



City of Nampa

Wastewater Treatment and Disposal Upgrade

Wastewater Advisory Group

Meeting #6 Summary

February 23, 2012 ♦ 4 – 6 p.m.
Nampa Civic Center
311 3rd St. South
Nampa, Idaho 83687



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Overview

The City of Nampa must implement an extensive program to upgrade how it treats and disposes its wastewater in order to meet anticipated stricter regulations.

The purpose of the Nampa Wastewater Advisory Group (NWAG) is to provide guidance to the City of Nampa on how best to upgrade its wastewater treatment and disposal system. Nampa must make upgrade decisions by early 2012.

NWAG Meeting #6 Agenda and Format

The City of Nampa hosted the sixth Nampa Wastewater Advisory Group (NWAG) meeting on Thursday February 23, 2012 at the Nampa Civic Center.

The meeting objectives were to:

- Present the Business Case Evaluation process
- Review improvements and costs associated with the first phase of improvements
- Review estimated costs, risks and benefits of upgrade options
- Overview on financing options

Agenda:

- Welcome and workshop objectives – Michael Fuss, P.E., Public Works Director, City of Nampa
- Housekeeping – Rosemary Curtin, Public Involvement Consultant, RBCI
- Business Case Evaluation process overview – Steve Burgos, Senior Associate, Brown and Caldwell
- Phasing discussion – Steve Burgos
- Review cost estimates – Steve Burgos
- Financing options – John Ghilarducci, Financial Consultant, FCS Group
- Final advisory group meeting – Rosemary Curtin

Each attendee was provided the following handouts:

- Agenda for NWAG Meeting #6
- PowerPoint presentation for NWAG Meeting #6
- “Upgrade Options Questions/Comments” comment form
- “Financing Options Questions/Comments” comment form
- “Meeting Evaluation” comment form

Presentation Summary

Welcome and workshop objectives – Michael Fuss, P.E., Public Works Director, City of Nampa

Michael Fuss thanked all meeting attendees for coming and continuing to participate in the Wastewater Advisory Group process. He then began the meeting with the following remarks:

- The Industry Working Group recently had its fourth meeting with the City. The group was presented with the same cost information that will be presented to the NWAG today.
- Full sets of documents (technical memorandums, cost projections, risk and benefit analysis, etc.) will be available at the Nampa Public Library in the reference section. NWAG members are encouraged to check these materials out and review them to help provide input to guide the decision making process.
- The purpose of this NWAG meeting is to review the decision making process and the work that has been completed. The cost projections, risks and benefits and net present values will be presented.
- The City is looking to the NWAG to provide input on the upgrade options, cost projections and funding options. The NWAG's expertise will help the project management team and engineering team make the best decision for Nampa.

Housekeeping – Rosemary Curtin, Public Involvement Consultant, RBCI

Rosemary Curtin thanked all the NWAG members for attending the meeting and reviewed all the meeting handouts. Rosemary also reviewed the following housekeeping issues:

- NWAG members are encouraged to fill out their comment forms. Gathering input from everyone is a very important part of the working group process. The date of March 15, 2012 is being considered for the next NWAG meeting (#7). NWAG members were asked to mark on their comment form if this date works for them.
- All of the likes and dislikes for each upgrade option have been tabulated from the comments you have provided. This information will be provided to NWAG members at the next meeting.
- The next NWAG meeting will be a very important meeting to attend because it will likely be the last meeting for this group for awhile. At the next meeting the NWAG members will be asked to give the City their preference of which upgrade and funding option they prefer.
- The meeting is being recorded in order to accurately record questions and help with the development of the meeting summary.
- A summary of NWAG Meeting #5 has been developed and is available on Nampa's wastewater upgrade website. All meeting summaries and meeting materials are available on the website www.cityofnampa.us/wastewater/

- The NWAG is the first community review of the projected cost information for Nampa’s wastewater upgrade. The decisions being made are very important. Everyone’s input, even those that have minority opinions, is extremely valuable to this process.

Business Case Evaluation Process Overview – Steve Burgos, Senior Associate, Brown and Caldwell

Steve reviewed the upgrade options that are being considered and explained how the City is progressing through the decision making process.

