

June 30, 2021

Public Works Utility Update and Rate Discussion

The City Council of the City of Idaho Falls met in Special Meeting (Annual Public Works Department Utility Meeting), Wednesday, June 30, 2021, at the Wastewater Administration Office located at 4075 Glen Koester Lane, Idaho Falls, Idaho at 5:30 p.m.

Call to Order and Roll Call: There were present:

Mayor Rebecca L. Noah Casper
Councilmember Thomas Hally
Councilmember Lisa Burtenshaw
Councilmember Jim Freeman
Councilmember Jim Francis via telephone
Councilmember John Radford

Also present:

Chris Fredericksen, Public Works Director
Chris Canfield, Assistant Public Works Director
Kent Fugal, City Engineer
Carl Utter, Wastewater Superintendent
David Richards, Water Superintendent
Tami Nichols, Office Assistant
Randy Fife, City Attorney

Mayor Casper called the meeting to order at 5:40 p.m. encouraging the Council to listen with the following themes in mind:

- As per resolution 2019-22, what is the Council's interest in being proactive to reduce the City's carbon footprint?
- Idaho is the 2nd highest water consumer in the Country. Utah is number one, both primarily agricultural.

Director Fredericksen opened the presentation by thanking everyone for attending, stating he had about 45-slides to present. These will include connection fees, rates, Enterprise Group and construction. He then introduced his staff in attendance. We kicked off a customer service campaign last year to provide our citizens with "Excellent Customer Service". He also noted that Public Works recognizes their most important asset is "People". He mentioned the passing of City employee, Randy Lords from COVID as being a tragic loss. He stated that results of a recent Public Works Department employee survey showed a lack of communication across all Divisions, showing a need for 2 initiatives; Relationships and Accountability, stressing a need for improved Communication.

Director Fredericksen displayed the April Treasurer's Report showing that there are 29 City funds with 9 of them belonging to Public Works. He continued with the overview of each Division.

Sanitation:

Background:

- Employees – 23 FTE (Full Time Employee) seasonal employees as needed, one employee increase due to a downsizing overestimate
- Assets
 - 318 - 1.5 cubic yard containers (0.3% Increase);
 - 2,143 - 3 cubic yard containers (4% Increase);
 - 242 - 30 cubic yard containers (5% Increase);
 - 22 - 30 cubic yard recycling containers (Same);
 - 16 – 3 cubic yard glass recycling containers (Same)
 - 19,004 - 95-gallon residential carts (3% Increase)

Director Fredericksen noted the national recognition of Jordan Rechenmacher last year for outstanding performance for sanitation professionals under the age of 40. The expo was cancelled last year due to COVID. Jordan is at the conference today to receive his award. Last year, the crew included the City's first female CDL sanitation driver who has since been promoted.

- Fleet
 - 8 commercial container trucks (\$175k)
 - 5 tilt frame container trucks (\$150k)
 - 6 residential side load trucks (\$300k)
 - 2 hand load trucks (\$160k)
 - 1 boom truck (\$125k)
 - 1 front end loader (\$150k)
 - 4 pickups (\$40k)
 - Mulcher (\$35k)
- \$4,950,000 purchase cost of equipment
- MERF balance: \$1,640,000 (33%)

Expenditures through mid-June, 2021 (79%)

- Budget: \$6,353,200
- Expenditures: \$4,712,700
- 74% of budget expended (committed)
- Average monthly expenditures: \$496,100

Revenues through May, 2021

- Average monthly revenue: \$482,300 (Decrease 1.6% & anticipate exceeding revenue projection)

Sanitation Division Summary

- Fund balance mid-June – \$5,324,700
- Fund balance minimum is at 25% of budget – \$1,588,300
- Last rate increase in 2014 – 5% increase (\$9.00-\$9.45)
- 2021 - 2022 no change to existing rates
- Request for new FTE
- Request for add to fleet – residential autoloader truck

Director Fredericksen explained that new annexations increase the need for additional FTE and autoloader trucks. He stated that sometimes newly annexed property owners

initially aren't happy about going on City sanitation until they see our rates. Mayor Casper raised concerns regarding the rising gas prices and how they might impact our rates. Councilman Freeman asked about the possibility of EV vehicles. Director Fredericksen stated that Jordan is scheduled to tour the Lion facilities but currently, they do not have right-side-drive vehicles available. Additional conversation followed regarding funding for charging stations, costs of infrastructure, initial vehicle costs, battery life span and disposal, etc.

