

MINUTES

**JOINT MEETING
MCCALL CITY COUNCIL &
MCCALL AREA JOINT WASTEWATER ADVISORY GROUP
Payette Lakes Recreational Water and Sewer District
Conference Room
March 17, 2016**

Agenda

Call to Order and Roll Call

Work Session

Adjournment

CALL TO ORDER AND ROLL CALL

Advisory Group Members

Nathan Coyle, McCall City Manager; Peter Borner, McCall Public Works Director; Nic Swanson, McCall City Council Member; Jackie Aymon, McCall City Mayor; Dale Caza, PLRWSD Operations Manager; Jamie Melba, PLRWSD District Administrator; Rick Skelly, PLRWSD Board Member; Jerry Vevig, PLRWSD Board Chairman.

Mr. Swanson called the meeting to order at 1:00 p.m. All members were present.

Also in attendance were Mr. Gigray, White Peterson special Project Legal Counsel; John Hucks, PLRWSD Legal Counsel; Marcia Witte, McCall City Council Member; Scott Wenger, SPF Engineers; Linda Stokes, McCall City Treasurer; David Watkins, J-U-B Engineers; and Christian Anderson, Zions Public Finance Vice President. Nick Miller, Hawley-Troxell Bond Counsel, was in attendance by telephone.

WORK SESSION

Open Discussion/Public Comment

Mr. Swanson asked for open discussion or public comment. There was none.

Mr. Swanson acknowledged the efforts of former City Manager Gene Drabinski, now deceased, who was influential in the formation of the JWAG and reconciling the working relationship between the City and District.

Approval of Minutes

Ms. Aymon moved to approve the minutes of the October 21, 2015 meeting, it was seconded by Mr. Coyle, and the motion carried.

Financial Planning Updates

A. Rate Study Status - A contract is being negotiated with FCS Group to do a rate study for both the City and District. The scope of work includes a rate study for the city, a rate study for the district, and a rate proposal for a consolidated entity. Mr. Gigray requested that it include an analysis of specific obligations to certain rate payers with regards to existing bonds, to provide information needed for creating a sub-district in the annexation agreement. Ms. Melbo stated that analysis was included in comments to FCS Group.

B. Plan and Timeline to pursue bonding for investment - Funds for construction of the piping and site improvements for implementation of the reuse permit have been projected to be ten million dollars. The only other requirement for the reuse permit is functioning sand filters at the treatment plant; those costs for repair are in the analysis being completed by SPF Engineers for the city. The deadline to be in compliance with the reuse permit is the start of the 2018 irrigation season, which means the construction window is spring through fall of 2017. Options for funding include bonds or low-interest loans through IDEQ or USDA Rural Development.

Discussion followed regarding whether to pursue judicial confirmation for ordinary and necessary expenditures under a mandate from IDEQ or an election to approve the debt. Nick Miller of Hawley-Troxell contributed information to the group regarding the judicial confirmation process. It might be feasible to petition the court and have a decision by August, if negative, and then there would still be time to hold an election. He explained that it takes a minimum of four months for the judicial process. The rate study is not critical to a judicial confirmation, but the dollar amount of the project to be validated is. Mr. Coyle suggested that to keep the option of judicial confirmation open, other identified improvements at the wastewater treatment plant that aren't necessary for reuse compliance could be funded in other ways.

C. Discussion of timing and coordination of proceeding with annexation and judicial confirmation or election for bonds - Mr. Gigray asked who the petitioner would be for the judicial confirmation, would it be after annexation and the district petitions as a whole with the annexed city, or if prior to completion of annexation, would both entities be the petitioner? Mr. Swanson suggested the annexation could move forward and be complete by early July, and the bond application and judicial process would be streamlined under the sewer district. Mr. Gigray did not think annexation could be accomplished that quickly. The legislation will not go into effect until July 1, assuming the governor signs it.

Nick Miller stated that it is possible to do a joint petition to the court. Typically the owner who will incur the debt is the petitioner. Mr. Gigray suggested it's possible if there was an election for annexation that it might fail, therefore, if the petition to the court needed to be filed before the annexation was final, it should be petitioned jointly. If annexation was successful, the agreement would take care of the obligations for payment of the debt. Nick Miller stated that because of the urgency of getting the improvements built, the joint petition may be necessary, even though it complicates the process.

Mr. Coyle inquired about the timeline for a judicial confirmation. Nick Miller will provide one for the group. He outlined the process, defining which parts need to happen first, and which pieces can be gathered during waiting periods. The project description is the first piece needed to initiate the process. The goal would be to have the court decision in time to file the necessary paperwork for an election in November if the petition is denied.

Mr. Swanson asked the group if they were in favor of starting a joint judicial confirmation process. It was agreed. Nick Miller requested that more detail on the project be provided to him so he can assess the reasonable likelihood of a successful petition. David Watkins will provide the reports J-U-B has generated as well as correspondence with IDEQ and the draft reuse permit.