- All of the options described below are being thoroughly analyzed. The project management team has been determined that each option has benefits and drawbacks. There is not a preferred option and no decisions have been made about which option will be implemented. The options being evaluated are:
 - **Option #1 and #2: Infiltration** - Treated wastewater would be applied to an area of land rather than discharged into Indian Creek. Recycled water from the City’s plant would be pumped offsite and released into a system of basins and/or ponds, then slowly infiltrated back into the aquifer south of Lake Lowell. Two methods of infiltration are being considered:
 - **Option #1: Direct Infiltration** would increase the level of treatment to a very high level at the plant. The treated water would be pumped away from the plant and applied to constructed ponds where it would infiltrate back into the groundwater.
 - **Option #2: Rapid Infiltration** would increase the level of treatment to a high level at the plant. The treated water would be pumped away from the plant and applied to a series of basins. The basins would be designed to further cleanse the water by using the soil ecosystem to absorb pollutants and organic compounds. After being thoroughly cleansed through the soil, the treated water would infiltrate back into the groundwater.
 - **Option #3: Treat and Offset** –Upgrades would be made at the plant to treat wastewater to certain levels and water would continue to be discharged into Indian Creek. To meet stricter regulations, Nampa would remove pollutants from Indian Creek or Mason Creek at an alternate enhanced wetlands location.
 - **Option #4: Treat to EPA Levels** – Substantial upgrades would be made at the plant and water would continue to be discharged into Indian Creek. To meet stricter regulations, upgrades to the plant would include adding chemical and biological processes to remove pollutants that are harmful to waterways.
 - **Option #5: Do Nothing More** – Continue current processes for treating and disposing Nampa’s wastewater. This option would violate the federal Clean Water Act and have severe, negative implications for the City of Nampa.
- To determine which upgrade option is best for Nampa, the City is completing business case evaluations. The business case evaluations focus on selecting the preferred option that meets service levels defined by Nampa, accounts for risk and benefit cost to deliver a long-term solution and has the least life-cycle cost of ownership.

- The City has completed the following business case evaluation steps:
 - Formed an expert team – City staff, consultants, industry, and NWAG
 - Identified the challenge and levels of service
 - Brainstormed alternatives and screened fatal flaws
 - Collected data on capital, operation and maintenance, risks, and benefits costs based on levels of service
 - Performed net present value analysis
- The City is moving down the right path. The process has had many moving parts and the pieces are moving concurrently. It is anticipated that a decision point will be reached in March when Nampa’s City Council gives direction on whether the City should phase the upgrades.
- Based on one-on-one interviews with City leadership it has been determined that the high priorities to consider for Nampa are:
 - Economic development high priority
 - Affordability for rate payers
 - Better control regulatory destiny and maintain options
 - Willing to consider all financing and funding options
 - Increased recreational opportunities a plus
- Nampa’s priorities (listed above) were incorporated into the Level of Service analysis. Accounting for Level of Service is different from how evaluations have been done in the past. It is very important to identify the City’s priorities in order to determine which upgrade option best fits Nampa’s unique character.
- The next step of the process will be to present the cost information and financing options to Nampa’s Mayor and City Council. The Program Management Team wants to gather input from the NWAG on the upgrade options and funding options. The input from the NWAG will be presented to City leadership.

Phasing Discussion – Steve Burgos, Brown and Caldwell

Phasing is an implementation approach the City is considering. Steve explained the following information about the possibility of phasing:

- Upgrades would be made to the treatment plant to meet the anticipated interim 2018 phosphorus limit of 0.5 mg/L. The City would continue to investigate long-term options for how to best meet the anticipated 2023 phosphorus limit of 0.07 mg/L. A long-term option would be selected and implemented to meet the 2023 phosphorus requirement of 0.07 mg/L.
- No matter which upgrade option is selected, the treatment plant will need to be upgraded, either for phosphorus removal (discharge to Indian Creek) or nitrogen removal (land application). The upgrades necessary are very similar in both cases.

- Sewer rates will need to be increased to cover the costs of upgrading the treatment plant to meet 2018 permit requirements.
- As the first phase of upgrades are being made to the plant, the City would continue to investigate infiltration, treat and offset and treat to EPA levels as long-term options for complying with the future permit limits.
- Upgrading the wastewater treatment and disposal system in two phases would allow the City to adjust its options as new permit requirements are determined. The City will have a better ability to navigate through the uncertain regulatory processes if it is given more time to determine a long-term option.
- Phasing of upgrades could help slow rate increases. The phasing decision has not been made. No decisions have been made at all. The Program Management Team will be working with the Nampa City Council toward decision points over the next few months.

