

# City of Nampa

## City Council Public Hearing

### Funding Phase I Improvements

### June 3, 2013



City of Nampa  
Wastewater Division  
[www.cityofnampa.us/wastewater](http://www.cityofnampa.us/wastewater)



# Board of Appraisers (BOA) Recommendations

- Initiate a rate increase to fund Phase I improvements with an effective date of October 1, 2013
- The rate increase is a shift towards cost of service for each customer class
- Adopt revised hook-up fee structure which is based on customer class's use of system, effective October 1, 2013

# Board of Appraisers (BOA) Recommendations

- Implement the Capacity Optimization Fee at the proposed rates with an effective date of October 1, 2014
- Implement 2<sup>nd</sup> part of industrial rate increase October 1, 2014



# Background

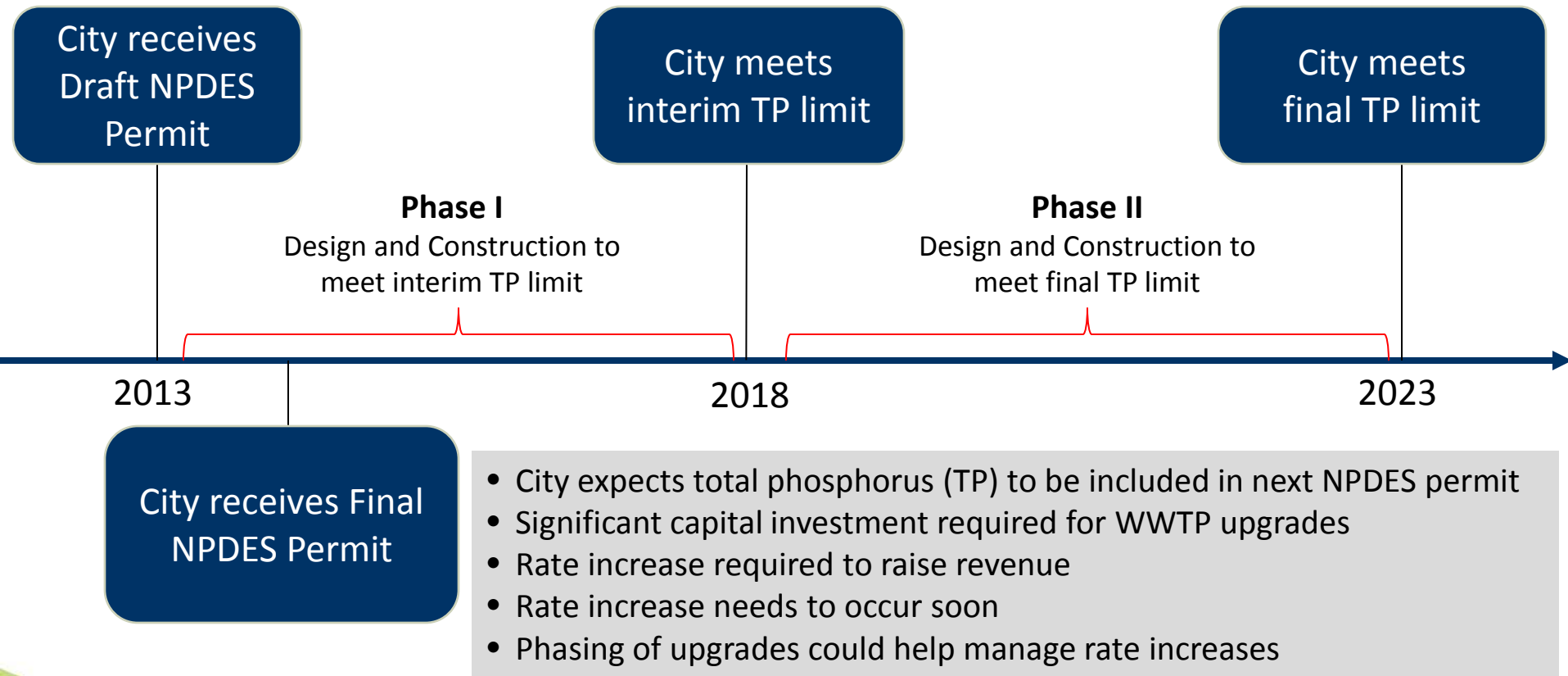
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Steve Burgos, Brown and Caldwell



# Program Schedule

- What's driving the overall schedule?



