

OFFICIAL IBSD MINUTES

AUGUST 24, 2011
IONA-BONNEVILLE SEWER DISTRICT (IBSD)
MONTHLY BOARD MEETING

Meeting called to order by Jason Blundell at: 7:00 p.m.

Board Members Present: John Price (Chairman, absent); Mike Klingler; Jason Blundell; Glen Clark; Kelly Howell

IBSD Staff: Cindy Wellman, Manager; Donna Bridges, Field Coordinator

Attorney: Tony Sasser, Sasser Law Office

Public: Shane Thomas, Eagle Eye Produce; Robert Larson, Eagle Eye Produce; Daniel Meda, Eagle Eye Produce; Kevin Harris, Forsgren; Lance Bates, Ammon Engineer; Marvin Fielding, Schiess & Associates; Keith Morse, patron; Patricia Morse, patron; Brenda Klingler, patron; Donald Acheson, Riedesel Engineering; Louise Street, Searle Hart & Associates; Farrell Steiner, Searle Hart & Associates

Agenda Items:

1. Riedesel Engineering, Donald Acheson – Introduction of engineering firm to District
2. Eagle Farms: Discussion of development agreement, connection fees and monthly fees
3. Midway/Eagle Interceptor update: Lance Bates, City of Ammon
4. Midway/Eagle Interceptor inspection reports to date: Schiess and Associates
5. Presentation of 2009 and 2010 IBSD Audit, Searle, Hart and Associates
6. Discussion regarding expansion of the City of Iona impact area
7. Announcement of board member resignation
8. Approval of minutes: 6/15/2011, 6/21/2011, 6/22/2011, 7/6/2011 and 7/27/2011
9. Payment of bills
10. Adjournment

Meeting minutes: For additional information, please reference the meeting recording.

00:00:00

Mr. Blundell asked if there were items to be added to the agenda. Ms. Wellman stated there were several items requested after the agenda was published that could not wait until the next meeting.

MOTION: Mr. Klingler made a motion to add items 3, 6 and 7. **MOTION SECONDED:** Mr. Howell seconded. **MOTION PASSED:** 3-0 (Yay: Mr. Klingler, Mr. Howell, Mr. Clark; Mr. Blundell abstains; Chairman Price absent)

00:01:20

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00:01:20 **RIEDEL ENGINEERING, DONALD ACHESON – INTRODUCTION OF
ENGINEERING FIRM TO DISTRICT**

Mr. Don Acheson with Riedesel Engineering introduced himself to the Board and gave a brief history of the firm. His firm is one of the engineering firms selected by the IBSD Board for engineering services. He specializes in municipal work.

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00:04:30 **EAGLE FARMS: DISCUSSION OF DEVELOPMENT AGREEMENT,
CONNECTION FEES AND MONTHLY FEES**

There have been some new developments since the Eagle Farms proposed connection was discussed at the previous monthly meeting. Eagle Farms has previously been approved for 10,000 gallons per day but has requested to have a provision in the development agreement for surges up to 50,000 gallons per day in case of system failure. Shane Thomas stated that they do not want to change what was presented previously and do not want this request to change what was previously approved.

Mr. Sasser stated that in discussions with Idaho Falls it was discovered that at 50,000 gallons per day Eagle Farms would be classified as a significant industrial user per EPA Standards. This would require a permit to be applied for with the City of Idaho Falls per EPA requirements.

Mr. Klingler stated that the Board previously agreed to 10,000 gallons per day and now the request is for 50,000 gallons per day, he does not believe that all the information from Eagle Farms is known and more information is needed so the Board can make a better informed decision.

Mr. Thomas stated that nothing has changed; the request is still for 10,000 gallons per day. They were just asking for a provision in the contract so they know what is allowed or not allowed. If it is not allowed they are okay with it. He had spoken with City of Idaho Falls regarding their requirements and was not aware of the EPA involvement.

Mr. Sasser stated the approval from the previous meeting had been up to 10,000 gallons per day so when the request was increased that triggered different requirements. He would like to have an engineer analyze this situation so there is a comfort level as to whether IBSD can handle the additional inflow.

Mr. Klingler stated he understands Eagle Farms has a problem and is trying to come up with a solution. He is concerned that by agreeing to accept Eagle Farms process water the IBSD system may be compromised in the future. He believes more information is needed, such as current and future needs, to make a decision.

The Board discussed the current operations at Eagle Farms and the capacity of the pumps on site and land application pivots. Eagle Farms stated they would construct whatever IBSD requested. Mr. Clark stated that the 10,000 gallons per day is roughly equivalent to a tanker truck and is not a large amount of flow. Mr. Harris stated that the volume is not the issue but the flow rate could be.

