

WHAT YOU SHOULD KNOW ABOUT THE BELLEVUE WATER BOND

City of Bellevue Drinking Water Improvements Project Q&A



COMPLIANCE AGREEMENT

Q. What is a compliance agreement?

A. A compliance agreement is a legally binding agreement between the Idaho Department of Environmental Quality (IDEQ) and the public water system (PWS) that establishes timelines and milestones for compliance.

Q. Why does the City have a compliance agreement with IDEQ?

A. The City has a compliance agreement with IDEQ because there were 14 "Significant Deficiencies" identified in the City's 2021 Sanitary Survey that do not meet the state or national drinking water system requirements, placing public health and safety at risk.

Q. When did the City enter into a compliance agreement with IDEQ?

A. The City entered into the compliance agreement on February 4th, 2022. The City completed some of the Significant Deficiencies identified but were unsuccessful in achieving all before the compliance deadline. An amended compliance agreement was subsequently signed on March 14, 2024.

Q. What are the requirements and deadlines included in the amended compliance agreement?

A. A copy of the requirements and deadlines are shown in the table below. It is significant to note the deadline of May 31, 2024 to hold the bond election.

Requirement	Paragraph	Deadline
Public Notification/CCR	8.a.	No later than July 1 annually and as required
Assessment Source Water Monitoring	8.b.	Continuing monthly for no less than twelve months
Complete GWUDI evaluation (As Deemed Necessary)	8.c.	As soon as practical after modification/construction of spring source(s)
Schedule and Attend Meeting w/Department (As Deemed Necessary)	8.d.	30 days after GWUDI determination
Procure land access	8.e	March 31, 2024
Hold bond election	8.f.i.	May 31, 2024
Submit Preliminary Engineering Report (PER)	8.f.ii.	September 30, 2024
Submit Plans and Specifications if not already included in PER	8.f.iii.	December 31, 2024
Solicit bids for construction	8.f.iv.	March 31, 2025
Schedule and Attend a Conference with Department (as Deemed Necessary)	8.f.v.	April 30, 2025
Begin construction.	8.f.vi.	May 31, 2025
Complete construction.	8.f.vii.	December 31, 2026
Submit Operation and Maintenance manual.	8.f.viii.	Within 30 days of completing construction.
Submit Record Plans and Specifications.	8.f.ix.	Within 30 days of completing construction.
Project completion	9.	March 31, 2027

Q. Can I get a copy of the compliance agreement?

A. Yes, anyone can request a copy of the compliance agreement from IDEQ through a formal public records request. A link to the document can also be found on the City's main page: [Bellevue, Idaho \(bellevueidaho.us\)](http://bellevueidaho.us).

Q. Why doesn't the City just wait for an emergency and IDEQ will pay for repairs?

A. The City entered into a compliance agreement with IDEQ that requires actions on the part of the City by the deadline dates. If the City chooses to not complete the required compliance activities, emergency monies are not available to the City. City inaction may cause the State to pursue the City legally and the City may be responsible for civil penalties that could occur as a result of continued noncompliance. IDEQ is not responsible for emergency repairs that are a result of required improvements.

CURRENT SYSTEM

Q. What are the current existing drinking water sources of supply?

A. The City has three sources of supply: one spring collection system and two groundwater wells.

Q. What is the current condition of the spring collection system?

A. The current condition of the spring collection system is deficient, as evidenced by the multiple significant deficiencies identified in the IDEQ Sanitary Survey, and resultant compliance agreement. Several facilities within the springs collection system are not sealed to protect the drinking water from potential sources of contamination or pests, as required by State regulations, and is susceptible to surface water contamination, and is beyond its useful design life.

Q. Why is the spring source important?

A. The spring is the primary source of water supply for the community water system. The spring requires no pumping to collect and convey water to the community; it is all gravity fed.

Q. What are the conditions of the City's water right for the spring supply?

A. The spring water right has an 1880 priority date authorizing a diversion rate of up to 3.0 cubic feet per second, approximately one-third of the City's total water rights.

Q. Does the water right guarantee City access to the spring water?

A. No, the water right authorizes the City to use the spring as a water source, but the water right does not provide physical access to the property the springs is located on.

Q. Does the City have legal access to the property the springs and associated conveyance pipeline are located on?

A. No, the City does not own or have legal access to the property the springs and pipeline are currently located on for operation or maintenance activities. A portion of the project cost is dedicated to acquiring appropriate access through either ownership or easements to the springs and pipeline.

Q. Why doesn't the City just abandon the spring?

A. At least one new groundwater well would be required to provide adequate supply to the City if the spring were to be abandoned. The well(s) would be a capital expense to the City and require a new pumping facility to convey water into the City's water system resulting in higher operational expenses. A new water right to allow construction and use of a new well would also be required.