# Aerial of Phase I WWTP Upgrades

DRAFT

Solids Handling Facility

Chemical Addition Facility

Third Aeration Basin

Anaerobic Digester

Primary Effluent  
Pump Station

## Unit Process Costs:

- Third Aeration Basin = ~\$6,000,000
- Solids Handling Facility = ~\$11,900,000
- Anaerobic Digester = ~\$3,700,000
- Primary Effluent Pump Station = ~\$2,600,000
- Demolish Trickling Filter = ~\$1,500,000
- Demolish Secondary Clarifier = ~\$1,200,000

# WWTP Phase I Outcomes

- Meets interim TP limit of 0.5 mg/l
- Serves as baseline for all Phase II options
- Added benefit of increasing WWTP BOD capacity:

Constituent	Current Max. Month Capacity	Current % Allocated	Phase I Max. Month Capacity	Post Phase I % Allocated
Flow (mgd)	18.0	76%	18.0	76%
BOD (lb/day)	52,400	93%	60,000	81%
TSS (lb/day)	56,000	70%	56,000	70%
TKN (lb/day)	7,000	85%	7,000	85%
TP (lb/day)	1,397	74%	1,397	74%



# City Council Meeting

- January 28, 2013, the City Council authorized pursuing:
  - Phase I funding
  - Cost of Service allocation
  - Hook-up fees
  - Industrial Incentive Policy
  - Public involvement for rate increase



# Phase I Funding

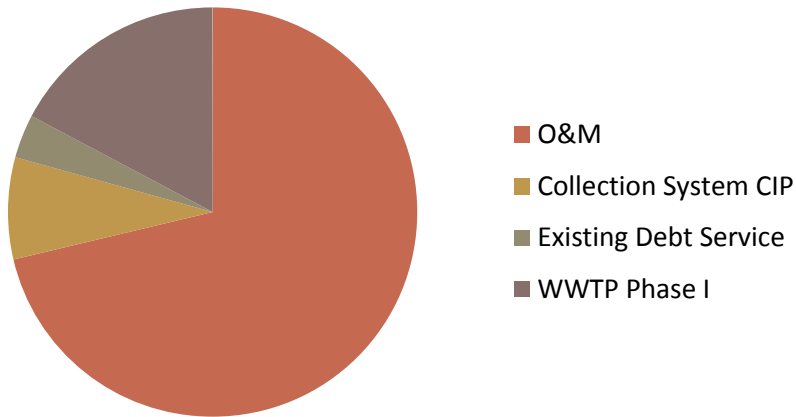
- Council decided to pursue SRF Loan as means of funding Phase I upgrades:
  - \$17 million loan from the State of Idaho
  - 2% interest rate
  - 20 year term
  - Remaining funding requirements to be paid cash from rate revenues (approx. \$11 million)