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Mr. Klingler stated that the rates determined at the previous meeting were based on the information previously stated. There are commitments to developments for homes yet to be built and he wants to make sure that IBSD is not over committing the capacity of the existing lines. Mr. Thomas stated that he is just trying to find out what Eagle Farms options are as the Development Agreement is drawn up. If options are denied that is fine, they just want to be clear on what is allowed and not allowed.

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Mr. Larson stated the only reason he asked for the additional flow was in case his equipment broke down and he needed to increase the flow. The 50,000 gallons per day would only be in the case of equipment failure. Mr. Sasser would like to have an engineer involved as due diligence so an informed decision can be made.

MOTION: Mr. Clark made a motion to get an IBSD engineer involved in order for a decision to be made. **MOTION FAILED:** No second.

Mr. Larson described some of the procedures Eagle Farms has put in place to reduce the water usage. He offered to have the Board visit the facilities to see what is being done to use less and recycle water.

Mr. Clark stated that an agreement was made to receive 10,000 gallons per day and he believe IBSD should proceed with this and look at the additional amounts. Mr. Sasser stated that it was agreed to at the previous meeting but a Development Agreement has not been signed.

Mr. Klingler stated he would like to have a policy for industrial users put together before proceeding with this connection. Mr. Howell stated that the Board has agreed to the connection and the rate to charge. Mr. Klingler would like the development agreement to have provisions that limit use.

MOTION: Mr. Klingler made a motion to engage Schiess and Associates to look at the connection of Eagle Farms and the issues related to connecting to the IBSD system as well as looking at and developing an industrial user policy. **MOTION SECONDED:** Mr. Howell seconded. **MOTION PASSED:** 3-0 (Yay: Mr. Klingler, Mr. Howell, Mr. Clark; Mr. Blundell abstains; Chairman Price absent)

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Mr. Thomas stated that they had not previously known that amounts greater than 25,000 gallons per day triggered the EPA being involved. They would like to amend the request of wanting up to 50,000 gallons per day since they do not want the additional requirements.

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MIDWAY/EAGLE INTERCEPTOR UPDATE: LANCE BATES, CITY OF AMMON

Mr. Lance Bates addressed the Board with an update of the Midway/Eagle interceptor project. He stated that things are going well on the project, they have made it through the school property and sod has been replaced for the school. There have been several conflicts with water lines being in different locations as well as a sewer line that was not shown on the plans which will

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require that a proposed line be constructed in a different location on Western Avenue. He has spoken with the City of Idaho Falls and made changes to the proposed installation but this will not affect the IBSD line.

00:51:45

00:51:45 **MIDWAY/EAGLE INTERCEPTOR INSPECTION REPORTS TO DATE:
SCHIESS AND ASSOCIATES**

Mr. Marvin Fielding with Schiess and Associates addressed the Board stating that Mr. David Schiess has been onsite and submitting reports regarding the Midway/Eagle Interceptor project. Ms. Wellman asked the Board for their opinion on the detail of the reports submitted thus far.

Mr. Blundell stated he was fine with the reports submitted but had questions regarding the number of photos submitted. He also had concerns regarding the compaction for an area that was flooded due to a busted water main. Mr. Bates stated he is satisfied with the compaction and will submit the reports from their full time inspector as well.

A sample of the pipe is available in the office. Mr. Harris stated that other than the unidentified utilities encountered the installation has been going well.

00:56:55

00:56:55 **PRESENTATION OF 2009 AND 2010 IBSD AUDIT, SEARLE, HART AND
ASSOCIATES**

Mr. Farrell Steiner with Searle Hart and Associates presented the audits for 2009 and 2010. He stated the accounting system in place at this time is excellent. The controls in place are good so he does not have a lot of recommendations. He stated that the approach to an audit is to take a general overview and look at things in detail if things stand out as potential issue. He discussed current investments, controls, revenues, expenditures, financial statements and accounts receivable as detailed in his report.

He stated the audit is "qualified" since the beginning balance from 2008 cannot be verified as accurate. He included a statement in the audit stating that the net assets are shown as shareholder equities which is not in compliance with accounting procedures. Since the beginning balance cannot be verified he is stating the financial statements balances are an opinion and unqualified.

Mr. Steiner reviewed and discussed the report with the Board. The major changes have been the acquisition of the building and lots. The beginning of 2009 shows a significant refund to builders for connection permits. The investments and assets are all listed and authorized by state statute.

The back of the audit has an opinion letter that is required by the Government Accountability Office for control procedures. Mr. Steiner stated that he noted only one finding related to the beginning balance reported previously. This will not be included in the next audit. He also stated that a risk statement is usually included but he did not since the current accounting and management is well qualified.

