

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, August 28, 2019, 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 Shelly Smede
Councilmember Michelle Ziel-Dingman
Councilmember Jim Freeman
Councilmember Jim Francis
Councilmember John Radford (joined the meeting at 5:52 p.m.)

Also present:

Chris Fredericksen, Public Works Director
Chris Canfield, Assistant Public Works Director
Kent Fugal, City Engineer
Jordan Rechenmacher, Sanitation Superintendent
Carl Utter, Wastewater Superintendent
David Richards, Water Superintendent
Janet Kopplow, Administrative Assistant

Mayor Casper called the meeting to order at 5:40 p.m. with the following:

Director Fredericksen opened the presentation by stating the basic functions and importance of Public Works. Basic services are provided more than the citizens realize, and that is the way it is preferred. When residents turn on the tap and have clean water or when the garbage is collected without incident, which indicates we are performing our jobs well. The employees are proactive by providing excellent service to our customers, as the City is the sole proprietor for those basic services. He commended the Public Works Administrative Assistants for adherence to the “one-call” policy with citizen’s questions.

Sanitation:

Background:

- Employees – 23 FTE (Full Time Employee) seasonal employees as needed, one employee increase due to a downsizing overestimate
- Assets
 - 302 - 1.5 cubic yard containers;
 - 2,013 - 3 cubic yard containers;
 - 218 - 30 cubic yard containers;
 - 22 - 30 cubic yard recycling containers;
 - 18,000 - 95-gallon residential carts

Director Fredericksen reviewed fleet for the Sanitation Division, which equals \$4,491,000 purchase cost of equipment. Municipal Equipment Replacement Fund (MERF) balance (End of Year (EOY)) = ~\$1,228,400 (27% of replacement cost). The goal is to be 30% or more. Director Fredericksen is in favor to continue the MERF, as he stated it is a worthwhile program. The garbage trucks are replaced on a rotational basis every six years. The industry experts forecast replacement of noisy diesel/gas equipment with electric vehicles some day in the near future. Currently, the technology is still in its infancy and Director Fredericksen advised waiting for the industry to advance beyond the prototype stage before any further consideration.

Director Fredericksen reviewed the three (3) Autoload phases, which began in November 2014. He stated the Autoload

Program has resulted in a reduction in staff from 28 to 22 employees and a major reduction in injury claims, as compared to other departments over the last three years. We added one employee, as our staff was deficient.

Expenditures through mid-August, 2019 (87.5%)

- Budget: \$5,113,900
- Expenditures: \$4,136,300
- 81% of budget expended (committed)
- Average monthly expenditures: \$393,900

Revenues through mid-August, 2019

- Average monthly revenue: \$413,500 (Anticipate exceeding revenue projection due to Bonneville County fee increases of \$62,500)

Sanitation Division Summary

- Fund Balance mid-August – \$2,949,200
- Fund Balance Goal is at, or above, 25% of Budget – \$1,250,000
- Last rate increase in 2014 – 5% increase (\$9.00-\$9.45)
- Added one FTE in current budget (\$67,400)
- 2019 - 2020 No Change of Existing Rates

Director Fredericksen stated there is some flexibility with fund balances, making adjustments as needed. Recent annexations have increased our garbage volume.

Director Fredericksen explained that the recycling program has been very successful but the curbside recycling initiative is temporarily discontinued due to industry instability. The 13 existing free recycling locations cost \$4,300/month vs \$1,600/month revenue. Glass recycling cost of service is \$1,100 per month. Total recycling cost to Sanitation Division is \$3,800/month. The division is approaching 1000 tons of refuse removed from the waste stream (790 tons solid waste and 120 tons of glass).

Councilmember Radford inquired about the future of diesel fuel recycling and the Hefty Program. Mr. Rechenmacher confirmed that he has contacted the company offering that service and they will contact us as soon as they extend their services to Eastern Idaho. Mayor Casper commented about the strong support and focus our next generation has on environment and sustainability.

Privatization of recycling may lead to discussion of private companies assuming sanitation service but Mr. Fredericksen described the large financial resources it would take for a private company to adopt our services.

Brief comments followed.

Wastewater:

Background

- Employees – 36 FTE (2 administration, 23 treatment and 11 collection)
- Assets
 - 30 – Sanitary Lift Stations & 9 for IBSD
 - 276 - Miles of Gravity Sewer Line & 6.9 - Miles of Pressure Sewer Lines
 - 46 - Storm Lift Stations
 - 162 - Miles of Storm Line
 - WWTP
 - Capacity of 17 MG/D
 - Average Daily Flow of 9.6 MG/D
 - 56% of Capacity – Room to Grow

Eastern Idaho Regional Wastewater Authority (EIRWWA) is looking to expand their capacity from two million gallons. The EIRWWA has many high strength flow customers and officials plan to double the capacity in the future.

