

MINUTES  
**HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE  
AND  
HOUSE LOCAL GOVERNMENT COMMITTEE**

**DATE:** Monday, April 26, 2021

**TIME:** 1:30 P.M.

**PLACE:** Room WW02

**MEMBERS:** Chairman Ehardt, Vice Chairman Wisniewski, Representatives Vander Woude, Horman, Scott, Amador, Armstrong, Furniss, Hartgen, Lickley, Young, Adams, Yamamoto, Chew, Necochea, Nash

Chairman Mendive, Vice Chairman Kingsley, Representatives Barbieri, Clow, Christensen, Bundy, Erickson, Galloway, Nate, Skaug, Weber, Berch, Green (Morales), Davis (Burns)

**ABSENT/  
EXCUSED:** Rep. Horman, Young, Nash, Kingsley, Barbieri, Christensen, Erickson, Skaug, and Green

**GUESTS:** MaryAnna Peavey, Jerri Henry, DEQ; Stuart Hurley, Tim Farrell, Mountain Waterworks

**Chairman Ehardt** called the meeting to order at 1:31 p.m.

**Chairman Ehardt** explained the meetings purpose was to collect data and information on sewer and water concerns and to help the interim committee make informed decisions with American Rescue Plan Act of 2021 Coronavirus State Fiscal Recovery Fund.

**Jerri Henry**, Drinking Water Protection and Finance Division Administrator, presented the Department of Environmental Quality's Water Grant and Loan Program. DEQ has statutory authority to set federal grants and to administer the grant loan programs. Ms. Henry reminded committee members that federal requirements are tied to federal grants. Currently, both the Davis-Bacon and the American Iron and Steel (AIS) requirements have to be met with federally funded projects. It is unknown what the requirements will be with the ARPA funds. DEQ's loan application covers technical, financial, and managerial review. It helps project technical information, the ability for an entity to incur debt, audited financial statements, financial controls, board governance, risk management, and public participation information.

Concerns or questions the DEQ has regarding ARPA funds include: 1) Does the term "cost incurred" by December 31, 2024 mean obligated or spent? 2) There are two funds for water, sewer and broadband, a state fund and a local fund, how will they work together? 3) What will the requirements be? 4) Will this be similar to the American Recovery and Reinvestment Act (2009)? 5) Will there be state matching requirements? 6) Will there be reporting requirements? 7) Will there be administrative cost allowances? Ms. Henry also expressed concern with the volatility of supply availability, cost increases and their impact on projects.

**MaryAnna Peavey**, DEQ Grants and Loans Bureau Chief, presented how the funding process works. She explained that when there is limited funds, DEQ relies heavily on the ranking process to help them decide which projects can be funded. Ms. Peavey reviewed the Clean Water Loan Letter of Interest, which must include: plans evaluated by an engineer, projects readiness to proceed, and environmental information documentation. Public health emergencies and entities that have regulatory compliance issues receive a higher priority.

**Ms. Peavey** clarified, within the past if any portion of a project is funded with federal monies, the entire project is subject to the requirements or restrictions that come with the funds. Ms. Peavey reported that DEQ has record of anyone who received a planning grant, or who has submitted a letter of interest in the last 5 years, and said she would share that with the committee.

In answer to committee requests, **Ms. Henry** said she could provide an inventory of how many waste water treatment and drinking water systems are regulated by the DEQ. She also shared only one entity has gone into long term default. Ms. Henry explained the massive requests for 2022 are a result of higher costs and increased population growth. She also clarified that loan forgiveness rates are set by the Environmental Protection Agency capitalization grants.

**Tyrel Stevenson**, Legislative Director for the Coeur d'Alene Tribe, shared the significant concerns with smaller, low income communities struggling to get loans and grants to improve their water and sewer systems.

**Tim Farrell**, Consulting Firm Mountain Water Works, emphasized the tremendous need for investment in rural community water and sewer infrastructure. Only 10% of aging water and sewer infrastructure in Idaho has been addressed. Affordability is a big issue. The current model has served the state well, but it is outdated for the current needs of small communities with limited resources. He suggested that one solution would be to reduce soft costs such as administrative, regulatory, engineering, and planning costs. Mr. Farrell stressed a large portion of federal money is going to soft costs.

Committee members shared their concern regarding the struggle to fund infrastructure needs. Small communities continue to be just outside of the DEQ's ranking list to receive grants or loans.

**Chairman Ehardt** reminded committee members that the \$1.2 billion from ARPA will be for broadband, water and sewer. She expressed a need for the committee to communicate during the interim.

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 2:41 p.m.

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Representative Ehardt  
Chair

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Maggie Price  
Secretary