# Phase I Funding: Revenue Requirements

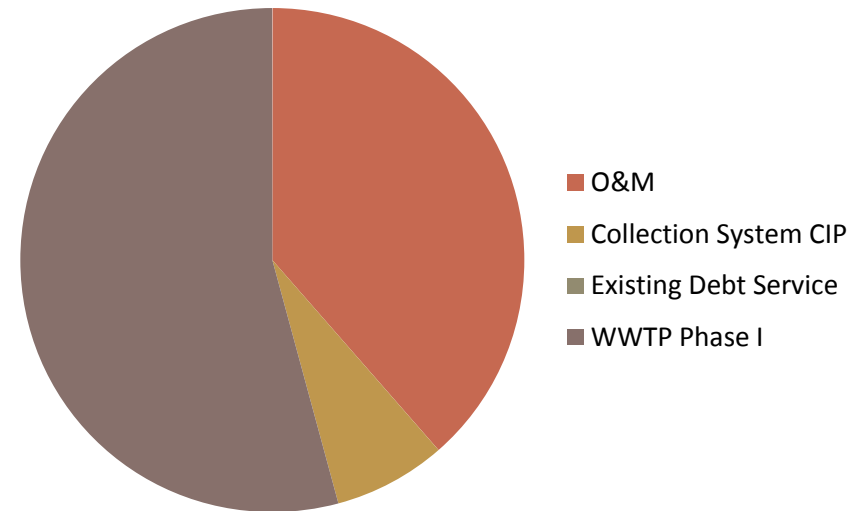
- Mix of Cash and Loan Proceeds optimizes long-term rates and positions City for Phase II
  - Equates to annual average of ~\$15M in revenue requirements per year

## Example of increase in revenue requirements

**2012 Revenue Requirements = ~\$9M**



**2016 Revenue Requirements = ~\$16M**

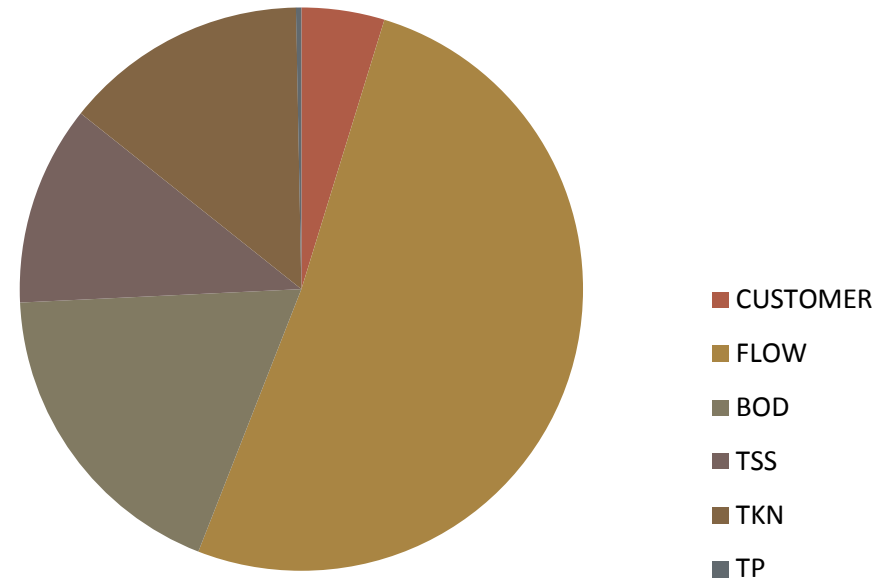


# Cost of Service Allocation

- City conducted and Council approved the Cost of Service Study

- The revenue needed to fund Phase I improvements
- How much it costs to treat each customer class's wastewater
- How much revenue to be raised from each customer class to meet all the financial obligations of Phase I

**Nampa Sewer Fund Cost of Service  
Constituent Allocation**



- BOA recommends the City Council implement rates that will move each customer class towards the cost of service





# Proposed Rate Increases

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Michael Fuss, Public Works Director