Director Fredericksen reviewed locations of all sanitary sewer lift stations locations, stating all locations are closely

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 the water deposited in one location. Mayor Casper inquired about the developers' burden of cost for new annexations. Director Fredericksen explained how the developer selects the location to build, one of the factors for the developer to consider is the elevation of the land and the slope. Developers must pay for development. The developer must meet the demands required by the geography and the home buyers usually absorb the cost of those improvements.

Our storm collection system usually brings water into storm ponds and canal systems and they are essentially individual systems. There are no discharges into water bodies on the west side of town because the New Sweden Irrigation District prohibited any of our wastewater into their facilities.

- Fleet
 - Pumps (\$35k)
 - Generators (\$40k)
 - Dump Trucks, Sludge Trucks, Flusher/Vacuum Truck (\$85k - \$440K)
 - Camera Vans (\$170k)
 - Backhoe (\$95k)
 - Misc. Equip.
- \$3,596,000 Purchase Cost of Equipment
- MERF Balance: \$2,932,500 (82%)

We are in the process of acquiring additional equipment so those numbers will change.

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 nine (9) years – 54%. A Department of Environmental Quality (DEQ) \$18.15 million loan was obtained to address Environmental Protection Agency (EPA) concerns. We still owe about \$13.5 million. We are ahead one payment at 1.75% interest rate. Director Fredericksen stated \$500,000 is proposed in the annual budget for line replacement (the goal is 1% replacement). We have rehabilitated ½ mile of line and point repairs. Many of the lines are over 100 years old and in better condition than newer lines due to manufacturing quality reflecting the American economies.

The next major project, dewatering, is expected to yield amount to ~\$10,000,000. The purpose is to remove the water from the waste and use the solids for agricultural applications. Removing the water from our transportation costs will save us about \$350,000. We presently have a contract to haul the liquid waste. Request for Proposals were received and the scope of the project is in negotiation.

Expenditures through mid-August, 2019 (87.5%)

- Budget: \$13,235,700
- Expenditures: \$10,114,900
- 76% of Budget Expended
- Average Monthly Expenditures: 963,300

Revenues through mid-August, 2019

- Average Monthly Revenue: \$912,700 (Anticipate Exceeding Revenue Projection)

Wastewater Division Summary

- Fund balance mid-August: \$17,851,200
- Fund balance goal is over \$5,000,000
- Added one full time employee in current budget (\$61,000)
- Last rate increase 2018 – 2019 -1.3% Increase (\$22.80 - \$23.10)
- 2019 – 2020 Proposed Rates – 1.3% (Industrial, special customers vary)
- Sanitary Sewer connection fee increase – 1%
 - Graduated connection fee dependent on water meter size
- DEQ Fee \$1.74/ERU (Equivalent Residential Unit) – \$0.15/Connection (\$62,398.14)

Director Fredericksen explained the rate comparisons in Eastern Idaho for water and sewer. We had a rate implementation plan over a five-year period which calculated the amount of revenue we would need in order to generate the funds needed to implement recommended improvements in our facility plan. Single-family residential rates will be about a \$.30/month increase to accommodate for the upgrades.

Iona Bonneville Sewer District (IBSD)

The entity is faced with some decisions in the near future. They have the following choices:

- 1) Evaluating: Becoming Part of or owner of Eastern Idaho Regional Wastewater Authority (EIRWWA)
- 2) Constructing a new Wastewater Treatment Facility
- 3) Continuing contract with Idaho Falls
- 4) Average monthly revenue \$88,500
- 5) Five-Year Service Agreement expires end of 2020

Wastewater/Water Division Bridge

- Wastewater Reuse (9.6 MGD = 29.5 Acre-Feet Daily = 10,700 Acre-Feet annually)
- Mitigation (Groundwater Recharge = potable water standards)
- Second recharge site
- Wash bay for City vehicles
- Landscape water (Seasonal)

Further discussion was held about water conservation ideas and the reuse of grey water

Water:

Background

- Employees – 19 FTE (2 administration, 4 supply and 13 distribution)
- Assets
 - 19 wells (Well 7 no longer used, Well 19 Operational by November 2019)
 - 334 miles of water main line
 - 2,397 fire hydrants
 - 8,454 main line valves, 3014 meter locations
 - 554 with meters installed
 - 2,450 without meters installed (Install 100 residential meters – information)
 - All new commercial services are metered
 - Meters are installed on lines for our major water user accounts such as car washes and large hotels, as well as installing pits as we re-build infrastructure.
- Production in Million Gallons Per Day & Gallons Per Minute
 - 2018 Average day demand: 23.4 MGD or 16,260 GPM
 - 2018 Peak day demand: 55.5 MGD or 38,450 GPM
 - 2018 Peak hour demand: 83.9 MGD or 58,265 GPM
 - System capacity (Wells): 94.4 MGD or 65,550 GPM
 - Well 18 In service

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.

