

**CITY COUNCIL SPECIAL PUBLIC INFORMATION MEETING  
WATER SYSTEM IMPROVEMENT PROJECT  
NOVEMBER 2, 2017 – 7:00 P.M.  
IONA COMMUNITY CENTER**

**PRESENT:** Mayor Brad Andersen, Council President Dan Gubler, Council Member Rob Geray, Council Member Dan Garren, Council Member Kathy McNamara, City Clerk Shara Roberts, and Public Works Director Zech Prouse.

**ABSENT:** Chief of Police Karl Bowcutt.

**VISITORS:** Bob Davenport, Jason Cariker, Jaden Jackson, Riley Bradshaw, Dave & Angie Huntsman, John Cawley, Kevin Harris, Susan Gardner, Miranda Harrison, and Pam Theriault.

**Discussion of Water System Improvement Project:** Mayor Andersen expressed the purpose of the meeting is to discuss needed improvements to the City's water system.

Engineer Paul Scoresby explained that the City has been considering improvements to the City's water system since approximately 2004 when an engineer firm was hired to do an evaluation of the overall condition and performance of the system. In 2008 a second study was initiated, and a capital improvements plan was developed.

The City has done some of these improvements through the years using capital improvement funds out of the water fund. Two of the major improvements accomplished were recommissioning well #3 and rehabilitating the existing storage tank on the hill. Mayor Andersen noted smaller improvements which have also been done include the installation of a backup diesel generator and initiating a fire hydrant replacement program throughout the City. He explained previous engineering studies expressed concerns that the hydrants were so outdated there could be a potential to have difficulty connecting to them to access water in case of a fire emergency.

He further expressed in terms of capacity the water system is at times exceeding daily demand limits contained in the City's water rights. During the hot summer months all the wells are being used at full capacity and if one was to go down residents wouldn't be able to water their lawns as they have been accustomed to doing. The Council would have to potentially look at a mandatory watering schedule as other jurisdictions have had to implement. The City has reached a point where they have done what they can with the funds available, but now they are looking for approval for a revenue bond to resolve these concerns and set the City up for many more years of service.

Mr. Scoresby reviewed question #2 and question #3 in the informational handout, "Exhibit A" which outlines a breakdown of the scope of work. He explained this project would consist of constructing a new 1 million gallon storage tank and upgrading the transmission line to 16 inches. He also mentioned that the proposed project scope includes the construction of a new well and a generator that would improve redundancy in case one of the other wells goes down.

Ted Hendricks with East-Central Idaho Planning & Development Association (ECIPDA) next addressed the financing of the project. He explained his role is to analyze similar communities with similar projects and determine what the project will cost to considering current trends in constructions costs.

He reported the City of Iona qualifies for funding assistance in the form of a 30 year low interest 3% loan through the Department of Environmental Quality (DEQ). The citizens have the opportunity to vote during the revenue bond election which is scheduled for Tuesday, November 7<sup>th</sup>, 2017 to either authorize or disallow the City to borrow the money to fund this project. This would require a simple majority vote to pass.

He further explained if the bond passes, it would result in an estimated increase of \$19.00 per household in the monthly water bill. As more homes or users come into the community the rate could go down. The other thing that may impact the overall cost of the project depends is whether the construction bid comes in lower than they are anticipating.

Mr. Hendricks reported additional funding could become available through the Army Corps of Engineers. For example, the City of Driggs is in the middle of a similar water system improvement project and just received \$600,000 to go towards funding their project. If such additional funds are acquired, the monthly increase would likely go down. However, the states across the nation and the federal government have analyzed \$50 a month per resident for each separate utility for water and sewer to be affordable.

Mayor Andersen explained that when the scope of work was considered, the cost was based upon a worst case scenario and didn't take into consideration any other additional funding that could lower the overall cost of the project and thereby decrease the monthly impact upon each resident's water bill. He further expressed the City has done what they were able to do within the yearly budget, but when it comes to the big ticket items, such as the ones they are discussing tonight, there is not enough funding to get the water system where it should be. He then opened up the meeting for questions and comments from the public.

Citizen Dave Huntsman asked how much money was currently available in the City's water fund reserves account. Mayor Andersen responded approximately \$500,000.

Mr. Huntsman explained it was his understanding when the City raised the monthly water rate from \$23.00 to \$30.00 the purpose of the increase, along with funds from water connection fees, was to construct a new well.

Mayor Andersen responded funds have been set aside which is why the City currently has approximately \$500,000 in water fund reserves. Those funds can be used to go towards this project if the City Council decides to go in that direction. However, they also want to keep money in the reserve account in case of a main water line break or the opportunity to purchase additional water rights.

Mr. Huntsman asked Engineer Paul Scoresby to explain in more detail the outline of the new distribution lines and how they will loop into the existing system.

Mr. Scoresby explained the intention is to have the distribution line run further west on Telford Road and then loop north to the existing system in two locations.

Council President Gubler further explained the purpose of the monthly water rate is not to fund future water system improvement projects. Those funds are simply collected to operate and maintain the system as it exists. However, money collected from water connection fees is set aside for reserve purposes.

Mayor Andersen agreed with Council President Gubler and further explained the increase to the monthly rate was based on an analysis of how much it costs to operate the system on a monthly basis. He also discussed the history of the increase in water connection fees for new development which has allowed the City Council to put funds into the reserve accounts.

Citizen LeAnn Winder explained she referenced her daughter's utility bill for the City of Ammon for comparison purposes. She expressed with this potential cost increase of \$19 it will increase the monthly rate from \$30 to \$50. Once you add in the cost for sewer which is \$28 per month residents are paying nearly \$78 per month for their water and sewer utilities which is contrary to the figures shared by Mr. Hendricks earlier. She further expressed concerns of the bond having to be approved prior to them actually knowing the ins and outs of how it will affect each resident, and asked what guarantee residents have the City Council will decrease the impact if the project doesn't cost as much as anticipated.

