SEWER REVENUE BOND

YOUR MAY 15 VOTE IMPACTS YOUR SEWER BILL
WHAT DOES “YES” OR “NO” MEAN?

**“YES”**

Authorizes bond funding of up to $165 million and results in a smooth rate increase over seven years. Anticipated avg. increase of 16.75% each year beginning Oct. 2018 thru 2025. Rates expected to remain stable in 2026.

**“NO”**

Indicates preference for cash funding. Voting “no” rejects bond funding, not the project, and results in a sharp increase in rates. Anticipated avg. increase of 93% in Oct. 2018 followed by 12-35% annual increases thru 2025. Expected avg. decrease of 47% in 2026.
Residential Sewer Bill Impacts

<table>
<thead>
<tr>
<th>Year</th>
<th>“YES” Bond Funding (Current monthly residential average)</th>
<th>“NO” Cash Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18</td>
<td>$24.47</td>
<td>$47.21</td>
</tr>
<tr>
<td>FY19</td>
<td>$28.54</td>
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</tr>
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<tr>
<td>FY26</td>
<td>$72.04</td>
<td></td>
</tr>
</tbody>
</table>
WHY?
The Wastewater Challenge

- 11 million gallons of wastewater per day
  - Domestic residences
  - Commercial properties
  - Industry

- 4 billion gallons of wastewater per year

- Without treatment, raw sewage and industrial waste is discharged to Indian Creek
Path from Public Interest to Permit

Clean Water Act Process

**PUBLIC** establishes desired or intended uses for water bodies

**DEQ** applies instream water quality criteria based on use

If water quality goals are not met, **DEQ** develops a Total Maximum Daily Load (TMDL)

**EPA** issues NPDES permit limits to meet public’s desires uses and TMDL

Indian Creek and Nampa’s NPDES Permit

Fishable and Swimmable

Cold Water Aquatic Life and Secondary Contact Recreation

Excessive algae growth Water too warm for fish

TP – 0.1 and 0.35 mg/L Temperature - 19 °C
Nampa Wastewater Treatment Plant

- Originally constructed in the 1960’s
- Capacity to treat 18 million gallons per day
- Removes >98% of constituents before discharge to Indian Creek
- Staffed 20 hours per day, 365 days per year by 20 dedicated employees
HOW DID WE GET HERE?
Permit Negotiation Process

- Advocated for DEQ to gain primacy for NPDES program
- Participated in 100+ TMDL meetings with DEQ
- Actively negotiated with EPA/DEQ on NPDES permit
  - Limits
  - Implementation timeline
- Filed legal challenge on need for temperature limits in Indian Creek
Permit Negotiation Process

Negotiation Wins:

• 15-year schedule of compliance for temperature limits to allow sufficient time to implement a solution
  – Longest schedule of compliance in Treasure Valley
  – Allows time to fully understand impacts of Phase I/II Upgrades

• Phased approach to meeting phosphorus limits

• Manageable permit limits with monthly rather than weekly total phosphorus (TP) limits
**Critical Success Factors**

1. Preserve our natural resources and our environment
2. Provide a healthy, professional environment for our employees
3. Long-term, fiscally-sound decision-making
4. Stimulate economic development
5. Anticipate future regulatory requirements

**Expert Team**

- Technical Experts
- Nampa Wastewater Advisory Group (NWAG)
- Industrial Working Group (IWG)
- Public Works Department Staff
- Nampa Mayor and City Council
  - Since 2010
    - Three Mayors
    - Several New Council Members
The Solution

Indian Creek

Existing WWTP

Phyllis Canal

Filtration

Class A Recycled Water Disinfection

Industry

Summer

Winter

Indian Creek
Nampa’s Recycled Water Program

**Phase II Upgrades**
- Aeration Basin No. 4
- Blower Building
- RAS Piping and WAS Pumping
- Final Clarifier 4
- Solids Facility Expansion
- Struvite Reactor
- Filter Lift Pump Station
- Membrane Filtration
- UV Disinfection
- Digester 5
- Primary Thickening

**Phase III Upgrades**
- Mixed Liquor Recycle Pumps
- Class A Industrial Reuse Pipeline and Pumping Station
- Class A Irrigation Reuse Pipeline and Pumping Station
Why Is It Needed?