- Fleet
 - Trash Pump (\$10k)
 - Dump Trucks, Service Truck, Flusher/Vacuum Truck (\$45k - \$200k)
 - Backhoes (\$135K)
 - Valve Exerciser (\$85k)
 - Telehandler (\$75k)
 - Misc. Equip.

- \$1,088,000 Purchase Cost of Equipment
- MERF Balance: \$800,200 (74%)

Director Fredericksen reviewed the Five-Year Well Production chart, which displays 2015-2019 Annual Volume by month and stated the Water Facility Plan (WFP) was completed in August 2015 which evaluated demand projections, storage, supply and pumping (Current, five-year and 20-year, we have had a decrease in the use of water in the last five years)

- Identified five-year and 20-year Capital Plan
- Suggested dedication of \$250,000 towards metering the largest users
- 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)
- Recommended developing a 100-Year Line Replacement Program, 1%
 - 3.2 Miles of replacement annually (by the end of 2019 we will have replaced about 1.8 Miles)

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

City Mitigation Measures

- City Obligation = 3,190.9 Acre-Feet per year (we have more than enough water, if we just put it in the right place to return to the river)
- Mitigation Agreement with Snake River Plain cities with 22 communities and comparison of water production. We use 38% of the municipal water pumped for municipal application in Eastern Idaho.
- South of Sandy Downs, the Sand Creek Recharge Station, between April 1– June 6, 2019, the City recharged 442-acre feet of free water. We had spillage past Miller Dam and the State of Idaho does not want any water to pass the dam, as it is “wasted” water. It was a benefit to the City and the gates closed today. We mitigated from Palisades Reservoir 1,492.55 acre-feet into the Sand Creek Pond.
- +2,400.00 Acre-Feet (Pocatello Water Right Lease)
- 3,892.55 Acre-Feet Total Recharge
- We have an excess recharge carry-over for 2020
- All involved entities are required to assemble an annual report of their mitigation contributions

Water Use and Assessment Agreements

- City paid new subdivision assessments of surface water for future mitigation and we transferred those surface water rights to locations within the city that previously had no water rights.
- 371 lots totaling \$37,000 in 2018 (\$75,000 budgeted in 2019)
- Cost increased 25%, from \$80 to \$100 per lot
- Water rights limited in time of availability
- City subject to Last-to-Fill Provision if reservoirs didn't fill

City of Pocatello Water Right Lease

- \$75,120 in 2019 for 2,400 Acre-Feet (\$31.30/acre) is the more economical option for the City of Idaho Falls
- No limitations on availability
- No Last-to-Fill concerns
- Water Division Savings in 2019
 - Strategic Energy Management
 - 2019 Energy Rebate Incentive: \$18,505
 - Well site meter updates
 - The bid of \$500,000 which saved the division \$375,000
 - Water main lines were installed by crew rather than contract

- Anticipated contract price: \$195,000
- Division price: \$75,000
- Savings: \$120,000

Expenditures thru mid-August 2019 (87.5%)

- Budget: \$11,387,900
- Expenditures: \$9,526,600
- 84% of Budget Expended or Committed
- Average Monthly Expenditures: \$907,300

Revenues thru mid-August 2019

- Average Monthly Revenue: \$839,200 (anticipate exceeding projected revenue)

Water Division Summary

- Fund balance mid-August: \$6,901,100
- Fund balance goal \$4,000,000+
- Last rate increase 2018 – 2019 – 5% increase
- New employee to help with meter installation
- Water Tower removal/replacement
- 2019 – 2020 proposed rates – 5%
- Water Service Connection Fee Increases – 20%
 - Study suggested 1” service connection increase from \$1,312 to \$2,932
 - Proposal to increase 20% annually until required fee is achieved - \$2,268 for 2019

Water Tower

- Park usage – conference call August 29th with National Park Service
- Three City owned sites
- Community discussions
- Council Work Session
- Budget Watch
- Rotary
- Civitans
- Idaho Falls Historic Preservation
- Various others

Public Works Utility Payment in Lieu of Taxes (PILOT)

- Sanitation Division – 5% = \$214,000
 - Wastewater Division – 5% = \$535,000
 - Water Division – 5% = \$482,000
- \$1,231,000

Director Fredericksen displayed a chart called Public Works Utility Contributions to the General Fund. The chart compared the former fiscal year at 11% contributions with this fiscal year at 13.1% contributions to the City resources.

Director Fredericksen distributed the first Public Works Annual Report. There being no further business, the meeting was adjourned at 7:15. p.m.

s/ Janet Kopplow
Janet Kopplow, Administrative Assistant

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