

# Eastern Idaho Regional Sewer District

## November 21, 2023 Regular Board Meeting

**BOARD MEMBERS PRESENT:** Brian Powell (President), Craig Cutler (Vice President), Craig Tibbitts (Secretary/Treasurer), Brad Higley, Frank Lemmo

**OTHER PARTICIPANTS:** Scott Hall (NHPT Law), Alan Giesbrecht (J-U-B), Scott Barry (EIRSD), Justin Blicke (GSE, zoom), Jordan Johnson (City of Shelley), Justin Johnson (City of Shelley), Mayor Stacey Pascoe (City of Shelley), Nicole Calderwood (City of Ammon, zoom), Jace Perry (Clearwater Financial, zoom), Janice Boggs (EIRSD)

1. **Call to order at 9:00 am**
2. **Consent Items**
  - a. Approval of minutes – Action Item
  - b. Review and approval of bills – Action Item

[**Action Item**] Craig Tibbitts motioned to approve minutes and approve bills, Craig Cutler seconded, approved unanimously.

3. **Consent to Serve Cedar Estates Division 4, 43 units – Action Item**

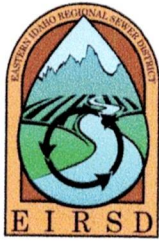
Scott Barry stated that Woodville Water & Sewer District wants to get a Consent to Serve for Division 4 so they can submit plans to DEQ. They anticipate that by the time they will want a Certificate of Occupancy, EIRSD may be complete with the expansion. Craig Tibbitts requested that we track by date the commitments to serve that EIRSD issues. Scott stated that Division 4 goes up to County Line Road and consists of all the parcels on the right side of New Sweden Road south of Exit 113 just after crossing the river.

Brian Powell requested that we double check that we have the following items:

- a. They are in the EIRSD boundary.
- b. They are annexed into the Woodville Sewer District.
- c. That we have a signed written agreement with Woodville Water & Sewer, similar to what we have with Ammon & Shelley.

Alan Giesbrecht stated that if Division 4 is within 300 feet on either side of New Sweden, then it is within the EIRSD district. Brian proposed that we hold off giving consent until Woodville provides proof of an annexation agreement. Brian requested that Mike with Woodville be invited to attend the next EIRSD Board meeting to provide proof of annexation.

[**Action Item**] Craig Tibbitts motioned to table issuing a Consent to Serve for Cedar Estates Division 4 until next month, Brad Higley seconded, approved unanimously.



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#### 4. DEQ Loan Transfer Agreement (Ammon & Shelley Loans) – Action Item

Brian stated the Board needs to have a formal board motion to accept transfer of the city bonds to EIRSD. Brian has the DEQ paperwork, and when signed, the loans will be transferred to EIRSD. Brian will sign with a date of November 7, 2023 nunc pro tunc, meaning “now for then”.

Brian requested an original for EIRSD, a copy for Scott Hall, a copy for DEQ, copies for Ammon & Shelley, and a copy for Jace at Clearwater.

[Action Item] Craig Tibbitts motioned to approve the DEQ Loan Transfer Agreement for City of Ammon and City of Shelley loans on a nunc pro tunc basis as of November 7, 2023, Frank Lemmo seconded, approved unanimously.

#### 5. Accept Bond Liability and Payment Responsibility from Ammon & Shelley – Action Item

Brian has signed copies of the bond liability & payment agreements signed by both mayors.

[Action Item] Craig Tibbitts motioned to accept bond liability and payment responsibility from Ammon & Shelley, Frank Lemmo seconded, approved unanimously.

#### 6. Idaho Bond Bank Loan Application – Action Item

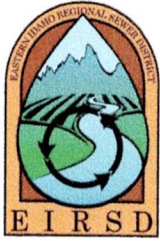
Brian thanked everyone for all the hard work getting all the information needed for all the agreements and loan transfers. There was a lot of cooperation and support from all four jurisdictions.

Jace Perry of Clearwater Financial also agreed with thanking everyone participating in pulling the necessary information together. Jace shared a status report for the IBBA application. Confirmation was provided by Janice Boggs that city funds are secured in separate accounts. Jace needs statements or bank info to include in the application. Once Board approves the application, Jace will need a signed application and a check for payment of the application fee.

