




Wastewater Treatment and Disposal Upgrade
Industry Working Group
Policies Meeting #1
April 26, 2012




City of Nampa
Wastewater Division
www.cityofnampa.us/wastewater



Welcome

- Introduction of IWG members, staff, consulting team
- Review of Agenda
- Keyword: Stability
- Background
 - Recent negotiations
 - City Council negotiations and the need for public policy
 - Development of Standard Operating Procedure



Need for Comprehensive Policy

Industrial Connection Fee = WW Capacity Reservation

- **Need:** Stability and Predictability
- **Goals of this process**
 - Capacity reservation policy compliments Nampa's economic development strategy
 - The policy is an incentive for industrial development and existing industry expansion
 - The policy is designed to maintain the financial integrity of the wastewater fund



Governmental Accounting

Although the availability of wastewater service is essential to economic development, *from a governmental accounting standpoint* wastewater and economic development are very distinct municipal activities.



Governmental Accounting

- **General Fund Services (Police, fire, parks, recreation, economic development, etc.)**
 - Revenues = property taxes, state-shared revenues, grants, fees
 - Impact of economic development (taxes) received in General Fund
- **Wastewater *Enterprise* Fund (wastewater collection, treatment, discharge)**
 - Revenues = user charges, connection fees, grants, loan proceeds
 - Impact of economic development (taxes) not usually contributed to WW



Direct Discharge and WW Capital Investment

Benefit of Indirect Discharge versus the cost of Direct Discharge

- Direct regulation by EPA vs. WW service provided by the City of Nampa



Direct Discharge and WW Capital Investment

Wastewater Capital Investment and Excess Capacity

- Who has paid for the wastewater system?
 - All customers invest in the whole system – including excess capacity of the system
 - Operating and debt costs of the whole system are paid by existing customers
 - Annual operating and debt costs are shared by new customers as well



Direct Discharge and WW Capital Investment

Wastewater Capital Investment and Excess Capacity

- Should “new” customers pay for the prior investment in excess capacity?
 - Have new customers ever paid for the establishment of excess capacity?
 - How is the acquisition cost of excess capacity calculated?
 - Does the acquisition cost of excess capacity impede economic development?
 - These questions are policy issues



Nampa's Interest in WW and Econ Development

- **Stability**
- **Municipal incentives relative to capacity reservation yields benefits**
 - Implementation of economic development goals
 - Utilization of the excess capacity of the wastewater system (up to 85%)
 - Broadening of the wastewater customer base



Nampa's Interest in WW and Econ Development

- **What might the City request from industry in exchange for incentives?**
 - Number of and quality of jobs (minimum level for new average wage)
 - Planning and zoning requirements
 - Environmental performance (or other policy-related performance goals)



Industry Incentives and Capacity Reservation

- **What's in it for my company? Stability and Predictability**
 - Continued access to the indirect discharging benefit provided by Nampa
 - Predictable availability of service
 - Predictable cost of service



Industry Incentives and Capacity Reservation

- **Industry Incentives for Policy Consideration**
 - Loans/Lease/Purchase of POTW Excess Capacity
 - Tax Abatement
 - Transferability of Prior Purchased Capacity Reservations
 - Pretreatment Options



Industry Incentives and Capacity Reservation

- **Loans of excess capacity**
 - Recall of capacity = no property value of capacity reservation
 - No holding charge for reservation without use of capacity
 - No cost to industry, risk cost of production interruption



Industry Incentives and Capacity Reservation

- **Purchase of excess capacity**
 - No recall of capacity reservation (no risk to industry)
 - Property value of purchased capacity is immediate
 - Holding charge for reservation of capacity without use of capacity
 - Fixed/predictable cost to industry



Industry Incentives and Capacity Reservation

- **Lease/purchase of excess capacity**
 - No recall of capacity according to lease/purchase terms
 - Property value of capacity reservation increases as purchased capacity accumulates
 - Holding charge for reservation of purchased capacity without use of capacity
 - Risk to industry, less risk to City
 - Cash flow orientation



Industry Incentives and Capacity Reservation

- **Tax Abatement**
 - Mechanisms for tax abatement
 - Incidence of tax abatement effects
 - General fund
 - Delayed revenue impact and delayed effect of tax abatement



Industry Incentives and Capacity Reservation

- **Transferability of previously purchased capacity reservations**
- **Pretreatment Options**
 - Who pays and who operates?
 - Voluntary Environmental Improvement Bonds



Open Discussion



Next Steps



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