

REGULAR MEETING OF THE BOARD OF DIRECTORS
Southside Water and Sewer District
P.O. Box D, Sandpoint, Idaho 83864
October 22, 2025

Call to Order and roll call: Chairman Jack Howard opened the meeting at the District Maintenance Shop at 2:00 pm and a roll call confirmed that Kass Larson, Doug Bopp and Gregory Keiber were present. Brett Babcock was present via remote access

Others Present: Operator Jason Barnhart. Treasurer Julia MacDonald was present via remote access.

Approval of the Agenda: Mr. Larson made a motion, seconded by Mr. Keibler to approve the agenda and it passed unanimously.

Members of the Public: Andrew Hobbs from the Sherwood's Development

NEW BUSINESS – ALL ITEMS ARE ACTION ITEMS

Sherwood's Development:

Mr. Hobbs presented his proposed development plans to the Board, detailing the subdivision of the parcels for modest homes. While County Planning and Zoning permits up to 64 lots under current zoning, Mr. Hobbs is proposing a lower density of 20 to 32 homes. The Board discussed water and sewer capacity, noting that DEQ requirements have never been considered for this area. The Board noted that integrating new flow could potentially bottleneck existing lines, impacting the system's overall design capacity. Anticipated DEQ concerns include constraints on the current sewer collection lines and pump stations.

Securing water for the development is a significant challenge, likely requiring additional capacity. Uncertainties were expressed regarding the water line easement, necessitating a title search, and the Board emphasized the requirement to honor existing prepaid hookups.

Director Bopp addressed fire protection, noting the potential need for fire hydrant installation and expressing concern that the required flow through the booster station might be inadequate for a development of this scale. Mr. Hobbs clarified that the property is not yet officially secured but stated his involvement aims to prevent low-quality planning and construction. The Chairman stressed the importance of establishing clear contractual agreements when significant funds are invested in engineering and preparatory work.

Consider Rates and Fees:

Ms. MacDonald presented two potential new fees for consideration: A direct charge from Badger Meter of \$1 per meter per month for cellular meter communications and a \$1.50 per direct debit payment transaction fee due to increased bank charges. Chairman Howard suggested reviewing the tiered rate model using existing consumption data to identify where current tiered rates might be too low, especially for higher consumption users. The goal is to fund the cellular meter fee and potentially the ACH transaction fee by adjusting the tiered rates, rather than increasing the base rate. Despite the convenience for the district, there was concern about passing the ACH Direct Debit transaction fee to all customers. Ms. MacDonald confirmed that she had tried to negotiate with the bank, who denied the request and implemented the increase in August, from 35 cents to \$1.50 per transaction. After discussion, Mr. Larson made a motion to increase the base rate for water by \$1 per month for cellular meter communications, citing the benefits of these meters in detecting leaks and improving overall service. The Board discussed whether to implement this fee immediately or integrate it into a broader rate re-evaluation at the next meeting, with the latter option being preferred. The

motion died for lack of a second and the item was tabled to next month. Ms. MacDonald reported the water and sewer shortfalls for the year ending September 30th and the Board will review both water and sewer rates at the next meeting.

Employee Classification & Compensation:

The Board addressed an outstanding decisions regarding the Admin Assistant employment classification and a cost of living adjustment (COLA) for all employees. Mr. Larson presented a motion to reclassify Janice to a part-time position to include PERSI benefits starting November 1st and with a second from Mr. Bopp the motion was unanimously approved.

The Board discussed providing a COLA increase for employees. Mr. Larson noted that Bonner County implemented a 3% COLA. A motion by Mr. Larson and seconded by Mr. Bopp was passed to adopt a 3% COLA increase for all Southside employees, starting January 1, 2026.

Funds Transfer Authorization:

Ms. MacDonald presented the request to transfer funds as normal year end and quarterly procedure and additionally in consideration of the FDIC insurance limit amount of \$250,000 per deposit owner. With a motion from Mr. Larson, second from Mr. Keibler, the fund transfers were unanimously approved as presented.

Sewer Ad Valorem from O&M account to sewer capital reserves at LGIP Account. \$81,343.15

Sewer Ad Valorem from O&M account to the LGIP 15 Acre Land Fund reserve. \$19,822

Water Ad Valorem from O&M account to water capital reserves at LGIP account. \$13,513

Q4 capital expenses from Columbia Asset Savings to the O&M account. \$84,068.65

Capital Project Review / Update:

Mr. Barnhart reported an urgent need for a major upgrade of the Swans lift station due to severe corrosion of the guide rail system and piping, raising concerns about potential failure. Initial cost estimates include \$28,000 for two pumps and \$14,000 for a new panel, with an estimated total minimum cost of \$75,000, which would consume over half of the sewer capital budget, with the final costs for the Farmin Station still unknown or outstanding. The proposal involves upgrading to three-phase pumps for increased longevity and power. The Board requested more detailed cost estimates and agreed that immediate action is necessary. Jason will come back with numbers for a more complete cost estimate.

New Building Permit Review: No new permit applications were presented.

OLD BUSINESS – ALL ITEMS ARE ACTION ITEMS

USDA Rural Development Project Review:

Chairman Howard reported that the state is offering a loan at a 2% interest rate for the pump house construction, which is half the rate of the USDA Rural Development loan. This change requires a motion to switch from USDA to DEQ for loan servicing, which the judge is expected to approve due to public interest. The Chairman informed that the loan amount is \$663,000, and while this is the amount of the offer, he anticipates managing costs down. DEQ may also offer principal forgiveness. Mr. Larson made a motion to accept the DEQ offer for a SRF Loan of \$663,000 and to authorize the Chairman to sign the document for the attorney. After Board discussion and a second from Mr. Bopp, the motion was unanimously approved. The Chairman anticipates that the project can go to bid soon.

ARPA Review:

The Board discussed re-establishing weekly project management meetings for the ARPA projects with progress reports.

CONSENT AGENDA

Mr. Larson made a motion, seconded by Mr. Keibler, to approve the attached consent items and the motion was approved unanimously.

Minutes
Treasurer's Report

Paid Invoices
Maintenance Report

Approval of Financials
Engineering Report

Executive session

None held

Adjournment: A motion by Mr. Keibler and a second by Mr. Larson was made to adjourn the regular meeting of the Board of directors at 4:22 pm and the motion carried unanimously.

Respectfully Submitted and Approved:

Julia MacDonald
Treasurer/Administrator

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Jack Howard
Chairman of the Board