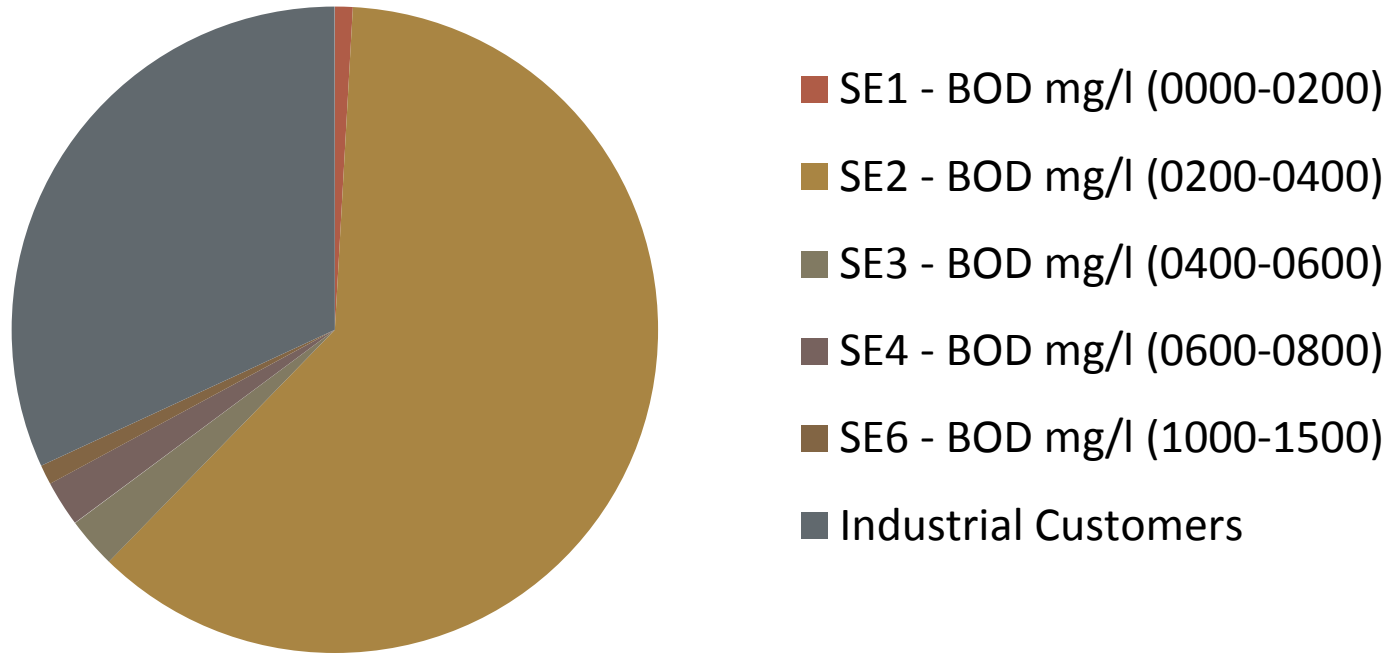
# BOA Recommended Bi-Monthly Rates

Customer Class	Example Customers	Existing Base Rate	Existing Usage Rate <sup>1</sup>	Proposed Base Rate	Proposed Usage Rate <sup>1</sup>
SE1	Dry cleaners, laundromats, car washes	\$14.48	\$1.12	\$14.48	\$1.85
SE2	Residential, retail stores	\$14.48	\$1.73	\$14.48	\$2.30
SE3	Hospitals, schools, churches	\$14.48	\$2.03	\$14.48	\$2.97
SE4	Food markets, sit-down restaurants	\$14.48	\$2.44	\$14.48	\$3.49
SE5	Specialized food processors	\$14.48	\$2.94	\$14.48	\$4.31
SE6	Bakery, dairies, drive-in restaurants	\$14.48	\$3.60	\$14.48	\$5.10
SE7	Special permit	\$14.48	\$4.67	\$14.48	\$6.18

<sup>1</sup> Per 100 cubic feet (ccf).

# Revenue Distribution by Customer Class

## Nampa Sewer Fund Cost of Service Revenue Distribution



- SE2 (Residential) and Industrial dischargers comprise most of revenue base



# Monthly Bill Impacts

Customer Class	Example Customers	Existing	Step Toward Cost-of-Service
SE1	Dry cleaners, laundromats, car washes	\$157.32	\$255.51
SE2	Residential, retail stores	\$20.22	\$ 24.52
SE3	Hospitals, schools, churches	\$91.49	\$130.54
SE4	Food markets, sit-down restaurants	\$198.78	\$281.40
SE5	Specialized food processors	--	--
SE6	Bakery, dairies, drive-in restaurants	\$181.84	\$254.47
SE7	Special permit	--	--
Industrial <sup>1</sup>	Large industrial users	\$4,927	\$6,847

<sup>1</sup> Assumes average flow 1.22 mg; 11,219 lbs BOD; 8,522 lbs TSS; 346 lbs TKN; 75 lbs TP.