Review of Cost Estimates – Steve Burgos, Brown and Caldwell

Steve presented the following cost information for upgrading Nampa’s wastewater treatment system:

- Technical experts determined that Phase 1 of upgrading Nampa’s wastewater treatment plant would include the following improvements:
 - Third aeration basin
 - Chemical addition facility
 - Solids handling facility
 - Anaerobic digester
 - Primary effluent pump station
 - Demolishing a trickling filter and a secondary clarifier
- **Cost estimates developed for each of the option were Class 4 estimates (per AACE) where the engineering is complete to a conceptual level (1% to 15% complete). Class 4 estimates have an accuracy of between +40% and -25%.**
- The capital cost of the Phase 1 improvements is estimated to be \$26.8 million. The annual operation and maintenance cost for Phase 1 improvements is estimated to be \$1.4 million. The \$1.4 million for annual operation and maintenance costs would be added to the current operation and maintenance costs.
- Nampa is considering several long-term (Phase 2) options to upgrade its wastewater treatment system. The Phase 2 options include Direct Infiltration, Rapid Infiltration, Treat and Offset and Treat to EPA Levels, and Do Nothing More. Below are the estimated capital costs for each Phase 2 option. The costs below all include the initial \$26.8 million for Phase 1 upgrades:
 - Direct infiltration: approx. \$80 million
 - Rapid infiltration: approx. \$80 million
 - Treat and offset: approx. \$35 million

- Treat to EPA levels: approx. \$60 million
- Do Nothing More: \$0
- The estimated annual operation and maintenance costs for each of the Phase 2 options are:
 - Direct infiltration - \$1, 372,000
 - Rapid infiltration - \$2,402,000
 - Treat and offset - \$3,028,000
 - Treat to EPA levels - \$3,981,000
 - Do Nothing More: \$0
- The 20-year net present value costs for each of the Phase 2 to options are:
 - Direct infiltration – approx. \$100 million
 - Rapid infiltration – approx. \$100 million
 - Treat and offset – approx. \$60 million
 - Treat to EPA levels – approx. \$95 million
 - Do Nothing More: \$0
- The risk benefit analysis identified several trends for each of the Phase 2 upgrade options. Infiltration would have the significant benefit of economic development potential, however there would be front-loaded risk costs based on the characteristics of the infiltration site. The Treat to EPA levels and Treat and Offset options would have limited economic development benefits, significant risk based on emerging regulatory issues and the risk costs would be back-loaded. Do Nothing More would have the most significant risk costs.
- As part of the analysis, the risks and benefits for each upgrade option were taken into account. Risk and benefit costs were calculated by multiplying the cost of the risk (e.g. the cost of an additional treatment process to meet an emerging regulatory requirement) by the probability of occurrence. This cost was then applied at the time the risk would occur so that it could be accounted for in the net-present value analysis, an example of this calculation is presented below.
 - Risk - future NPDES requirements (e.g. microconstituents)
 - Cost - tertiary treatment system at WWTP (\$45,000,000)_
 - Probability - 10%
 - Risk Cost = \$45,000,000 x 10% = \$4,500,000
- Risk and benefit costs were included in the net-present value analysis. This analysis gives a clearer picture of the total life-cycle cost of ownership for each option.
- The costs for each of the Phase 2 option with 20 year risks and benefits costs included are outlined in the table below:

Option	20-year NPV	20 year risk and benefits costs	20-year NPV with risks and benefits costs
#1: Direct Infiltration	\$99,466,000	+\$92,998,000	\$6,468,000
#2: Rapid Infiltration	\$97,509,000	-\$1,697,000	\$99,206,000
#3: Treat and Offset	\$62,665,000	-\$32,592,000	\$95,257,000
#4: Treat to EPA Levels	\$96,328,000	-\$53,692,000	\$150,020,000
#5: Do Nothing More	-	-\$280,966,000	\$280,966,000

Financing options – John Ghilarducci, FCS Group

John presented information about Nampa’s existing wastewater utility, the different financing options the City is considering and how these impact each of the upgrade options. He also presented estimates for how the upgrades would affect a typical residential rate. His presentation included the following information:

