



# Eastern Idaho Regional Sewer District

## December 19, 2023 Regular Board Meeting Minutes

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

**OTHER PARTICIPANTS:** Scott Hall (NHPT Law), Alan Giesbrecht (J-U-B), Scott Barry (EIRSD), Jordan Johnson (City of Shelley), Mayor Stacey Pascoe (City of Shelley), Micah Austin (City of Ammon), Tracy Bono (City of Ammon), Nicole Calderwood (City of Ammon, zoom), Justin Blickle (GSE), Chelsey Stevens (GSE), Tony Wise (Falls Water), Scott Bruce (Falls Water/Taylor Mountain Sewer), Mike Anderson (Woodville Water & Sewer), Chris Nelson (Deer Meadows Development), Cameron Arial (Clearwater Financial, zoom), Janice Boggs (EIRSD)

### 1. Call to order at 9:00 am

#### a. Amend Agenda to add Resolution 2023-015 to set Schedule Meeting Dates for 2024

Brad Higley motioned to amend agenda to add Resolution 2023-015, Frank Lemmo seconded, approved unanimously.

### 2. Consent Items

#### a. Approval of minutes – Action Item

#### b. Review and approval of bills – Action Item

[Action Item] Frank Lemmo motioned to approve bills, Brad Higley seconded, approved unanimously.

Scott Barry announced that EIRSD is part of the Southeast Idaho Operators Section, and at the business party on Thursday, Shaun Robinson was given the Operator of the Year award for our region. It is based on community service, certifications, maintenance, and work ethics. Congratulations and thanks to Shaun from all the Board.

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

Scott Hall will work with Scott Barry on finalizing the agreements and presenting them to the neighbors on either side of the cul-de-sac on the west edge of EIRSD's field. The agreements allow the neighbors to use the property in exchange for keeping the grass mowed and weeds in control. EIRSD will maintain full rights to use the property for access to the field and may remove any structures or improvements if needed.

[Action Item] Brad Higley motioned to approve the maintenance agreement with the neighbors, Frank Lemmo seconded, approved unanimously.



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#### 4. **Annexation of Taylor Mountain WS and Woodville WS Properties – Discussion Item**

Taylor Mountain WS & Woodville WS were in attendance. Brian Powell asked for clarification on their annexation processes. Scott Hall stated that the previous EIRWWA Board position was that anyone wanting service needed to be annexed into a district. This could be into EIRSD or into another sewer district with which we have a service agreement.

Scott Bruce stated Taylor Mountain is recognized by the State Tax Commission as a Sewer District. The board exists to help service a DEQ loan, meets monthly, and has no new properties/developments needing to be annexed.

Mike Anderson of Woodville Water & Sewer District stated that they were established and officially recognized as a District by the State Tax Commission in 1998. In 2007, they annexed 34 acres. The Tax Commission took until 2016 for the state to formerly set up and recognize the area. In 2000, Cedar Estates requested Phase 1 to be annexed, Phases 2 and 3 in 2001, and Phase 4 recently in 2023. A total of 160 acres have been annexed.

Brian thanked them for their participation and clear records and asked that the district let the EIRSD board know in advance if they are planning to annex additional parcels and notify how many additional ERUs are anticipated.

#### 5. **Consent to Serve Cedar Estates Division 4, 43 Units – Action Item**

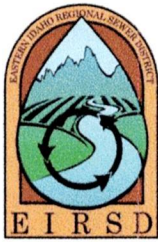
Division 4 Cedar Estates was annexed into Woodville October 24, 2023. It was not published in the paper, but Brian requested copies of the annexation.

Scott Hall asked that any annexation requests in the future be presented to the EIRSD Board so EIRSD is aware of future needs and annexations.

Scott Barry stated that he must see a copy of a Will Serve letter from the Taylor Mountain or Woodville districts before he will issue a Consent to Serve for a parcel in those districts. Then he will give a Will Serve only after the ERUs are paid and he has signed the final plant. EIRSD will require full payment on all 43 units in Division 4 at the time of issuing a Will Serve.

The Consent to Serve allows the developer to move forward with infrastructure and DEQ approval, but there is no guarantee of service until the connections are paid and a Will Serve is granted.