# Treasure Valley & Regional Bill Comparison (2012)

City	Example Monthly Bill	Notes
<b>Nampa</b>	\$24.52	With 2013 rate increase (SRF Loan and Step to Cost of Service Rates)
<b>Boise</b>	\$26.62	
<b>Meridian</b>	\$39.01	\$5.43/1000 gallons usage fee
<b>Caldwell</b>	\$26.27	\$8.847/month base fee
<b>Eagle Sewer District</b>	\$30.00	\$30/month flat fee
<b>Seattle</b>	\$87.38	\$11.65/ccf usage fee
<b>Portland</b>	\$61.17	\$8.14/ccf usage fee

# BOA Recommended Industrial Rates

Constituent	Current Rate	Proposed FY14 Rate <sup>1</sup>	Proposed FY15 Rate <sup>2</sup>
Flow (per mg)	\$1,090.72	\$1,677.39	\$2,264.05
BOD (per lb)	\$0.192	\$0.195	\$0.198
TSS (per lb)	\$0.126	\$0.143	\$0.160
TN (per lb)	\$1.043	\$1.214	\$1.384
TP (per lb)	\$0.046	\$0.096	\$0.146

<sup>1</sup> Effective 10/1/2013

<sup>2</sup> Effective 10/1/2014

**Key:**

BOD – Biochemical oxygen demand

TSS – Total suspended solids

TN – Total nitrogen

TP – Total phosphorus



# BOA Recommended Septage Rates

Type of Rate	Current Rate	Proposed Rates
Septic Haulers (per 1,000 gallons)	\$57.39	\$69.18
Septic Haulers License Fee (first truck)	\$13.00	\$13.00
Septic Haulers License Fee (each additional truck)	\$13.00	\$13.00

# Hook-Up Fees

- Hook-up fees are charged to all new customers to pay for the cost of their allocated system capacity.
- The BOA recommends the City adopt a revised hook-up fee structure which is based on the customer class's use of the system.

# Current Hook-Up Fees

Meter Size	Collection System Fee	WWTP Fee	Total Sewer Connection Fee
Residential	\$1,119	\$2,296	\$3,415
1"	\$1,119	\$2,296	\$3,415
1.5"	\$2,171	\$4,453	\$6,624
2"	\$3,491	\$7,162	\$10,653
3"	\$7,239	\$14,852	\$22,091
4"	\$11,189	\$22,955	\$34,144
6"	\$21,717	\$44,556	\$66,273



# BOA Recommended Hook-Up Fees by Class

Class	Example Customers	Hook-up Fee (per EDU)
SE1	Dry cleaners, laundromats, car washes	\$2,089
SE2	Residential, retail stores	\$2,888
SE3	Hospitals, schools, churches	\$3,354
SE4	Food markets, sit-down restaurants	\$3,821
SE5	Specialized food processors	\$5,084
SE6	Bakery, dairies, drive-in restaurants	\$5,900
SE7	Special permit	\$7,065
Industrial	Large industrial users	
Flow (per mgd)		\$4,856,270
BOD (per lb/day)		\$383
TSS (per lb/day)		\$567
TN (per lb/day)		\$2,943
TP (per lb/day)		\$19,250
TDS (per lb/day)		\$0

# Treasure Valley & Regional Residential Hook-up Fee Comparison (2012)

City	Example Residential Hook-up Fee	Notes
<b>Nampa</b>	\$2,888	With 2013 adjustment (current fee \$3,415)
<b>Boise</b>	\$3,575	New or expanding subdivisions
<b>Meridian</b>	\$2,749	
<b>Caldwell</b>	\$1,969	Inside subdivision
<b>Eagle Sewer District</b>	\$4,695	
<b>Seattle (King County)</b>	\$9,630	\$53.50/month for 15 years
<b>Portland</b>	\$4,335	

