

OFFICIAL IBSD MINUTES

DECEMBER 13, 2017
IONA-BONNEVILLE SEWER DISTRICT (IBSD)
SPECIAL BOARD MEETING

Board Members Present: Brady Belliston (Chairman); Robert Esplin; Jeff Miner; Kurt Nelson

IBSD Staff: Marina Meier, Manager; Donna Bridges, Field Coordinator

Attorney: Tony Sasser, Sasser Law Office

Public: Chris Canfield, City of Idaho Falls Assistant Public Works Director

Agenda Items:

1. City of IF Rate Increase

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

Meeting called to order by Chairman Brady Belliston at: 6:00 p.m.

00:00:00 **CITY OF IF RATE INCREASE**

Mr. Esplin stated that he met with the IBSD staff and engineers to analyze the rate increase from the City of Idaho Falls. He has two issues; the first being how the rate is determined by the City and the second is how much money does IBSD need in reserves. The majority of the system was installed in the 1970s and sections are starting to show wear. The design life is typically 50-years and the system is nearing this period which means there may be areas that need to be replaced. Mr. Esplin would like to have enough in reserves, so that in the event of repairs and replacement of the system, loans or increases in fees to patrons are not required.

Mr. Esplin referenced the contract between Idaho Falls which he believes is vague. He believes the intent of the contract is that IBSD will not pay more than what an Idaho Falls customer would be charged. However, the rate they are charging is based on the cost to Idaho Falls, not what their customer pays. In future contracts he would like to see the cost basis to be clearer.

Mr. Canfield stated that the City evaluates their costs annually. A study of costs is performed every 5 years. The City is not allowed by law to make more than they charge but this can be a moving target in making sure the expenses align with the income. Mr. Esplin's concern is that big expenditures by the City, that do not benefit IBSD, could be unfairly passed to IBSD. He believes IBSD would be better protected by basing the charge on the cost to customers. Any increase greater than 5% requires a public hearing.

00:22:00

The Board discussed the cost basis information provided by the City of Idaho Falls. Mr. Canfield stated that projects are identified in their capital reserve plans and specific funds are reserved for

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each project. There is not just a general reserve fund. Mr. Esplin wants to make sure that IBSD does not pay for projects that they do not receive benefit.

00:39:00

Mr. Esplin stated the next question is how much should IBSD be saving and charging our patrons. The current charge is \$28.00 per residential customer. The treatment charge per customer has decreased from the 2011 Facility Planning Study to current. This is believed to be due to the increased customer base which lowered cost per customer in addition to factors such as new construction that does not yet contribute to the system and lower per household numbers.


Mr. Esplin stated that he would like an engineering study to look at how much is needed in reserves. He would like to hire Forsgren & Associates to look at this and prepare a financial analysis. Ms. Bridges stated that repairs have been made to the most critical sections as well as all the manholes. She maintains a repair list of sections that will be looked at again in 5-10 years.

MOTION: Mr. Esplin made a motion to hire Forsgren & Associates to produce a report detailing expected capital improvement expenditures based on the next 5-10-15 years for the purpose of estimating required capital reserves. **MOTION SECONDED:** Mr. Nelson seconded. **MOTION PASSED:** 4-0 (Yay: Mr. Belliston, Mr. Esplin, Mr. Miner, Mr. Nelson)

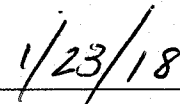
00:54:40

00:54:40 **ADJOURNMENT**

The special meeting adjourned at 7:01 p.m.



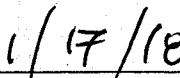
Brady Belliston, Chairman of the Board of Directors



Date



Robert Esplin, Secretary/Treasurer



Date