- The City is evaluating whether to fund the upgrades through cash financing or debt financing.
- Nampa’s wastewater utility is an enterprise fund, which means it is a self-sufficient fund in the City government. The revenues received from Nampa’s wastewater customers can only be used to fund wastewater services.
- Nampa’s current residential wastewater rate is \$18.62 a month. Nampa’s current rate is lower than other cities in the Treasure Valley. For example Boise’s rate is \$23.25, Eagle is \$30.00 and Meridian is \$35.21.
- The financing options being considered are:
 - Cash funding
 - General obligation bond financing
 - Revenue bond financing
 - Special programs
- Cash funding would require rates to be adjusted to meet scheduled capital expenditures on a periodic or annual basis.
 - The benefit of this option is it:
 - Would ensure existing users are paying to keep the system up to date
 - Would allow for greater flexibility in capital funding approaches
 - The disadvantages of this option are that it:
 - Could cause rate volatility from year to year

- Would burden the existing ratepayers with the full cost of improvements that will serve others in the future
- For the general obligation bond financing option, the City would pledge the full faith and credit of the jurisdiction (taxing power) for debt repayment.
 - The advantages of this option are:
 - There are good terms available,
 - The repayment would be spread over the years and
 - The debt could be repaid back by rate revenues and backed by tax revenue
 - The disadvantage of this option are:
 - It would require a public vote (2/3 majority)
 - There would be the added cost of interest
- For the revenue bond financing option, the City would pledge utility rate revenue to debt repayment.
 - The advantages of this option are:
 - It would spread the repayment over the years
 - The terms are currently favorable
 - The rate revenues would be pledged to repayment
 - The disadvantages of this option are:
 - The terms are not as favorable as general obligation bonds
 - Would require debt service coverage
 - This option would also require a public vote (simple majority)
 - There would be the added cost of interest
- There are also special programs available that are highly competitive. An example of this is a program through the Idaho Department of Environmental Quality that offers grants for planning and loans for the design/construction of wastewater projects. The advantages of this option are that it would spread the repayment over the years and it has favorable terms. The disadvantages are that these programs are highly competitive to acquire and a local match is often required.
- A preliminary financial analysis was completed for each option using the growth rates from the comprehensive plan. The outputs of the analysis are the projected rate increases for each option. The key assumptions built into the analysis were:
 - Working capital target balances (minimum of 60 days/maximum of 90 days cash operating expenditures)
 - Minimum target capital fund balance target is set at 2 percent of the replacement value of the existing plant-in-service (target balance is approximately \$4 million on a \$199 million plant value)

- Revenue bonds
 - 20-year term
 - Interest rate: 4.5 percent in 2012 and 2013, 4.8 percent in 2014 and 2015, and 5 percent thereafter
 - 1.5 coverage requirement
- Annual revenue at existing rates is assumed to be used for operating, existing debt service and capital needs (including collection system and replacement)
- Below are the projected typical residential rates for each upgrade option:
 - Direct Infiltration – cash only: \$43.81 by 2018 / cash and debt: \$36.51 by 2018
 - Rapid Infiltration – cash only: \$44.39 by 2018 / cash and debt: \$36.99 by 2018
 - Treat and Offset – cash only: \$28.82 by 2018 / cash and debt: \$24.50 by 2018
 - Treat to EPA Levels – cash only: \$35.45 by 2018 / cash and debt: \$31.47 by 2018

The rate projections do not account for the risk costs associated with each option. Risk costs could have a substantial effect on future rates should the risk occur. As a method for presenting accounting for this, the total utility size (i.e. the amount of revenue required in a given year) was compared for all options including risk costs.

Upcoming Decision Points – Steve Burgos, Brown and Caldwell

The Program Management Team will be working with Nampa's City Council and the citizens' Wastewater Advisory Group over the next few months. Steve presented the following information about the timeline moving forward:

- The City Council will need to provide direction on the phasing option and preferred financing option.
- The Program Management Team conducted a workshop with Nampa's City Council on February 27 and will conduct a second workshop on March 29.
- A rate increase will be necessary in order to raise enough capital to make the improvements to Nampa's wastewater system. If capital costs are large and made in the near future, the rate increase will be higher. If capital costs are small and the larger expenditures are delayed, the rate increase would be smaller.
- In order to raise rates, the City must identify the option it plans to pursue, produce a formal Facility Plan, estimate the capital costs for the project and perform a rate analysis. To be implemented, the rate increase must receive approval from Nampa's City Council.
- Based on the direction from the City Council, the Program Management Team will begin developing a planning document for the preferred option. It is anticipated this will begin in April.