- Regulatory: 53%
- Future Growth: 7%
- Regulatory Future Growth: 30%
- Repair & Replacement: 10%
Capital Outlays

Annual Spending (Future Year Dollars)

Cumulative Spending (Future Year Dollars)

Year | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030
---|---|---|---|---|---|---|---|---|---|---|---|---|---
\$M | \$M | \$M | \$M | \$M | \$M | \$M | \$M | \$M | \$M | \$M | \$M | \$M

Two Funding Options
## Funding Options

<table>
<thead>
<tr>
<th>Rate Increase Scenarios</th>
<th>Funding Approach</th>
<th>Rate Increase Pattern</th>
</tr>
</thead>
</table>
| “YES” – Bond Funding    | • Mix of cash and debt funding  
                          • $165M funded by debt through 2025 | • Consistent rate increases of 16.75% annually from FY19 through FY25 |
| “NO” – Cash Funding     | • All cash funding | • Initial rate increase of 93% in FY19  
                          • Additional rate increases of 12-35% between FY20 and FY23 |
“YES” – Bond Funding: Rate Impacts

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<tr>
<th></th>
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<tbody>
<tr>
<td>Annual Rate Increase</td>
<td>--</td>
<td>16.75%</td>
<td>16.75%</td>
<td>16.75%</td>
<td>16.75%</td>
<td>16.75%</td>
<td>16.75%</td>
<td>16.50%</td>
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<tr>
<td>Avg. Monthly Residential Bill</td>
<td>$24.47</td>
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<td>$33.31</td>
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“NO” – Cash Funding: Rate Impacts

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<tbody>
<tr>
<td>Annual Rate Increase</td>
<td>--</td>
<td>93.00%</td>
<td>35.00%</td>
<td>23.00%</td>
<td>23.00%</td>
<td>12.86%</td>
<td>0.00%</td>
<td>2.08%</td>
<td>-47.00%</td>
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<td>Avg. Monthly Residential Bill</td>
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### Monthly Residential Bill Comparison

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<tr>
<th>Location</th>
<th>Bill Amount</th>
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<tr>
<td>Portland</td>
<td>$68.74</td>
</tr>
<tr>
<td>Bend</td>
<td>$59.89</td>
</tr>
<tr>
<td>&quot;NO&quot; - Cash Funding (2019)</td>
<td>$47.21</td>
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<tr>
<td>Meridian</td>
<td>$37.66</td>
</tr>
<tr>
<td>Eagle Sewer District</td>
<td>$36.00</td>
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<tr>
<td>Coeur d'Alene</td>
<td>$35.65</td>
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<tr>
<td>Boise</td>
<td>$35.64</td>
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<tr>
<td>Caldwell</td>
<td>$34.88</td>
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<tr>
<td>Pocatello</td>
<td>$30.55</td>
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<td>&quot;YES&quot; - Bond Funding (2019)</td>
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<td>Nampa (Existing)</td>
<td>$24.47</td>
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<td>Idaho Falls</td>
<td>$21.70</td>
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Your Vote May 15, 2018

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Comparison: Average Monthly Residential Bill

Wastewater Utility Monthly Bill Forecast

Scenario A (Cash-Only)
Scenario B (Smoothed)
Understanding the Phase II Upgrades Costs

Facility Plan

$149.6M

- Costs presented as 2017 dollars
- *Does not* include construction cost inflation
- Includes capital costs between 2018 and 2031 (Phase II and Phase III Upgrades)

Funding

$189.9M

- Costs presented as future dollars
- *Does* include construction cost inflation
- Bond language requires costs to be presented in total dollars ($165M)