Director Fredericksen briefly discussed the status of the new building construction for the Sanitation and Street Divisions. There were some delays on shipping steel that have since been resolved and we are back on track.

The recycling program has been very successful with respect to usage by the community and diverting waste from our landfill. The 13 existing free recycling locations cost \$4,300/month vs \$600/month revenue. Glass recycling cost of service is \$1,100 per month. Total recycling cost to Sanitation Division is \$4,800/month. Approximately **650 tons** of refuse have been removed from the waste stream. Since inception, 276 tons of glass have been collected.

Mayor Casper questioned whether we have discussed diversion incentives with the County. Director Fredericksen stated that they would not be interested. He then showed a Local News 3 report on the challenges of recycling for Pocatello with the final outcome being that it was cheaper for them to send it all to the landfill.

Wastewater:

Background

- Employees – 36 FTE (2 administration, 23 treatment and 11 collection)
- Assets
 - 31 – Sanitary lift stations & maintain 9 for IBSD
 - 284 - Miles of gravity sewer Line & 6.9 - Miles of pressure sewer lines
 - 46 - Storm lift stations
 - 168 - Miles of storm line
 - WWTP
 - Capacity of 17 MG/D
 - Average Daily Flow of 9.6 MG/D
 - 56% of Capacity – Room to grow

GIS maps show each of the lift station locations, 31 sanitary and 46 storm lift stations in total. All lift stations are serviced daily and pumps are checked for functionality by certified operators who can make the necessary repairs. There are 2 pumps on each of the 46 storm lift stations. These stations are also connected to the SCADA systems and will alarm in the event of a malfunction. Should we lose power, our generators will kick in with a load transfer switch

- Fleet
 - Pumps (\$35k)
 - Generators (\$40k)
 - Dump trucks, sludge trucks, flusher/vacuum truck (\$85k - \$460K)
 - Camera vans (\$175k)
 - Backhoe (\$145k)

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- Misc. Equip.
- \$4,518,000 Purchase cost of equipment
- MERF Balance: \$2,569,000 (57%)

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 the last ten (10) years – 54%. Director Fredericksen stated \$2,000,000 is proposed in the annual budget for line replacement (the goal is 1% replacement). The next major focus is the Dewatering project of \$7,000,000. The design is ongoing and currently, 51,000 gallons to the lagoon daily is land applied. The dewatering project will cut the hauling costs.

Expenditures through mid-June, 2021 (79%)

- Budget: \$14,218,600
- Expenditures: \$9,270,100
- 65% of budget expended (Committed)
- Average monthly expenditures: \$975,800

Revenues through May, 2021

- Average Monthly Revenue: \$1,007,800 (Increase of 13.3% and we anticipate exceeding revenue projection due to the drop from 11 to 9 City funds which will go away next year)

Wastewater Division Summary

- Fund balance mid-July: \$27,082,400
- Fund balance goal is \$5,000,000+
- Last rate increase 2020 – 2021 -1.3% Increase (\$23.40 - \$23.70)
- 2020 – 2021 Proposed Rates – 1.3% (Industrial, special customers vary)
- Sanitary Sewer connection fee increase – vary
 - Graduated connection fee dependent on water meter size
- DEQ Fee \$1.74/ERU (Equivalent Residential Unit) – \$0.15/Connection (\$60,000.00)
- Cogeneration - \$3,000.00: Stantec contract forthcoming – uses methane gas as fuel (green initiative)
- Septage receiving upgrades

Iona Bonneville Sewer District (IBSD)

- Signed sewer service agreement
- Council consideration in July
- Connection fees (new for IBSD)
- Participation in Sunnyside trunk line rehabilitation (\$1,500,000 – 60%)
- Annual billing of \$1,100,000 before increases

The Five-Year Service Agreement with IBSD expires end of 2025. We provide them an 18% reduction which is not passed on to their customers. We process over 9 million gallons total and 1.1 million gallons (approximately 10%) for them.