Mayor Andersen expressed as Mr. Hendricks indicated if the City Council opts to use some of the reserve funds or receives a federal grant there is potential the impact to each resident will be reduced.

Council President Gubler further explained the cost of the project is an estimate only, and the City Council can only explore additional funding once they have approval of a revenue bond.

Mrs. Winder expressed she understood those conceptions, but she wants to know what the integrity level is of the City Council if the bid comes in less than anticipated. She asked if they would be willing to reduce the monthly impact for each resident.

Council Member Geray shared the proposed estimate with Mrs. Winder and explained if the bid comes less than anticipated it will decrease the monthly impact for each resident.

Mrs. Winder inquired if she could have a copy of the proposed estimate. Clerk Roberts indicated she would get her a copy of the document at the adjournment of tonight's meeting.

Council President Gubler further explained the City Council didn't want to get in a position as other communities have in which a cost is identified and once the project is started the price

increased resulting in them having to ask for additional funding from the community. This proposed estimate is based off of a worst case scenario.

Mr. Hendricks further explained a bond amount is not finalized until the completion of construction. If the project costs less the City Council can close out the bond for a lesser amount, but they do not have the authority to go any higher. He explained this type of loan funding does not have prepayment penalties. As more money from water connection fees comes into the systems and the cost is spread among more users there is ability for the City Council to pay things off before the 30 year term expires.

Mr. Hendricks explained it depends on each community's demographics whether they are eligible for other types of grant funding. Unfortunately, the City of Iona is not eligible for Community Block Grant funding from a survey which was completed a couple of years ago which determined the average household income exceeded the threshold for eligibility.

Mr. Hendricks expressed a community who has completed an improvement project has rates of \$50 or greater unless they have more users to spread the cost among. Generally speaking, it is not uncommon for residents to pay \$50 per utility (water and sewer). He referenced the City of Rexburg, Fremont County, and Teton County as examples.

Mrs. Winder expressed her water pressure was terrible where she lived and inquired if this project will help increase the pressure.

Council President Gubler expressed it should. Mayor Andersen advised Mrs. Winder it could possibly be build up in the service line which restricts flow and pressure quite frequently.

Citizen Bob Davenport inquired if the City Council considered doing the project in pieces rather than the entire project at once. Mayor Andersen explained when they first looked at this in 2009 the general consensus of the public and the council was they didn't want to pursue a revenue bond. As a result they took what funds were able in reserves to rehabilitate the existing tank, recommission well #3, and update to a SCADA system which provides real time monitoring of the system. The City Council has basically done everything with the funds available, and doesn't have enough money in reserves to complete the big ticket items which they have determined need to be completed together.

Mr. Davenport further inquired after these infrastructure improvements what the City Council sees as next items of business. Mayor Andersen responded hopefully nothing, but in the older sections of the community there are old main lines which may need to be updated in the future. Aside from that, the City Council is not anticipating anything at this time unless an opportunity to purchase additional water rights becomes available.

Mayor Andersen read a question submitted in writing by Citizen Sally Price who was unable to be present at tonight's meeting. Mrs. Price asked if the revenue bond passes for the water system improvement project does the City Council have any plans to use reserve funds to purchase water meters.

Mayor Andersen expressed a water committee was established of volunteer citizens to analyze and help address some of the different deficiencies in the system. As a result one of the options presented was water meters to curb consumption and strain on the existing system. However, after further discussion in town hall meetings it was made clear it was not a popular choice. He expressed he would let each member of the council speak for themselves, but it is understanding the City Council does not plan on installing water meters until they are forced by state regulations. The City has installed on a volunteer basis 23-30 meters as a means of collecting data on churches, businesses, and different size lots within the community so they have some data on the average consumption.

Council President Gubler expressed he was not interested in water meters at all.

Council Member Garren explained when the City Council conducted a community-wide survey they presented different options or tools which were available to help address the water system's deficiencies. He further explained water meters are one of those tools which tend to reduce usage. However, the survey results showed they are the unpopular option. He believes it is the Council's role to lay out the available tools, and ask the citizens which direction they would like to move forward.

Council President Gubler reported the survey results showed 83% were in favor of the City Council moving forward in the direction of pursuing a revenue bond to address the water system's deficiencies.

Citizen LeAnn Winder inquired how many of the new subdivisions coming in are receiving water services from the City of Iona, and asked where the City Council is anticipating growth from.

Council Member Geray responded none as they fall outside of the City limits.

Mayor Andersen expressed the City is anticipating growth north and east of the city limits since the City of Ammon is pushing from the west and the remainder of the growth is within the County.

Council President Gubler further expressed the anticipated growth would be in the City's Area of Impact.

In closing, Council Member Garren shared from his perspective this project will help solve several of the water system deficiencies as outlined in the planning studies. He explained during the summer months the City's pumping capacity is being exceeded. It would also create redundancy requirements in the system. As of right now, the community is vulnerable if one of the pumps goes down and they can't meet demand especially if there was a fire flow need. He further expressed although this could help with future development this project is intended to meet the needs of the community as it currently exists.

Mayor Andersen encouraged those present if they have additional questions or hear of other citizens in the community who have questions to advise them to contact a local elected official.

Meeting adjourned 8:00 p.m.

COUNCIL APPROVED: November 21<sup>st</sup>, 2017

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Brad Andersen, Mayor

ATTEST:

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Shara Roberts, City Clerk

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