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He stated that he is appreciative of the cooperation received during the audit and that he did not have any problems collecting the needed information and data.

His recommendations to the Board are to establish a budget, even though it is not required, and to establish written guidelines and procedures regarding internal controls and fees. He is also recommended an employee manual be created to assist management of employees. Other than the beginning balance being questionable he did not find any issues with the audit.

The Board stated now that financial information is available, a budget can and will be created. Mr. Blundell agreed to put a draft of a budget together for Board review and input.

Mr. Klingler thanked the manager for the attention to detail and good work she and the staff have done. Mr. Klingler stated that the Board has approved the purchase of a new computer server but this has not been done yet.

01:28:55

01:28:55 **DISCUSSION REGARDING EXPANSION OF THE CITY OF IONA IMPACT AREA**

Ms. Wellman stated that Chairman Price asked to have this item discussed at the meeting. The City of Iona is looking to expand the City's impact area. In order to do this Bonneville County is requesting that sewer service be available in the expanded areas but the City of Idaho Falls has limited the service area for IBSD. He is asking someone from the Board to meet with the City of Iona, the City of Idaho Falls and possibly Bonneville County to discuss this and bring the information back to the Board.

MOTION: Mr. Clark made a motion to have Mike Klingler represent the Board in meetings to discuss City of Iona impact area expansion. **MOTION SECONDED:** Mr. Howell seconded. **MOTION PASSED:** 3-0 (Yay: Mr. Klingler, Mr. Howell, Mr. Clark; Mr. Blundell abstains; Chairman Price absent)

01:32:00

01:32:00 **ANNOUNCEMENT OF BOARD MEMBER RESIGNATION**

Mr. Klingler stated that John Price is expected to resign from the Board the end of September. He will be leaving the country so will not be able to finish his term.

MOTION: Mr. Klingler made a motion to include John Price's resignation in a newsletter to be sent with invoices in September. This announcement will request anyone interested in being on the Board submit a letter of qualifications by September 21st and attend the meeting on September 28th. **MOTION SECONDED:** Mr. Howell seconded. **MOTION PASSED:** 3-0 (Yay: Mr. Klingler, Mr. Howell, Mr. Clark; Mr. Blundell abstains; Chairman Price absent)

01:37:40

01:37:40 **APPROVAL OF MINUTES: 6/15/2011, 6/21/2011, 6/22/2011, 7/6/2011 AND
7/27/2011**

Mr. Sasser stated the minutes on July 6th states the meeting was called to order at 11:00 a.m. but needs to be changed to 4:00 p.m. Mr. Klingler asked that the note on the second page be expanded to include "at the request of Bonneville County therefore IBSD was not aware of the service request. Bonneville County has agreed to notify IBSD in the future of this kind of service." Mr. Blundell stated the time needs to be corrected for the meeting on June 15th.

MOTION: Mr. Klingler made a motion to approve the minutes as amended for June 15, 2011, June 21, 2011, June 22, 2011, July 7, 2011 and July 27, 2011. **MOTION SECONDED:** Mr. Clark seconded. **MOTION PASSED:** 3-0 (Yay: Mr. Klingler, Mr. Howell, Mr. Clark; Mr. Blundell abstains; Chairman Price absent)

01:40:20

Ms. Brenda Klingler requested to make a public comment. She stated that in a time of deficits and debts she appreciates the way the District is being ran with a surplus of funds. She also commented on how surprised she is that the news media is not here to cover the audit and how well IBSD is doing.

01:41:20

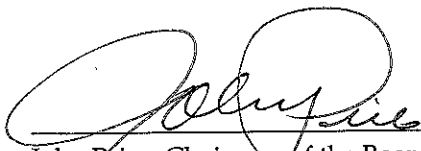
01:41:20 **PAYMENT OF BILLS**

MOTION: Mr. Howell made a motion to approve the bills as presented. **MOTION SECONDED:** Mr. Clark seconded. **MOTION PASSED:** 3-0 (Yay: Mr. Klingler, Mr. Howell, Mr. Clark; Mr. Blundell abstains; Chairman Price absent)

01:55:20

01:56:20 **ADJOURNMENT**

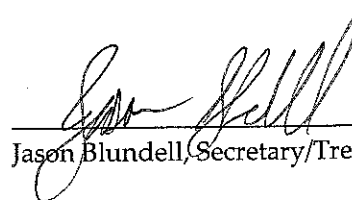
The meeting Adjourned at 9:00 p.m.



John Price, Chairman of the Board of Directors

9-26-2011

Date



Jason Blundell, Secretary/Treasurer

9/28/11

Date