Ucon

- *Contract negotiation ongoing*

Wastewater/Water Division Bridge

- Wastewater Reuse (9.6 MGD = 29.5 Acre-Feet Daily = 10,700 Acre-Feet Annually)
 - Mitigation (Groundwater Recharge)
 - New Preliminary Recharge Site – Prior ITD Pit off 65th S
 - Potential Legal Challenge

We lease a 70-acre pit which is a great site for testing recharge. There are two miles distance downstream from the discharge site at the WWTP to the recharge site. If we use the river to discharge, we lose the right to take it out for recharge under current interpretation of state water rules.

Water:

Background

- Employees – 19 total (2 administration, 4 supply and 13 distribution)
- Assets
 - 21 wells (located on 16 sites)
 - 345 miles of water main line (1.2% increase)
 - 2,522 fire hydrants (2.2% increase)
 - 8,804 main line valves (2% increase)
 - 3,885 meter locations (10.5% increase)
 - 660 with meters installed (11.1% increase)
 - 3,225 without meters installed (10.3% increase)
- Production in Million Gallons Per Day & Gallons Per Minute
 - 2020 Average day demand: 23.1 MGD or 16,042 GPM (6% increase)
 - 2020 Peak day demand: 57.8 MGD or 40,139 GPM (1.8% increase)
 - 2020 Peak hour demand: 77.6 MGD or 53,889 GPM (4% increase)
 - System capacity (Wells): 97.0 MGD or 67,375 GPM
 - Well 19 is in service as a backup well at this time.

When comparing water use locally and nationally, Eastern Idaho consumes a considerable amount of water. Clean water is very precious and we take that for granted. Water system production was down from 2018 at 8,544.68 MGD to 2019 at 7,940.53 MGD but back up again in 2020 at 8,700.50 MGD. This may be attributed to more people staying at home or it could be due to growth.

- Fleet
 - Trash pump (\$10k)
 - Dump Trucks, service truck, flusher/vacuum truck (\$45k - \$460k)
 - Backhoes (\$145K)
 - Valve Exerciser (\$85k)
 - Forklift (\$80k)
 - Misc. Equip.
- \$1,394,600 Purchase cost of equipment

- MERF Balance: \$732,800 (53%)

Water Facility Plan – August 2015

- Being updated in 2021 with a goal to replace 1% of aging water lines
- Identified five-year and 20-year Capital Plan
- Suggested dedication of \$250,000 towards metering
 - New commercial buildings to have meters (since 2016) and large landscaped properties
 - New residential to have meter pits (since 2007)
- Emphasized continued management of water rights
- Evaluated connection fees with a significant increase (20% increase annually for 5-Years) (\$1,312 - \$2,923)
- Developed a water rate structure
 - 20%-5%-5%-5%-5% (Implemented 2016-2019); 3.9% years 2021-2025
- Recommended developing a 100-Year Line Replacement Program (1%)

Mayor Casper asked about considering a 5% increase for 3 years to create a fund so that metering is a little less expensive down the road. We may need to update our fees.

Director Fredericksen reviewed the Surface Water Coalition (SWC) Mitigation Term Sheet in order to plan for growth

- Idaho Falls is required to mitigate 3,191 acre-feet based on actual pumping (2019-2020)
- Adjusting mitigation requirement of 2,707.3 acre-feet (2021) due in part to other cities signing on

Director Fredericksen explained that water in the snake river flowing over the Milner Dam is wasted from the system. We applied for a temporary water use permit obtaining 462 acre-feet of free water while water flowed past the Milner dam.

2020 City Mitigation Values

- 2020 mitigation provided
 - 3,365.00 acre-feet
- 2020 mitigation obligation
 - 3,190.90 acre-feet
- 2020 surplus mitigation
 - 174.10 acre-feet

Surplus Mitigation Values

- 2019 – 725.60 acre-feet
- 2020 – 174.10 acre-feet
- Total – 899.70 acre-feet
- Can be applied to future years

Future Mitigation Values

- 2021 Obligation – 2,707.3 acre-feet

We have no Palisades stock available for recharge since the Palisades Dam did not fully fill this year.