The tentative schedule for application review is December 18 when a hearing will be scheduled. IBBA wants the application submitted by November 30. Jace shared his screen showing the application information. The Bond Bank will make a decision at the December 18 meeting.

We are requesting approximately \$17.5 million from IBBA to stay within their debt service ratio requirements. The total of all three projects estimate is approximately \$50 million. Currently, there is approximately \$15 million between remaining DEQ ARPA funds and EIRSD capital funds which leaves a shortfall \$35 million. IBBA requires a baseline coverage of 25% for the debt service ratio (revenues less operating expenses to determine cash available to payback the loan).

EIRSD has financial history that is connected with the cities, not EIRSD. Without a financial history, IBBA requires a higher debt coverage ratio. Jace will include a history of city payments in the application. IBBA also requires state revenue (interceptable revenue) that flows through



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EIRSD so if EIRSD defaults, then they can use these funds to pay the loan back in default. EIRSD does not have this revenue.

Jace proposes applying to borrow \$17.5 million which would give EIRSD a little over \$16 million toward upgrades with the difference being the debt service reserve requirement. This gives EIRSD a 1.50 coverage ratio in the lowest revenue years which is a strong revenue ratio, and it increase quickly as EIRSD continues to grow.

If IBBA has concerns with borrowing \$17.5 million, Jace is prepared to propose a smaller loan of \$10 million which would provide funds needed to finish Project 1 and some funds for Projects 2 & 3. Jace thanked Alan for his insight and help with the projections.

Current loan interest rates have been coming down lately. Municipal rates are around 4% to 4.25% and IBBA might be able to get a little below 4%. EIRSD will have to approve the loan prior to taking any funds.

Once the application is submitted and they get the original signed copy of the application from EIRSD along with a check for the \$500 application fee, then IBBA will begin reviewing it. Jace said the application fee is non-refundable. Jace has been having some great conversations with IBBA explaining the project and funding needs and sources.

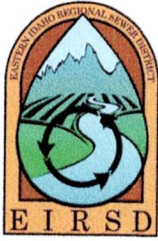
Brian stated that if we take all the money IBBA offers, then the IBBA might prevent EIRSD from getting loans from other sources. The IBBA couldn't paid off for 10 years so it could limit EIRSD's ability to borrow more.

Brian stated that Project 1 addresses the bottleneck in the biological basin to treat BOD, but then the next bottleneck becomes flow through the membranes. Alan stated to add significantly more capacity, EIRSD needs to do the membrane project which will require more funds than IBBA appears willing to lend.

Justin Blickle stated GSE is working on the 90% cost estimate for Projects 2 and 3 and should have guaranteed maximum pricing by the February Board meeting. Alan stated that he does not recommend pre-purchasing equipment for a long period in advance of construction due to warranty and shelf-life concerns.

Jace stated that there is some flexibility in timing as the application states we want to borrow the earliest as January and latest in March. The timing will be up to EIRSD, but they will need to know how much a month or so before going to market. Brian stated that we will review our needs in December and again in January, so by February, we should know what funds are truly necessary.

Brian said there are lots of options. One of the wild cards is there is a lot of developments and maybe they will pre-pay in full and get us funds to continue.



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[Action Item] Craig Cutler motioned to move forward with \$17.5 million application to the Idaho Bond Bank, Frank Lemmo seconded, approved unanimously.

### 7. Maintenance Agreement with Neighbors – Action Item

Scott Hall is working on this.

[Action Item] Craig Cutler motioned to table the Maintenance Agreement with neighbors, Brad Higley seconded, approved unanimously.

### 8. Grease Trap Inspections – Discussion Item

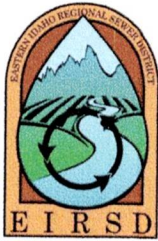
Brian noted that EIRSD has not had a formal policy on grease trap inspections, although EPA has requirements and the cities have policies. Brian asked Frank and Scott to put together a policy. Grease traps are a main contributor towards BOD loading to the plant, and EIRSD needs to protect our brand new biological basin.