# Treasure Valley & Regional Commercial Hook-up Fee Comparison (2012)

City	Example Restaurant Hook-up Fee	Example Church Hook-Up Fee	Example Retail Hook-Up Fee	Notes
Nampa	\$42,026	\$23,478	\$8,664	With 2013 adjustment
Boise	\$70,511	\$37,451	\$12,871	Based on flow and loads
Meridian	\$30,293	\$19,243	\$8,247	\$2,749/EDU
Caldwell	\$35,848	\$17,701	\$5,396	Based on flow and loads
Seattle (King Co)	\$105,930	\$67,410	\$28,890	\$53.5/EDU/month for 15 years
Portland	\$47,685	\$30,345	\$13,005	\$4,335/EDU

# Industrial Incentive Policy Update

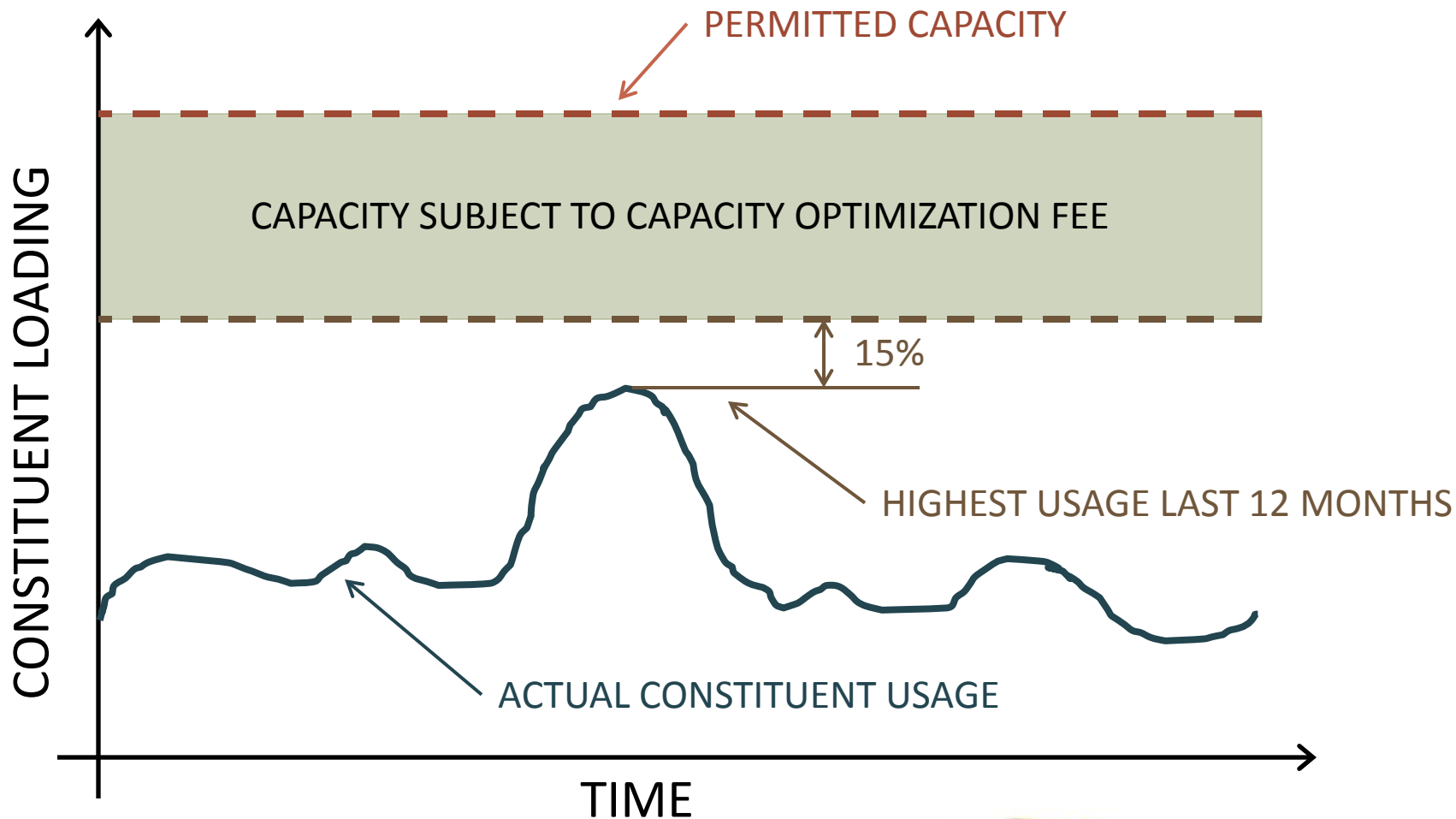
- City Council adopted an Industrial Incentive Policy to incentivize economic development
- Opportunities available to new and existing industries:
  - Loan of capacity
  - Lease of capacity
  - Amortized purchase of capacity
  - Sale/transfer of capacity



