

June 26, 2018

The City Council of the City of Idaho Falls met in Special Meeting (Annual Public Works Department Utility Meeting), Tuesday, June 26, 2018, at the Wastewater Administration Office located at 4075 Glen Koester Lane, Idaho Falls, Idaho at 6:00 p.m.

Call to Order and Roll Call:

There were present:

Mayor Rebecca L. Noah Casper
Councilmember Thomas Hally
Councilmember Shelly Smede
Councilmember John Radford
Councilmember Michelle Ziel-Dingman
Councilmember Jim Freeman
Councilmember Jim Francis

Also present:

Chris Fredericksen, Public Works Director
Chris Canfield, Assistant Public Works Director
Kent Fugal, City Engineer
Jordan Rechenmacher, Sanitation Superintendent
David Smith, Wastewater Superintendent
David Richards, Water Superintendent
Bud Cranor, Public Information Officer
Kathy Hampton, City Clerk

Mayor Casper called the meeting to order at 6:05 p.m. with the following:

Public Works Utility Update and Rate Discussion:

Director Fredericksen believes the Public Works divisions are the business entities within the City. He stated these divisions are fully supported based on fees collected for the service provided. Mayor Casper indicated there is a delicate balance for rate setting.

Director Fredericksen presented the following with general discussion throughout:

Public Works Utilities – basic yet essential

Director Fredericksen believes there are challenges in the Public Works utilities system, he recognized those individuals that deal with the challenging issues. He indicated Public Works will be rolling out a slogan (Provide Excellent Customer Service Today) as a reminder to employees that the City is the sole proprietor for the services that we offer. He also indicated public service announcements (PSA) related to water conservation, including water xeriscaping and water drainage, will be forthcoming. A \$90,000 grant has been received from the Department of Energy (DOE) for the PSA's.

Sanitation:

Employees – 22 full-time employees (FTE), seasonal employees as needed (unemployment below 5% creates challenges)

Assets – 300 - 1.5 cubic yard containers; 2,000 - 3 cubic yard containers; 190 - 30 cubic yard containers; 22 - 30 cubic yard recycling containers; 18,000 - 95 gallon residential carts

Director Fredericksen stated there are approximately 75-100 - 64 gallon residential containers for those residents who requested a smaller container. Mr. Rechenmacher stated personal service is provided for curb-side collection for tree limbs, etc. He also stated sanitation vehicles are operated around all sections of town on a daily basis.

Director Fredericksen reviewed fleet for the Sanitation Division which equals \$3,768,000 purchase cost of equipment. Municipal Equipment Replacement Fund (MERF) balance (End of Year (EOY)) = ~\$941,000 (25% of replacement cost). Director Fredericksen is in favor to continue the MERF. He stated all sanitation vehicles are equipped with

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Global Positioning System (GPS) which has assisted with prioritizing/optimizing routes. He believes this is a tremendous asset. Mr. Rechenmacher believes the GPS has been a benefit to employees as well.

Director Fredericksen reviewed the three (3) autoloading phases, which began in November 2014. He stated the autoloading has provided: a reduction in manpower (through attrition), better service (900 additional carts requested), and, better working conditions (long term health care benefits, and reduced Workman's Compensation Claims). He commended Mr. Rechenmacher and his staff.

Expenditures through April 2018 (58%)

- Budget: \$4,632,556
- Expenditures: \$2,655,426
- 57% of budget expended (committed)
- Average monthly expenditures: \$379,346/\$337,300
 - MERF purchases \$519,000 (11%)

Revenues through April 2018

- Average monthly revenue: \$369,597 (62% of revenue projection)

Director Fredericksen stated true expenditures and revenue = \$30,000/month, which increases the fund balance at year end by approximately \$360,000. Brief discussion followed regarding the MERF. The depreciation amount in sanitation is fairly close to the MERF contribution.

Summary

- Fund balance end of April – \$2,187,000
- Fund balance goal is 25% of budget – \$1,250,000
- Last rate increase in 2014 – 5% increase (\$9.00-\$9.45)
- Requesting 1 FTE in upcoming budget (\$67,400)
- 2018 - 2019 proposed rates – no change
- Increase placeholder for curbside recycling \$10.00-\$15.00/month

Director Fredericksen stated discussion has been occurring regarding residential curbside recycling. He reviewed the existing service, a draft Request for Proposal and Contract, and the current status of recycling for surrounding communities. The City currently has 13 locations for free recycling. Director Fredericksen believes a recycling program should be implemented as there is a City benefit and an environmental benefit. Mayor Casper believes recycling may not be economically beneficial at this time. General comments followed.

Wastewater:

Employees – 35 FTE (2 administration, 23 treatment and 10 collection)

Assets – 29 sanitary lift stations (7 maintained for Iona Bonnevillie Sewer District (IBSD)); 271 miles of gravity sewer line and 6.9 miles of pressure sewer lines; 46 storm lift stations; 157 miles of storm line

Director Fredericksen reviewed the Wastewater Treatment Plant (WWTP) capacity, average daily flow, and capacity (currently at 56%, there is room to grow).

Director Fredericksen reviewed sanitary sewer lift stations locations, stating all locations are monitored on a daily basis. He also reviewed storm lift stations locations, stating the system on the west side of the river is interconnected and is deposited in one location.