PROPOSED PROJECT

Q. Does the proposed project address the IDEQ compliance agreement requirements?

A. Yes, the proposed project will address compliance agreement requirements.

Q. Will the project be completed within the compliance agreement deadline?

A. Yes, the proposed project will be completed within the deadlines outlined in the compliance agreement if the Bond is passed in May 2024.

Q. What is included in the proposed project?

A. There are five main components that include: the Seamans Creek New Springs Collection System, the Seamans Creek Springs Transmission Main Reconstruction, Highway 75 Watermain Improvements – Phase 1, Leak Detection, and Seamans Creek Springs land purchase and easements.

Q. Why is the project important?

A. The proposed water project includes public health and safety measures to protect the integrity of the springs, replace aging components, and secure long-term access for construction, operation, and maintenance of the infrastructure necessary to continue use of the springs. Without the improvements included in the proposed project, the City will not be able to comply with the actions required in the legally binding compliance agreement.

Q. Why is the project important?

A. The proposed water project includes public health and safety measures to protect the integrity of the springs, replace aging components, and secure long-term access for construction, operation, and maintenance of the infrastructure necessary to continue use of the springs. Without the improvements included in the proposed project, the City will not be able to comply with the actions required in the legally binding compliance agreement.

Q. If this project is about public health and safety, then why is the Highway 75/Main Street improvements part of this project?

A. Sections of the distribution system pipeline along Highway 75 consist of 4-inch and 6-inch piping that is undersized, aged, and consists of metal materials. The Idaho Transportation Department intends to expand Highway 75 and the City plans to replace those 4 and 6-inch sections of piping with new 12-inch pipe as part of the highway expansion project. Incorporating pipe replacement into the highway expansion project will save considerable cost and coordination efforts with the State to complete.

Q. Why is only a small section of the Highway 75/Main Street included in this project? What about the rest of the existing pipeline in Highway 75/Main Street?

A. The Idaho Transportation Department will complete the Highway 75 construction project in phases. Phase 1 highway pipeline replacement will focus on coordinating with the initial stages of highway construction. Future highway pipeline improvements will be planned and completed as the subsequent phases of the State highway project are defined.

Q. Where can I find the details of the proposed project?

A. The proposed project is detailed in the 2023 water facility plan. A copy of the facility plan can be found on the City's main page: [Bellevue, Idaho \(bellevueidaho.us\)](http://bellevueidaho.us). On the upper right of the City's website, the following statement will direct you to the facility plan: "The City of Bellevue's Drinking Water "Technical Draft" Facility Plan was Approved by the Idaho Department of Environmental Quality (DEQ) by Jeff Kennedy, E.I., Water Quality Engineer, on December 22, 2023. The approved plan is available below. [City of Bellevue Drinking Water Plan \(Approved by DEQ 12.22.23\)](#)" When selecting the facility plan on the City's main page, a new page will open with the following link: [City_of_Bellevue_DW_Facility_Plan_\(Approve_by_DEQ\).PDF \(bellevueidaho.us\)](#).

PROJECT COSTS

Q. What is the cost of this project?

A. The opinion of probable cost of the proposed project is \$9,600,000.

Q. What if the project costs more?

A. The City is actively pursuing additional water project funding that could be used to cover increases in project costs if necessary.

PROJECT FUNDING

Q. How is the City going to pay for the project?

A. The City is proposing to pay for the project with a loan and grant.

Q. Is there a loan and a grant in place?

A. There is no loan or grant in place currently. The IDEQ has offered \$9,600,000 to the City through its State Revolving Fund (SRF) program. The proposed funding package includes a \$6,295,163 low-interest loan and a \$3,304,837 Leading Idaho Funds (LIF) grant.

Q. What is the term and rate of the proposed loan offered from IDEQ?

A. The terms of the loan offered from IDEQ includes a fixed annual interest rate of 2.5% for a 20-year term.

Q. Does interest start accumulating on the total IDEQ loan portion when the agreement is signed?

A. No, interest accrues once the draws are made on the loan over time.

Q. Is it possible that the City could lose the funding offer from IDEQ?

A. Yes, if the City water bond is not passed, it is possible that the City could lose the funding offer because IDEQ requires a bond be in place before it will execute the funding agreement.

Q. Why can't the City take the LIF grant portion from IDEQ only?

A. IDEQ requires the City accept the funding offer as a loan-grant package.

Q. Why hasn't the City pursued other grants or other loans?

A. The City has been pursuing other forms of project funding by talking with federal and state agency staff.

RATE IMPACT

Q. I read that our rates will increase from \$35.05 to \$64.08 a month to pay for the project! How does the City respond to this?

A. The City will raise rates incrementally, and not at once, to pay for the improvements. The incremental increases will likely be taken annually for the next three years. Rate increases will follow Idaho Code requirements.

Q. Does the full \$6,295,163 loan offered have to be taken all at once?

A. No. If the City can procure other grants or the project costs are less than estimated; the full loan does not have to be drawn on.