**[Action Item]** Brad Higley motioned to approve a Consent to Serve for Cedar Estates Division 4, Frank Higley seconded, approved unanimously.



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### 6. **Emergency Fund Reserves – Action Item**

EIRWWA's previous policy was to set aside emergency fund reserves of \$2 million which was approximately one year's operation expenses. This was established to cover essential services during a catastrophic event.

Alan Giesbrecht noted that the FCS Group that did an earlier rate study for EIRWWA advised that most utilities set aside 120 days of operating expenses as a minimum amount for emergency funds. Micah Austin (Ammon) stated their city's fund is set to cover one year of essential services.

Brian requested that Scott Hall put together a resolution establishing the EIRSD's Emergency Fund Reserves. Brad stated there is a need for a replacement fund and a separate emergency fund. Scott Barry stated that the replacement fund would need to be around \$2.2 million to replace all 4 banks of membranes after the upgrade. The Board discussed that to replace the existing membranes would be approximately \$1M and 120 day of operating expenses would be approximately \$600K, which would equate to approximately \$1.6M.

[**Action Item**] Brad Higley motioned to set \$1.6M in an Emergency Reserve Fund, Frank Lemmo seconded, approved unanimously.

### 7. **Grease Trap Inspections – Discussion Item**

Frank Lemmo thanked Shelley for their presentation on their grease trap inspection procedures last month. Tracy Bono (Ammon) presented Ammon's procedures for grease trap inspections and steps going forward. Ammon has had a policy since 2012 by which they send letters and require businesses to provide their pumping and cleaning logs. Ammon cleans pipe that collects commercial wastewater 2 to 3 times a year.

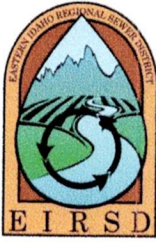
Scott Barry requested a quarterly report from Ammon that includes pump logs and labs for Walker Produce. Brian stated that EIRSD wants to ensure incoming BOD is as low as possible, and DEQ also requires the additional documentation as they are deciding whether the City or EIRSD will be responsible for running the pretreatment program in the future. Scott stated that high levels of grease can overwhelm the bugs in the treatment process. Scott stated that EIRSD also needs BOD to be as low to preserve as much capacity as possible.

Frank stated he has a pamphlet that Ammon sends annually to residents regarding fats, oils, and grease. Scott Hall requested a copy of Ammon's policy to use in drafting a policy for EIRSD.

Scott Barry stated that influent tests have been pretty low (25 mg/L or less), whereas EIRSD is allowed up to 50 mg/L for the membranes. Scott stated that both cities are doing very well with their programs.

### 8. **Draft Sewer Ordinance Development – Discussion Item**

Alan explained that he and Scott Hall have been working on drafting a sewer ordinance for EIRSD that outlines EIRSD's goals and objectives and policies for the system and brings everyone



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under the same umbrella for requirements. Ammon's and Shelley's sewer ordinances were used as starting points for EIRSD's policy. Work on the draft is ongoing and it will be provided to the board members for review and consideration of adoption in the future.

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

- a. Update on legal descriptions for EIRSD boundary and zone boundaries – Discussion Item  
The Bonneville County Clerk has emailed the State Tax Commission regarding GIS boundaries for EIRSD. Alan stated that there is a Teams meeting tomorrow with the State Tax Commission to discuss how to move things forward. EIRSD is holding new annexations from recording until the originally submitted boundary is approved. Brian stated that all annexations have to be done prior to the next election May 2025.

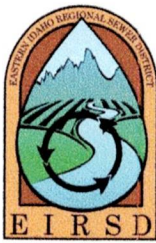
### 10. J-U-B/GSE - Upgrades Project

- a. Project update – Discussion Item  
Alan reported that in September and October, there was a big jump in ERUs served. Now that the irrigation canals are empty, flows have settled in the 1.5 to 1.6 mgd range which is typical. Overall, the flows are increasing, while they vary with season, but they are not necessarily increasing in proportion to the number of ERUs being added. As EIRSD eliminates leaks in the lines where irrigation or groundwater can inflow, then flows should become more proportional to the number of ERUs added. Water conservation efforts also reduce flow to the plant such as new water-saving appliances. The water meters approved 4/18/2019 in Ammon have decreased water usage which impacts wastewater flows too.