Other priority considerations are to request a compressed time frame from the consultants for the rate study. Mr. Caza will follow up with FCS Group. Mr. Coyle suggested discussion of cost-sharing for the improvements occur with both governing boards soon. Mr. Swanson would like a realistic estimate for timing to complete annexation. Ms. Aymon proposed getting information out to the public as soon as possible.

Legal Update

A. Status of Legislative Proposal Process - Legislation is on its way to the Governor, being passed unanimously by both the House and the Senate. Thank you notes to Representative Gestrin and Senator Siddoway for their support of the Mr. Gigray are in order. Mr. Coyle thanked Mr. Gigray for his efforts in drafting the Mr. Gigray and presenting it to the committees.

B. Update on Consolidation Planning Efforts and Review of Completed Tasks- Mr. Coyle reviewed the annexation tasks delineated in Mr. Gigray's report of August 4, 2015. Part 1, Subject area for annexation has been completed. Part 2, Judicial review of effective judgments pertaining to either the city or the district has been completed. Part 3, Identification and review of agreements and advisory groups between the entities has been completed. Part 6, Identification of permits for operations of the sewerage systems, and contact with regulatory agencies for transfer process has been completed. Part 5, Fees and charges will be completed through the rate study by FCS Group. Part 7, Finances and obligations pertaining to the city's sewer funds and bonds is in progress, as is Part 4, Ordinances and regulations. Part 8, Personnel and Part 9, Facilities and equipment, will be undertaken next.

Mr. Swanson commented on Part 11, Post-annexation operations agreement provisions, listing topics concerning establishing director zones to guarantee political representation; coordination with city streets or other public works improvements; anticipating and facilitating growth, densities and rezoning both within city limits and in the impact area, requirements for annexation into both the city and district for new developments. Ms. Melbo identified concerns about existing sewer systems, both city and district, and comprehensive planning policies that are advocating infill. Mr. Gigray recommended compiling a list of any future operational needs such as these and any others that may arise to be included in the agreement.

C. New Timeline of Annexation Based on Status - Mr. Coyle suggested that the JWAG should meet more often. He thinks it would be reasonable to have a proposal for annexation by July. It was agreed that was a workable timeline.

Wastewater and Reuse Planning

A. The recommended reuse alternative and costs were discussed earlier. Alternative 2, installing a new pipeline, at a projected cost of ten million dollars, has been approved by both the district board and city council.

B. Recommended treatment plant improvements and costs - Mr. Swanson mentioned that the SPF Engineers' analysis of needed improvements include aeration equipment, a headworks building, solids removal, and alternatives to the existing sand filters. Mr. Gigray warned that

only items that are absolutely necessary will meet the strict requirements for a judicial confirmation. Mr. Swanson suggested that the rate study may identify other methods to fund future capital improvements. David Watkins stated that DEQ regulations require a planning document for any major modifications, and there isn't sufficient time to complete one for the wastewater treatment plant prior to finalizing the reuse permit. He has included sand filter repair activities in the Preliminary Engineering Report and those activities will be included in the total project costs. Scott Wenger, SPF Engineers, explained the inclusion of other upgrade components in his analysis, his intention being to fortify the process of treatment to produce the class of effluent required for the reuse permit. Mr. Caza pointed out that the sand filter requirement in the permit was to satisfy the Department of Agriculture to allow zero-day waiting periods for grazing. David Watkins verified that the requirement in the permit is that the treated effluent has to pass through a sand filter. There may be justification for solids removal as it is a known issue.

Mr. Swanson inquired about the condition of the winter storage pond. Mr. Borner explained that a DEQ grant was received to study leakage from the pond. A groundwater monitoring plan and quality assurance plan have been submitted to DEQ, who have returned them with comments which are now being addressed. Additional monitoring wells will be installed later this spring. A year of testing will look at water quality in the river above and below the pond. At that point, DEQ will determine what remedies are required. David Watkins added that if annexation occurs, DEQ has said the compliance activities for the storage pond will be incorporated into the reuse permit instead of a separate 4th Amended Consent Order issued to the city.

Upcoming Meetings

Mr. Coyle reviewed his prioritized list. A city/district staff meeting is planned next week with engineers to refine the necessary improvements for the reuse permit and treatment plant; this information will be given to Nick Miller for his review of judicial confirmation feasibility. A communications template is being developed by city staff, and as details are finalized it can be utilized in conjunction with help from Tom Grote at the Star News to begin public awareness and education. The personnel task can be accomplished in the near term as well. Mr. Swanson suggested bi-weekly meetings to keep moving forward with the tasks and decisions in front of the group; March 31 was agreed upon. Mr. Gigray will begin a draft of the annexation agreement, at least the basic structural framework.

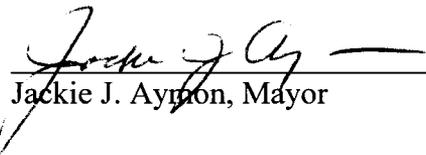
ADJOURNMENT

Mr. Borner moved to adjourn the meeting, it was seconded by Ms. Melbo, and the motion carried.



ATTEST:


BessieJo Wagner, City Clerk


Jackie J. Ayrton, Mayor