# Capacity Optimization Fee

- Goal of fee is to optimize efficiency level of Nampa WWTP
  - WWTP is most efficient when 84.99% of the plant is in use
- Industrial dischargers reserve plant capacity
  - Industry reserves capacity for extreme events
  - WWTP must be designed to account for reserved capacity
  - City must ensure capacity is available at any time

# Example: Capacity Optimization Fee



# BOA Recommended Capacity Optimization Fee

Constituent	Proposed Rate
Flow (per mg of unused capacity)	\$444.67
BOD (per lb of unused capacity)	\$0.044
TSS (per lb of unused capacity)	\$0.036
TN (per lb of unused capacity)	\$0.329
TP (per lb of unused capacity)	\$0.076

- Fee effective on October 1, 2014
  - Give these customers a chance to prepare
  - Allow customers to adjust either operations or plan for the additional fee



# Public Involvement and Sewer Rate Increase Notification

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Rosemary Curtin, RBCI



# Public Outreach

- Nampa Wastewater Advisory Group
- Industry Working Group
- Virtual Focus Group

# Public Outreach

- Residential Customers
  - Utility bill insert (27,500)
  - Open house
- Business and Commercial Customers
  - Letter
  - Open house
- Industrial Customers
- Phone Line

# Public Feedback

- Received and answered many questions
- Are these improvements necessary?
  - Yes, in order to stay in compliance with federal Clean Water Act.
  - Must meet stricter regulations for discharging into Indian Creek.

# Public Feedback

- Can Nampa refuse to make these improvements?
  - Not wise, Nampa would be in violation of its permit.
  - Penalties (fines, jail time, legal process, etc.).
  - “Do Nothing More” has the highest risk cost.



# Public Feedback

- It seems most of the phosphorus pollution comes from farmers. Why aren't there any permits to regulate agricultural discharge and pollution?
  - The agricultural community's return flows have historically been exempt from meeting specific discharge criteria under the Clean Water Act.
  - “Non-point discharge sources” are not required to obtain an NPDES permit.

# Public Feedback

- Why is Nampa upgrading the treatment plant now if it hasn't even received its permit yet?
  - Schedule is being driven by meeting the permit implementation requirements.
  - It takes years to prepare, raise capital, design and construct the upgrades.

# Public Feedback

- Why has the City not taken steps to address this problem sooner?
  - Began upgrade evaluation, technical analysis, and public involvement in 2009
  - Multi-year process has helped City determine how to best meet new permit requirements


# Public Feedback

- The SRF loan will cover \$17 million of the improvements. Where will the other \$11 million come from?
  - The additional money will be generated from the rate increase.