City Mitigation Water Right Leases

- 2019 – Purchased 2,400 acre-feet from Pocatello (\$31.30/acre-feet), \$75,120

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- 2020 – Purchased 1,750 acre-feet from Idaho Irrigation (\$28.80/acre-foot), \$50,400
- 2020 – 462.2 High flows, 1,152.8 Palisades shares, 1,750 from Idaho Irrigation
- 2021 – Purchase of 1,550 acre-feet from Pocatello (\$25.30/acre-foot), \$39,215, Plus carrying charges to Idaho Irrigation
- 2021 – No high flows or Palisades shares available for recharge

Water Conservation Measures

1. Pinecrest Golf Course conversion
 - Conversion of Pinecrest Golf Course irrigation from groundwater to surface water
 - Will save 73 million gallons per year of potable water
2. Idaho Falls Zoo at Tautphaus Park
 - Assist with the reduction of water wasting through animal ponds
 - 2020 Reduction of 1.5 MG per month, 18 MG per year
 - Project continuing through 2021
3. College of Eastern Idaho
 - Converting landscape irrigation from groundwater to surface water in 2021
 - Reduction of approximately 25.2 MG per year

Water Division Residential Conservation Pilot Project – 2021-2023

- Project Description
 - Install 100 residential meters; customers selected by City at random; no change to non-metered billing
 - Ensure a variety of customers (home age, parcel size, landscape water type, etc.)
 - Monitor for 1st year to collect water usage data
 - Offer up to \$500 for purchase and \$500 for installation of water-efficient fixtures (toilets, faucets, showers, sprinkler timers, etc.)
 - Monitor for 2nd year to collect new water usage data to determine effectiveness
- Project Goals
 - Gather residential non-metered usage data for modeling
 - Develop a future water conservation rebate program for water fixture replacements

Expenditures thru mid-June 2021 (79%)

- Budget: \$13,015,200
- Expenditures: \$7,863,700
- 60% of budget expended (committed)
- Average monthly expenditures: \$827,800

Revenues thru May 2021

- Average monthly revenue: \$1,052,400 (19.4% increase & anticipate exceeding projected revenue)

Water Division Summary

- Fund balance mid-June (79%): \$14,743,200
- Fund balance Goal \$2,500,000+
- Last rate increase 2020 – 2021 – 5% Increase

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- 2021 – 2022 Proposed Rates – 3.9%
- Water service connection fee increases – Varies
- Request for new FTE

Councilmember Burtenshaw inquired about the high fund balance. Director Fredericksen explained that the future water tower was the consideration that sits at about 65 million.

Director Fredericksen displayed a GIS map showing Public Works utility asset management. Here is where we track main lines, service lines, year installed and sizes through inspection reports. It is difficult to put a value on these for accounting audits (costs and depreciations) with our current staff. Request for new FTE.

Wastewater and Water Rates:

ARPA Water, Sewer and Broadband Infrastructure (\$10,570,000)

- Potential funding to allow suspension of wastewater and water rate increases
- Line replacements/renewals
- River sewer crossing near Pancheri replacement w/pedestrian accommodation

Councilmember Burtenshaw asked about the timeframe for the river sewer crossing project. Director Fredericksen stated that it will happen within the next 10 years and will cost approximately 10.5 million dollars for the river sewer crossing, not including the pedestrian bridge.

Public Works utility payment in lieu of taxes (pilot) to the City's General Fund:

- Sanitation Division – 5% = \$235,200
 - Wastewater Division – 5% = \$581,800
 - Water Division – 5% = \$562,300
- \$1,379,300***

Director Fredericksen displayed a chart called Public Works Utility Contributions to the General Fund. The chart showed 2020-2021 contributions to General Fund activities at an overall of 9.2%

Mayor Casper started a discussion regarding water metering to gauge how Council members feel. Mayor and Council shared the pros and cons of water metering and examples of how it has worked for other cities. Alternate watering days were discussed as a water conservation strategy but experience indicates that this actually made things worse. Concerns about an upcoming serious drought were also discussed.

There being no further business, the meeting was adjourned at 8:57 p.m.

s/ Tami Nichols
Tami Nichols
PW-ENG Office Assistant

s/ Rebecca L. Noah Casper
Rebecca L. Noah Casper
Mayor