Director Fredericksen reviewed fleet for the Wastewater Division which equals \$3,652,000 purchase cost of equipment. MERF balance EOY = ~\$2,698,000 (74% of replacement cost).

Director Fredericksen commended Mr. Smith for stretching the useful life of equipment.

Director Fredericksen reviewed the WWTP Facilities Plan, which began in August 2010. The plan included a 20-year evaluation which identified \$59,620,000 WWTP upgrades. Approximately \$31,990,000 in projects have been completed in nine (9) years – 54%. A Department of Environmental Quality (DEQ) loan was obtained to correct Environmental Protection Agency (EPA) issues. Director Fredericksen stated \$500,000 is proposed in the annual budget for line replacement (the goal is 1% replacement). Brief comments followed. Director Fredericksen believes key priority needs are being addressed. The next major project, dewatering, will amount to ~\$7,500,000. Director Fredericksen believes this will be a cost savings from liquid haul versus solids haul which can be reinvested.

Expenditures through April 2018 (58%)

- Budget: \$19,504,095
- Expenditures: \$15,423,376

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- 79% of budget expended
- Average monthly expenditures: \$2,203,339

Revenues through April 2018

- Average monthly revenue: \$900,526 (62% of revenue projection)

Summary

- Fund balance end of April: \$22,181,000
- Fund balance goal \$5,000,000+
- Requesting 1 FTE in collection in upcoming budget (\$61,000)
- Last rate increase in 2017 – 5% increase (\$21.70-\$22.80)
- 2018-2019 proposed rates – 1% (industrial, special customers vary)
- Sanitary sewer connection fee increase – 1%
- Grant through DOE for \$30,000 stormwater awareness
- New DEQ fee \$1.74/ERU - \$0.15/connection
- Association of Idaho Cities (AIC) Working Group discussing stormwater utility

Director Fredericksen reviewed proposed rates for various users and proposed wastewater connection fees. He stated revenue changes are based on private pretreatment of industrial flows. Director Fredericksen stated there is no real wastewater reuse, which accounts for 10,700 acres feet annually. He indicated opportunities for reuse could include landscape and mitigation for groundwater recharge to potable water standards.

Water:

Employees – 19 FTE (2 administration, 4 supply and 13 distribution)

Assets – 19 wells; 326 miles of water main line; 2,295 fire hydrants, 8,125 main line valves

Director Fredericksen reviewed the 21 well locations. He also reviewed production in million gallons per day and gallons per minutes. System capacity = 94.4 million gallons day, 65,550 gallon per minutes.

Director Fredericksen reviewed fleet for the Water Division which equals \$1,012,000 purchase cost of equipment. MERF balance EOY = ~\$998,000 (99% of replacement cost).

Director Fredericksen stated the Water Facility Plan (WFP) was completed in August 2015 which evaluated demand projections, storage, supply, pumping needs for the current system for 5 years and 20 years, as well as identified 5-year and 20-year capital plans. The WFP also suggested dedication of \$250,000 towards metering the largest users; emphasized continued management of water rights; evaluated connection fees; developed a water rate structure; and, recommended developing a 100-year line replacement program. One mile is anticipated to be replaced in the current year.

Director Fredericksen reviewed the Surface Water Coalition (SWC) mitigation term sheet which has tentatively been agreed to by the participating 16 cities. He also reviewed a groundwater recharge location, stating a number of smaller sites are being pursued for additional recharge locations. Director Fredericksen stated discussions have been occurring regarding metered water. He indicated 100 residential meters in various subdivisions could be evaluated for water usage. He believes metered water is the only way to reduce water usage. Idaho Falls average daily use per capita (gallons) = 389, which is the highest in the region. General comments followed.

Expenditures through April 2018

- Budget: \$10,950,928
- Expenditures: \$6,729,747
- 61% of budget expended
- Average monthly expenditures: \$841,218

Revenues through April 2018

- Average monthly revenue: \$721,290 (66% of revenue projection)

Director Fredericksen stated fund reserves are being utilized for needs and to address capital plans.

Summary

- Fund balance end of April: \$7,029,000
- Fund balance goal \$4,000,000+
- Last rate increase in 2018 – 5% increase
- New employee – meter installation

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Director Fredericksen stated discussion is occurring regarding the removal of the water tower versus replacement due to the costs. Brief comments followed.

- 2018-2019 proposed rates – 5% (industrial, special customers)
- Water service connection fee increases – 20%

Public Works Utility Payment in Lieu of Taxes (PILOT) Contribution:

Director Fredericksen stated the Public Works Department has historically budgeted and contributed 5% PILOT from anticipated revenue on an annual basis: Sanitation Division = \$214,999, Wastewater Division = \$535,000, and Water Division = \$482,000, for a total amount of \$1,231,000. Director Fredericksen reviewed contributions to General Fund activities stating overall revenues of Sanitation, Wastewater, and Water = \$24,592,000, of which 2.7%, or \$.11 on the dollar, is allocated to the General Fund. Any PILOT increase may require rate fee increases.

Director Fredericksen briefly reviewed proposed fee increases for the upcoming fiscal year. He stated overall, fees will remain flat.

There being no further business, the meeting adjourned at 8:28 p.m.

s/ Kathy Hampton _____
CITY CLERK

s/ Rebecca L. Noah Casper _____
MAYOR