# Public Feedback

- How do I read my utility bill?
  - Consumption (amount of water used per 1,000 cubic ft.)
  - X Cost of Treatment + Fixed Rate = Total Sewer Bill**



**City of Nampa**  
401 3rd St. South  
Nampa, ID 83651  
208-468-5711

Pay free on-line at [www.cityofnampa.us](http://www.cityofnampa.us)  
Or pay by phone 208-649-1288  
There is a \$1.50 fee per transaction



\*117892+000+00003586\*\*

**DUE DATE:** 03/11/2013  
**SHUT OFF DATE:** 03/19/2013  
**ACCOUNT NO.:** XXXXXX-XXX


**Nampa Shares and Cares Donation**  
*(noted on reverse side)*

**CURRENT DUE:** 85.96  
**PAST DUE AMOUNT Credit:** -0.10  
**DUE UPON RECEIPT:**  
**TOTAL DUE:** 85.86

Name  
Address  
Nampa, ID

*Return Address on Reverse Side*

PLEASE DETACH AND RETURN TOP PORTION WITH YOUR PAYMENT



**City of Nampa**  
401 3rd St. South  
Nampa, ID 83651  
208-468-5711

Account Number: XXXXXX-XXX  
Service Address:

Bill To: Name  
Address  
Nampa, ID

Legal Description:

PREVIOUS READING	DATE	SERVICE	DATE READ	CONSUMPTION	NET AMOUNT DUE
61681	11/15/2012	Prev Balance Due Upon Receipt			83.90
		Payments			-84.00
		Water	01/31	1072	19.24
		Sewer	01/31	1072	33.03
		Residential Trash & Recycling			25.72
		Optional Cart Service			7.82
62753	1/31/2013	Tax			0.15
<b>Current Amt Due</b>					85.96
<b>Credit</b>					-0.10
<b>Total Amount Due</b>					85.86

STATEMENT DATE: 02/08/2013

**DUE DATE:** 03/11/2013

**SHUT OFF DATE:** 03/19/2013

# Public Feedback

- Why was our business categorized into its customer class?
  - Based on “waste strength” (i.e., type of wastewater leaving your business that is sent to treatment plant)

# Public Feedback

- How do we find out if we are being charged correctly?
  - Nampa's Department of Utility Billing and Greg Pearce worked with those customers who asked this question.
  - If you have questions, contact Nampa's Department of Utility Billing at 468-5711.

# Public Feedback

- Is there help for customers who live on fixed incomes?
  - Possible assistance through 2-1-1 Idaho Care Line or Nampa Shares & Cares, 468-5711



# Public Feedback

- Why are commercial and some business rates being raised more than residential rates?
  - The City completed a Cost of Service Study that determined the cost to treat each customer's wastewater
  - New rates are based on the amount and type of wastewater each customer class sends to plant
  - Wastewater from industrial, commercial, and some business customers takes more processing than residential wastewater

# Public Feedback

- Will the City raise sewer rates again?
  - Improvements are planned to be built in two phases
  - 2013 rate increase is funding Phase I
  - Sewer rates will need to be reviewed to fund Phase II

# Public Feedback

- Can I discontinue my City sewer service?
  - No, all Nampa residents are required to stay connected to the City's sewer system.

- Will the City provide industry with additional information about the Industrial Incentive Policy and Capacity Optimization Fee?
  - Yes, there is still more work to be done before implementing the Industrial Incentive Policy.
  - WPMT will meet with individual industries in late June to continue working on details of how to smoothly implement the policy.

- Additional comments
  - Appreciation for involvement
  - Understand need for rate increase, but not happy to see rates go up



# **Requested Action**

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Michael Fuss, Public Works Director

- Initiate a rate increase to fund Phase I improvements with an effective date of October 1, 2013
- Adopt revised hook-up fee structure which is based on customer class's use of system, effective October 1, 2013

- Implement the Capacity Optimization Fee at the proposed rates with an effective date of October 1, 2014
- Implement 2<sup>nd</sup> part of industrial rate increase October 1, 2014

**City of Nampa**  
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Questions?

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