What next – Rosemary Curtin, RBCI

- The next NWAG meeting (#7) will likely be held on March 15. The purpose of this meeting will be to gather input from the NWAG members about which upgrade option and funding option they prefer.
- NWAG members are encouraged to read the technical memorandums. Copies of the technical memorandums can be checked out at the Nampa Public Library in the reference section.
- There will be key decision points coming up regarding phasing and evaluation of the options. The City will ask the NWAG for input as decisions are made about financing, funding and the recommended preferred option.
- Based on the NWAG's input, the Program Management Team will provide recommendations to Nampa's City Council on how to upgrade and fund its wastewater system. Input from the NWAG will help the City Council make a more informed decision.
- Please fill out and return your comment forms to Kate Nice at RBCI. You can email comments to kate@rbc.net or mail your comment form to 1945 Wildwood, Boise, ID 83713.

Questions from Advisory Group Members

In the paper today there was an article on how Kuna is having problems with their services. How can we be sure Nampa is charging the correct rate? Will this be evaluated?

The City will be performing a cost of service study as part of the rate adjustments. This study will focus on the distribution of rates amongst different user classes and be reviewed by the City in detail before approved. The review will be completed by the City's Public Works and Utility Billing departments who work closely to ensure that billing is completed correctly.

Is there a summary table or “cliff notes” that shows the risk costs for each option?

The Program Management Team has developed technical memorandums for each of the options. In these memorandums there are tables at the end of each chapter that outline the risks and benefits. The technical memorandums are available at the Nampa Public Library for NWAG members to review.

Will the tables from the technical memorandums be available on the Internet?

No, they are working documents and there will be addendums added that could change the information. Therefore, the City is not making them available on-line but rather in hard-copy form at the Nampa Public Library.

How much do those risk costs really affect the bottom line? Are they substantial enough that they will swing the scale?

Yes, the risk costs are substantial enough that they may impact the decision. By considering risk in the decision making process, the City is making a more strategic decision that aligns with the Strategic Plan and considers more than just the capital and operation and maintenance cost of the near term.

What were the parameters you put on the costs of risks and benefits in the future?

The risk and benefits costs are generally divided into three categories: technical, public outreach, and economic development. The technical risks and benefits focus on items related primarily to the technical design issues, the regulatory impacts, and the operational reliability for each option. The public outreach risks and benefits relate to the increased levels of public outreach that may be needed for some options. The economic development risks and benefits address the decisions impact on the economy of Nampa.

Do the O&M costs include existing O&M costs?

No, the O&M costs presented are on top of the existing O&M costs.

How many months would these O&M costs be for?

Currently, the O&M costs are assumed to be seasonal, from May through September, for the Phase II options. The Phase I costs are for year-round operation.

Do the capital costs include the Phase I capital costs?

Yes, the capital costs for the Phase II options include the Phase I capital costs.

When you talk about an economic benefit, give us an idea of what that is?

The wastewater program management team wanted to evaluate if any of the options could either assist or hinder economic development in Nampa. As such, some options could bring economic development benefits by creating more favorable conditions for a business to move to Nampa. For example, the City may be able to use the recycled water produced with the infiltration options as an incentive for a company to relocate to Nampa. The addition of this company would provide an economic benefit to Nampa, in both jobs and tangential spending, which we have modeled and accounted for in our evaluation.

Why does economic development have more benefit for direct infiltration than rapid infiltration?

Direct infiltration would treat the water to Class A, whereas rapid would treat it to a Class C level that couldn't be reused for as many applications. To account for this difference, a smaller probability was applied to the Rapid Infiltration option for the economic development benefit and thus, brings less potential benefit.

Did the agricultural operations come up as an economic development opportunity?

It didn't because the majority of agricultural operations are located outside of the City limits and, based on current Idaho water rights statutes, the City wouldn't be allowed to sell its water outside of the City's impact area.

