by Don. Motion passed.

Water rates will increase with the next billing cycle.

Chairman Rich Doney calls for a close to the hearing at 4:35 p.m., and opens the regular October meeting.

**Consent agenda** - Don Gardner moved to approve the consent agenda, Marsha Ritzheimer seconded. Motion passed. Marsha moved that all regular bills be paid, Steve May seconded. Motion approved.

**Operators report** Neil reviews the detailed report (See attached report, labeled **Attachment B**)

**NEW BUSINESS**

**Rate Increase Hearing (See above narrative)**

* **Employee Policy** The Employee Policy Committee included, Faye Bare, Tom Bumgarner, Colleen Dahlseide, Herb Huseland, Robyn Edwards, and Sheryl Puckett. Each member was presented a Certificate of Appreciation today and thanked for their tremendous effort to help bring this to a quick turn-around. It was noted that Robyn Edwards was a major contributor to the groundwork of updating this policy. Each was presented with a Certificate of Appreciation. Rich thanked the group for their commitment.

**Policy and procedure committee** Steve noted that detailed reviewing of an applicable employee policy resulted in finding one that one currently is being used by North Kootenai Water District. A conversation with a representative of North Kootenai Water as well as Susan Weeks clarified that this this policy originally was provided by ICRMP and modified to meet their needs. It was noted that there are two versions, an *At Will* or a *For Cause* version. These policies were discussed and it was decided, after discussion with ICRMP, that the only version they recommend is the *At Will policy*. This version was reviewed by Susan Weeks (attorney), came back to the board and was reviewed at a workshop on October 6, 2016. This work was all done by the committee through multiple meetings, within Steve’s “proposed” 30 days. This policy will now be reviewed and considered for final adoption at the regular November meeting.

**OLD/ONGOING BUSINESS**

**Alternate access to office** Rich met with Tom Lloyd and discussed county access information. McKinley Heights Water District actually owns the road, and Randy Frikken, Chairman, is the contact person. The question that remains involves actual location of property lines and the possibility of procuring an easement to use the road. Neil’s biggest concern is the width of the road. Neil will check with Shane McDaniel, a local contractor, to get a proposal for widening the road to improve access to the Water and Sewer office. Rich will go down to the county and find out exactly who owns the property - McKinley Heights, or home owners. Rich would like a motion to postpone this topic until November. Sharon moved that this topic be tabled until more information can be verified and brought back at the November meeting. Steve May seconded. Motion passed.

**Shutting off water for late bills** Resolution is has been reviewed by Susan Weeks, and returned to Rich yesterday. He would like time for the board to review the final document and Rich asked that we table this topic until the November meeting to give board members a final chance to review for intent and accuracy. Marsha asked if we can both certify and shutoff, and yes is the answer according to Rich. Steve May motioned to table this until the November meeting, Don Gardner seconded. Motion tabled until November meeting.

**Electronic billing** A Webinar with Michelle, of El Dorado (billing software), was arranged but was cancelled due to Linda’s illness. It will be rescheduled next week. Our software is set up to do electronic billing for those who choose this option. Others may choose to continue receiving the blue cards through the mail.

**Business Sweep Program** This program through Mountain West Bank was discussed last month but because of costs, the Board was not on board with the $30 monthly fee. Rich met with Corey Anderson (e-Banking Business Solutions Specialist, Mountain West Bank) and they agreed to waive the monthly fee. Rich moved that we use the Business Sweep at no additional cost. This program in used to protect funds in excess of $100,000. Motion second by Sharon. All approved.

Marsha asked if we can work on installing the option to pay bills with debit or credit card with the “Square” which does have a minimal cost. This will allow customers to use credit or debit cards to pay their bill, which would avoid having “cash” in the office. Rich noted he will look into this. Steve notes that it is a safety feature to not have cash in the office. He noted there are several options for electronic payment, making payments more efficient and reducing costs every way we can.

**Chan Karupiah’s Electric Bill** Chan feels we owe him $1499.36 for electricity. Rich has talked with Chan, Neil, and everyone involved. History: telephones poles were becoming unstable but contained meters and needed updating/changes. Chan asked that these poles be moved/replaced, and KEC said yes, but must make final inspection. KEC said they would, but when they came out they saw that power is not coming from the original site but has been moved to private property. KEC cannot have their meter on private property. Options were discussed, and no solution was identified. KEC answer was to take out their meter and put in a private meter, Chans, and he is paying that electric bill. He has been billing BWSD a portion of this bill which he feels represents the portion of this pump for septic pumping from his float homes. Both Hudson Bay and MacDonald’s operate with similar float home septic pump meter charges and BWSD pays for the electricity in these similar situations.

A resolution was drafted and passed in January 15, 2013 that BWSD would not pay for any pumps on private property that served multiple users (residences). A letter was sent to Chan explaining the District’s policy. (See Resolution 2012-01)

As a matter of clarification, Rich noted that the “actual” cost of electricity is $ 0.0697 and Chan is billing us 10 cents a kilowatt-hour. The monthly service fee would be $38, and Chan is charging $15 a month. If we wanted a BWSD meter, Chan would have to give us an easement to put in an underground line. He did agree that he would allow this, but we would be responsible for the costs of doing that work. One concern that exists is that we have two other similar situations with multiple connections to the septic that is being pumped and we pay the KEC bill for these, which are located at the Hudson Bay station and MacDonald’s.

Marsha asked a question regarding KEC records and what goes through the meter. Don asked what else is running off this same meter. Neil reported that only the pumps that move the septic wastes are on the meter. After conferring with KEC, Rich noted that the charges we are getting from Chan are reasonable. He is not overcharging the District. Chan reads the meters, and sends out the bills. Marsha asked if Chan is giving us any kind of easement. Rich stated that Chan said at this time he would, but Rich noted that we would have to pay for this. Rich feels it is imperative that we remedy this problem by paying Chan for the electricity he is billing the district. Marsha asked if he is he going to deny access to property. Neil states they are down at triplex pump station in Chan’s parking lot regularly without complaint. Neil stated that KEC charges are to maintain the entire system; Chan has about 400 feet of power line that we are paying for, and Rich noted that if we owned it, it would be costing us $38. Rich is willing to talk with Chan and feels strongly that needs to be resolved. It has gone on too long. Rich asked the board what they would the Board like to do. Marsha stated that if Chan will work with us, then pay it. Steve suggested that we do this and make sure to document the process. Marsha motioned to table this until the November meeting; Steve seconded; Motion passed. Rich noted he will go talk with Chan, get this in writing, and then we can figure out how to go about rescinding the related resolution. This was tabled until the November 15 meeting.

**5 Year Plan** Steve’s 5-year plan is coming together; input from board members and operators indicate that this is still a work in progress. Steve noted we are looking for improving efficiencies, and a way to run this district the best way we can.

**Announcements/Public Comment** Much of the public discussion that followed involved process and policy for billing septic services, including electricity. Neil responded that everybody had the responsibility of paying to get their septic to the tank. Rich stated that we are just trying resolve a long-standing situation. Ted Bare noted that KEC reads and bills the other two marinas,

Pole leaning is replaced by KEC; if you call and offer to fix it, they will allow that. But it has to be inspected by the state.

Rich calls for closing public comments.

Rich made a motion to go to Executive Session to discuss personnel issues; Sharon seconded. Motion passed.

Minutes transcribed and submitted by

Sharon K. Meyer, Vice Chair, BWSD

Attachment A: Major Projects submitted By Neil Peck, Operator
Attachment B: Operator’s Report