Cameron Aerial of Clearwater Financial reported that there was a hearing yesterday with the Bond Bank. EIRSD was approved for \$17.5 million, although only \$16M would be available for project costs due to reserve requirement, which would get us through Project 1 and a start on Projects 2 and 3. The amount approved was limited because EIRSD does not have interceptable revenue (e.g., sales tax). Unless the cities and counties commit to providing sales tax revenue if EIRSD defaults, they want a 1.5 debt coverage ratio. Repayment of the existing DEQ loans will open up a lot of additional borrowing capacity in the future. Also, once EIRSD has a history with the Bond Bank, they may lower the coverage ratio requirement to 1.2.

Brian requested a payment schedule if EIRSD was to borrow the full amount. Cameron will send a pre-sell schedule just prior to going to market. Payments to the Bond Bank would be semi-annual, and Cameron would work with the Bond Bank to have them mirror the timing of the DEQ loan payments.

Cameron explained that the Bond Bank borrows from the market, EIRSD makes payments to the Bond Bank, and the Bond Bank makes payment to the market. From now until February, Clearwater will be working on the sale documents. Funds will be needed by late summer to finish Project 1. Today's bond would be around a 4% interest rate. Cameron stated that they anticipate a strong market for the bonds.



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Justin Blicke (GSE) shared the 90% cost model for Projects 2 and 3, which is very similar to the previous estimate. There have been some equipment supplier cost reductions and some increases, mainly within the biological basin. Project 2 includes the membrane system expansion and deferred work on the new biological basin. GSE is working with J-U-B to drive down costs such as using a pre-engineered steel building which may reduce cost. Another example is reducing the number of pumps in the biological basin to feed the membranes. In most cases, the benefit of lower costs needs to be weighed against operation and maintenance impacts.

As of now, approximately \$33M to 38M would be needed for Projects 2 and 3 depending on the funding source requirements, and approximately \$3M additionally to complete Project 1. If growth continues at current rates, that may cover the shortage for Project 1 by capital replacement fees. The Board discussed that the highest priority is increasing capacity. To complete Project 2 with the membrane expansion and address that bottleneck, approximately \$24M is needed.

Alan is preparing a Letter of Interest for a DEQ loan and will submit that before January 12. DEQ will start the ranking process in March and publish the priority list usually in May or June. One thing in EIRSD's favor is we have a compliance agreement with DEQ which gives points in DEQ's rankings. Last year, DEQ received 75 applications and only funded 3. We requested \$35 million and were ranked 9<sup>th</sup>.

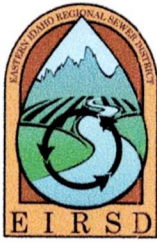
Brian stated EIRSD should have a much better shot with USDA Rural Development. A USDA loan would be a 40-year loan, which could keep our repayment schedule low enough to take on the Bond Bank payment. They do not have a prepayment penalty.

The advantage of the Bond Bank money is we do not have to comply with Davis Bacon, Buy American Build American (BABA), or American Iron Steel requirements. Both DEQ and USDA should provide a waiver from BABA. Also, USDA will not require compliance with Davis Bacon.

Scott Barry stated that the plant expansion project gives us redundancy to have Class A water which will help keep a portion of it out of the river and allow us to put water on land once completed.

Alan stated that DEQ looked at giving the Ammon's portion of the Idaho Falls phosphorous allocation to EIRSD. Idaho Falls' allocation includes Ammon's allocation, even though Ammon's flow comes to EIRSD, not Idaho Falls. However, DEQ said that the reaches of the river must be considered independently. Because EIRSD is in a different reach of the river than Idaho Falls, they cannot transfer the phosphorous allocation.

Brian requested copy of the project cost estimate be sent to the Board from GSE.



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Brian noted that the Board will need to consider options to cover the shortfall to finish the projects: pre-sell connections, USDA RD loan, or DEQ loan.

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

Scott Barry reported that the plant is running very well. Repairs on the canal leak will be done on Thursday. In November, average daily flows were 1.52 mgd and the maximum daily flow was 1.65 mgd.

### 12. Public Comment

No public comment

### 13. Adjournment

[Action Item] Brad Higley made a motion to adjourn, Frank Lemmo seconded, approved unanimously.

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

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