If we're putting all the water out for chemical plants and industrial industries, unless they are steaming it, aren't we are going to be getting the wastewater back?

It would be very dependent on the type of industry that would come to town. One of the opportunities we addressed in our analysis was a chemical manufacturing plant which would likely use all of the water in the manufacturing process and return little to the WWTP. Another industry was a data center which would likely return the majority of the water. If an industry

were to return the water, we would require them to only cycle the water once to limit the concentration of constituents in the return flow.

Did you do a “reality check” on the economic development opportunities?

Yes, all of the economic development opportunities were thoroughly checked and conservative probabilities of benefits were used for those industries that could create very significant economic development benefits.

Has any analysis been done on whether or not voters would approve a bond for a service that they already receive?

No, there has not been any analysis performed yet on voter preferences towards bonding.

Wouldn't some of the O&M costs go down over time?

For the analysis, it is assumed that the O&M costs would fluctuate with the increasingly stringent permit requirements. As requirements become more stringent, O&M costs will in fact increase throughout the analysis period.

Are you going to look at an incremental rate increase between 2013 and 2018?

We are evaluating multiple rate scenarios that raise enough capital to construct the necessary improvements. These various scenarios will be presented to City Council in the next few months and a one will be selected to address revenue requirements.

Is there an opportunity for a federal grant?

The City is actively pursuing low-cost funding opportunities. Often these are provided to small cities in dire need of upgrades, so the probability of the City receiving such funding is minimal. There are other federal programs the City is investigating (for example, the Bureau of Reclamation's Title XVI SmartWater grants) but many of these programs have gone underfunded or completely unfunded based on recent federal budget cuts.

Has there been legislative discussion of letting cities purvey water outside of their boundaries?

There has been some recent activity with the Idaho legislature to better address City water rights issues regarding wastewater. However, they are related to water rights associated with land application of treated wastewater, not purveying water outside of the city boundaries. We will look further into this issue as we move forward.

Is there any chance the wastewater rate increase could be seen as a tax by the community?

The City currently has a wastewater utility which brings in revenue from sewer rates. Therefore, it is less likely that the rate increase could be seen as a tax by the community since it would not require a new utility. In addition, sewer rates associated with an established enterprise fund have been consistently viewed as a legal means of funding sewer services. Finally, one of the premises for a fee being considered a tax is a lack of connection between fee paid and services received. In the case of a Sewer Fund, there is a very clear connection between fee paid and service received.

Nampa recently went through an appeal with the stormwater fee; could the same thing happen with wastewater?

The City's wastewater utility has been in existence for a number of years delivering wastewater management services for the fees paid and thus it is unlikely that a similar situation would occur. However, there is always the potential for some type of legal action.

What response has the City gotten from the landowners it contacted about testing their properties for infiltration?

The City has received a positive response from the landowners it has been in contact with regarding the infiltration testing. The landowners have been gracious enough to let the City collect water quality samples from the existing wells on the properties. The City is finalizing access agreements with the land owners to collect additional information in the coming months.

How does infiltration fit in with the irrigation districts?

The City would use infiltration solely as a disposal method for the recycled water. Therefore, we do not anticipate any significant coordination with or concern from the irrigation districts.

Is there any risk analysis of the possibility that agriculture would be required to treat water in the future?

The current regulatory framework of the Clean Water Act does not allow the EPA to regulate the agricultural communities discharges to waters of the U.S. That is not to say that this could not change in the future. However, given the current regulations and the long, arduous process for changing such a large piece of legislation, it unlikely the agricultural community would be regulated during the timeframe of this analysis (20 years).

How has agriculture been taken into account?

Agriculture is assigned a load allocation as part of the TMDL process. However, under the framework of the Clean Water Act, load allocation reductions are considered to occur on a voluntary basis and are typically estimated to be met over very long periods of time like 70 years. One of the options being considered by the City is the Treat and Offset option that would basically attempt to treat a concentrated agricultural return flow (e.g., Indian Creek or Mason Creek) in exchange for less stringent phosphorus limits at the WWTP. This would expedite the process for cleaning up agricultural return flows from 70 years to a much quicker timeframe with potentially greater benefits to the watershed.

Why aren't we acquiring wetlands to treat discharge from agriculture? If we know where the drains are, why aren't we treating these areas?