Frank spoke to Ammon & Shelley about their grease trap programs. Justin Johnson, Shelley Public Works Director handed out packet to Board. The City of Shelley collection system has 29 miles of sewer lines which consist of concrete and plastic pipe, 2 force mains, two lift stations, approximately 400 manholes, approximately 2,188 connections, and backup motors. They currently do not have any generator backup but are working on getting one. Once a month, they flush the lines with water from fire hydrants to help keep lines flowing and to prevent buildup and backups. They camera and jet the lines throughout the summer. Every year, they fix 20 to 30 collars on manholes. They are GIS-ing the water and sewer lines. In 2021, they hired a Salt Lake company to do ultrasonic testing which can tell if a pipe is plugged or if there is good flow. They had two little areas that were questionable which they flushed and jetted to take care of roots. Justin stated they always warn Scott when they jet.

In April 2016, they went around and spoke to businesses in town that dealt with food. Since then, there are a couple of new businesses, and he does not know if they have grease traps but he will be reaching out to them to be sure they have a grease trap. He asks businesses to hang a cleaning log that Shelley can inspect periodically. Shelley has not inspected them in the past but plans to do visual inspections of traps and look at the logs in the near future. Broulim's cleans their grease interceptor monthly by a third party.

Scott Barry noted that DEQ is requiring EIRSD to report monthly if we are getting a pre-treatment program. EIRSD needs information quarterly. One business has a company come in and empty and clean out its grease interceptor. Some businesses have grease traps that are just a container under the sink. Scott stated that EIRSD also needs to know where grease goes, who picks it up, and where do they take it. Some businesses have a 50 gallon barrel out back that they hire a company to come and pick up periodically.

Frank said he really appreciates Shelley's work. Justin will begin visiting the businesses and setting up quarterly inspections.



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Frank said he spoke to Tracy Bono at the City of Ammon. Brian requested we want Ammon to come to next meeting and give us information like Shelley did.

Craig Cutler stated that it is important that these businesses know what the grease trap requirements are. Scott Hall stated that EIRSD can't enforce something in another jurisdiction. However, we can pass an ordinance to state what our expectations are. Brian requested that Scott Hall and Alan Giesbrecht working together to draft an ordinance. Alan stated that Shelley and Ammon have ordinances that would be good starting points.

### 9. J-U-B Engineers – Alan Giesbrecht

#### a. Update on legal descriptions for EIRSD boundary and zone boundaries – Discussion Item

There is no update this month from the Tax Commission.

### 10. J-U-B/GSE - Upgrades Project

#### a. Project update – Discussion Item

Alan reviewed the latest flows and ERU graphs. EIRSD experienced high flows in the summer months which is typical, and then flows decreased when irrigation stopped. 1.9 MGD is the nominal design capacity of the membrane system. In the summer, the flows get close to that, but fixing the canal leak will help lower flows. Water conservation measures adopted by the cities have help lower flows. Justin Johnson stated that Shelley is in deep conversations about requiring water meters. Scott Hall stated that Ammon has saved 2 million gallons of water due to water meters.

Justin Bickle provided an update on Project 1 construction progress. Electrical is tracking very well. Concerned about pricing on some of the equipment. Good weather helped with getting the slab pours done on the biological basin. The electrical subcontractor is integrated into the team and it is paying dividends in helping with cost certainty. GSE will work with J-U-B to provide a menu of project components and their associated costs for the board's consideration once the budget constraints are known. Brian stated that an analysis of the costs indicates that about 40% of the costs are necessary to address needs other than capacity, such as code compliance, redundancy, and deteriorated equipment.

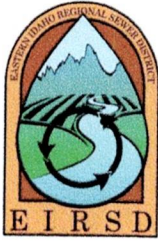
### 11. Manager's Report – Discussion Item

Scott Barry reported that the plant is running very well. The canal leak will be fixed next Wednesday.

### 12. Public Comment

No comment

Craig Tibbitts announced that he will resign February 1<sup>st</sup>. He has some names he is contacting as a replacement. The Board has to name a replacement within 30 days or it has to go to the court for approval. Scott Hall recommended that EIRSD find people who are interested or advertise



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the opportunity. EIRSD can then interview applicants. Brian stated that we will look to advertising the opportunity in January. Brian stated that he appreciates Craig's work and time spent on the Board.

### 13. Adjournment at 11am

Craig Tibbitts made a motion to adjourn, Frank Lemmo seconded, approved unanimously.

Approved: \_\_\_\_\_

Attest: \_\_\_\_\_