Q. When does the loan have to be paid back?

A. Loan repayment begins six months after the project is completed and the loan closes. The loan is a 20-year term for repayment. The City can repay the loan earlier without any fees.

Q. Will City customers pay the same amount for the debt that is drawn?

A. Yes, all customers will pay a portion of the total drawn debt amount, which will be included in a future monthly user rate once the loan is closed, and repayment begins.

Q. Is the bond and rate increase going to create a “slush fund” that City Council can then use for other projects or other departments?

A. No, the bond and rate increase cannot create a “slush fund”. Idaho Code requires that publicly owned waterworks operate in a self-sufficient manner, for the use and benefit of those served by such works, and pay for the operation, maintenance, and improvements of the publicly owned waterworks. Idaho Code prohibits publicly owned waterworks from being a source of general revenue to the City.

Q. When will the grant be used to fund the project?

A. The grant will be used to first cover the costs of the project. Once the grant is depleted, the loan will then be used to cover costs. This approach will reduce interest charges for the loan.

CITY DEBT

Q. I have seen the following statement on the City's website, the City's brochure, and in the newspaper, “As of May 21, 2024, the total existing bonded indebtedness of the City, including interest accrued, is \$0.00.” Yet, I know that the City has debt on its sewer facility. Why isn't the sewer debt included in this statement?

A. The statement, as written, is legally required on any City publication, including the ballot and ordinance and any document that mentions the revenue bond election. Legally the City cannot add “drinking water system” to the ballot, ordinance, or any other document. However, the law DOES allow the City to be able to explain that there is no existing general obligation bond indebtedness, which is what is required to be disclosed. The statement is only inclusive of the drinking water system. There is currently no loan and no previous debt on the drinking water system. Although the City does have debt on its sewer system, the sewer system is not a part of the drinking water system nor the drinking water revenue bond election.

Q. Why doesn't the City pay off the sewer debt first before taking on more debt through the water project?

A. The City is under a compliance agreement with IDEQ for its drinking water system and the improvements must be made within the next three years according to the agreement.

BOND ELECTION

Q. What is a revenue bond?

A. A revenue bond is a bond supported by a dedicated revenue stream, which does not include taxes.

Q. Isn't a revenue bond the same as a general obligation bond?

A. No, a general obligation bond is supported by a dedicated tax levy.

Q. How come a revenue bond only requires a simple majority vote (50%+1) for approval?

A. Article 8 Section 3 of the Idaho Constitution provides an exception from the 2/3 vote requirement for certain revenue bonds including "water systems, sewage collection systems, water treatment plants, sewage treatment plants, and may rehabilitate existing electrical generating facilities" and instead requires a majority vote.

Q. Is there another legal mechanism that the City can pursue if the bond is not approved?

A. If the bond fails, the City could potentially seek a judicial confirmation, which is a very long and costly process. The judicial confirmation process would require the City to prove that the project is ordinary and necessary, not requiring a vote of the community. Instead, the City prefers to place the decision in the hands of the community through the revenue bond process.

Q. If IDEQ has only offered \$6,295,163 in loan then why is the revenue bond set for \$7,000,000 (a \$704,837 difference)?

A. The City elected to set a revenue bond for \$7,000,000 to allow for future unknown factors such as inflation, unknown material costs, etc.

Q. Does IDEQ have \$704,837 available in SRF loan dollars to cover the difference?

A. Typically IDEQ has residual SRF loan dollars that are reserved for unknown cost impacts. At this time, the City has not entered into a funding agreement with IDEQ so that difference is not yet identified. The City can't enter into a funding agreement with IDEQ without a bond in place.

Q. Why does the revenue bond election have to be held by May 2024?

A. The City is required to run the bond election in May 2024 per the IDEQ compliance agreement and prior to July 1, 2024, which is the due date on the proposed funding offer. If the funding agreement is not executed before July 1, 2024 the City risks losing the funding package offered by IDEQ.

BOND ELECTION DOCUMENTATION

Q. Where can I find a copy of the bond election ordinance?

A. A copy of the bond election ordinance can be found on the City's main page: [Bellevue, Idaho \(bellevueidaho.us\)](http://bellevueidaho.us). On the upper right of the City's website, the following statement will direct you to the bond ordinance: "BOND ORDINANCE 2024-01 | UP TO \$7,000,000 NEGOTIABLE WATER REVENUE BONDS. The approved ORDINANCE 2024-01 is available below. [BOND ORDINANCE 2024-01 - Up to \\$7,000,000 Negotiable Water Revenue Bonds](#)". When selecting the bond election ordinance, a new page will open with the following link: [Ordinance_2024-01 - Bond_Election_Ordinance_\(drinking_water\)_executed.pdf \(bellevueidaho.us\)](#).

Still have questions? Please reach out to Mayor Chris Johnson for more information
at cjohnson@bellevueidaho.us or 208-309-0656