As mentioned in the previous response, the Treat and Offset option does exactly this. It involves installing enhanced wetlands on an agricultural drain to remove phosphorus at with a more cost effective method. The City would get credit for treating phosphorus in an agricultural drain and apply it to the WWTP thereby avoiding very stringent limits that may appear in future NPDES permits.

If the phosphorus levels dropped because of treatment at the jurisdictions, wouldn't they back off of the treatment plant?

The Clean Water Act contains provisions that limit the “antibacksliding” for permits in regards to the discharge limits. With these provisions, it is unlikely the City’s discharge limits would increase significantly regardless of any treatment of non-point source related phosphorus.

What is the cost of the various consultant fees individually and aggregate to do what is being done and to get info and proposals to the City Council?

In total, since 2010, the City has spent approximately \$850,000 dollars in consulting fees to investigate a decision that will likely cost the City between \$60 - \$100 million dollars over the next 20 years. This work has included multiple technical evaluations, cost estimating, risks and benefit analyses, public involvement coordination, preliminary rate analyses, and regulatory coordination. The funding for studies has been budgeted in the existing sewer fund that has annual budget of \$9 - \$10 million.

Is it possible that the projected economic benefits are overestimated?

Based on our analysis, we feel that the economic benefits are a conservative estimate of the potential benefits. They are based on conversations with the City’s economic development team and the consulting team’s knowledge of economic development impacts associated with certain businesses locating in Nampa. The specific benefit cost is based on the probability of only a single company choosing to re-locate to Nampa based on the availability of recycled water. In addition, that single company was assumed be an industry (data center) with the smallest economic impact on Nampa. Therefore, we believe the economic development benefits are conservative.

Would bonds be approved and run through the State Treasurers Office to secure better interest rates?

The City would pursue running the bonds through the State Treasurer’s Office. The state would get a better interest rate than the City.

What amount of money can the City borrow?

There is no limit to the amount of money the city can borrow.

Do revenue bonds have to go to the voters versus general obligation bonds?

Both types of bonds must go to the voters. General obligation bonds must have a two-thirds majority to pass. Revenue bonds only need a simple majority to pass.

Would it be possible to combine urban renewal bond and sewer revenue bonds?

No, this is not possible.

Can you charge new customers an upfront fee so that existing ratepayers are not at as large of a disadvantage?

New residential customers are currently charged a hookup fee. The costs of service study will evaluate the distribution of rates among all customer classes including a re-evaluation of existing hook-up fees.

If large manufacturers are brought in wouldn’t that increase our population, thus spreading out these new costs that are coming to us in the next 10 years?

Yes, a large manufacturer would likely increase the population. This would increase the population base from which the sewer revenues are gathered. However, this benefit is balanced by the fact that increased populations bring increased wastewater flows that potentially require increased capacity at the WWTP.

The \$92,998,000 in benefits is probably do-able, but is it prudent to plan on it?

The risks and benefits presented for each option are solely provided as part of the decision-making tool to establish differences amongst options. Certainly, there are no guarantees that if the City selects the direct infiltration option, businesses will move to Nampa. However, water supply issues are a significant issue for industries and certainly a key criterion for deciding on a location. If the City were able to offer free water or water at reduced rates, it adds one more reason for a company to locate in Nampa.

For clarification, the City will not use the risk or benefit costs for setting rates. The rates will be based solely on the capital and annual O&M costs for each option.

Can Nampa get paid for discontinuing discharging its treated wastewater into Indian Creek, Boise River and/or Hells Canyon?

No, it is not likely that the City could get paid to discontinue its discharge to Indian Creek. However, the EPA has acknowledged that there would be water quality benefits in Indian Creek if the City were discontinue its discharge. To this end, the City will be discussing the potential for maintaining wasteload allocation in Indian Creek and trading it with other communities.

Could Nampa provide an offset service to other dischargers or to Idaho Power or sell credits?

Based on discussions with EPA, they are hesitant to allow pollutant trading between different dischargers without certain regulatory mechanisms in place. Therefore, at this time it is not feasible for the City to provide an offset service to other dischargers. However, this will be a point of discussion with EPA in upcoming meetings.

How solid are the benefits and costs projections?

The risk and benefit costs are based on the best information currently available to the City. The risk and benefit costs will be adjusted to account for new information as it arises.