Planning for our Future:

Sewer District Rate Adjustments

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SOUTH FORK

EST 1965

★ COEUR D'ALENE RIVER ★

SEWER DISTRICT

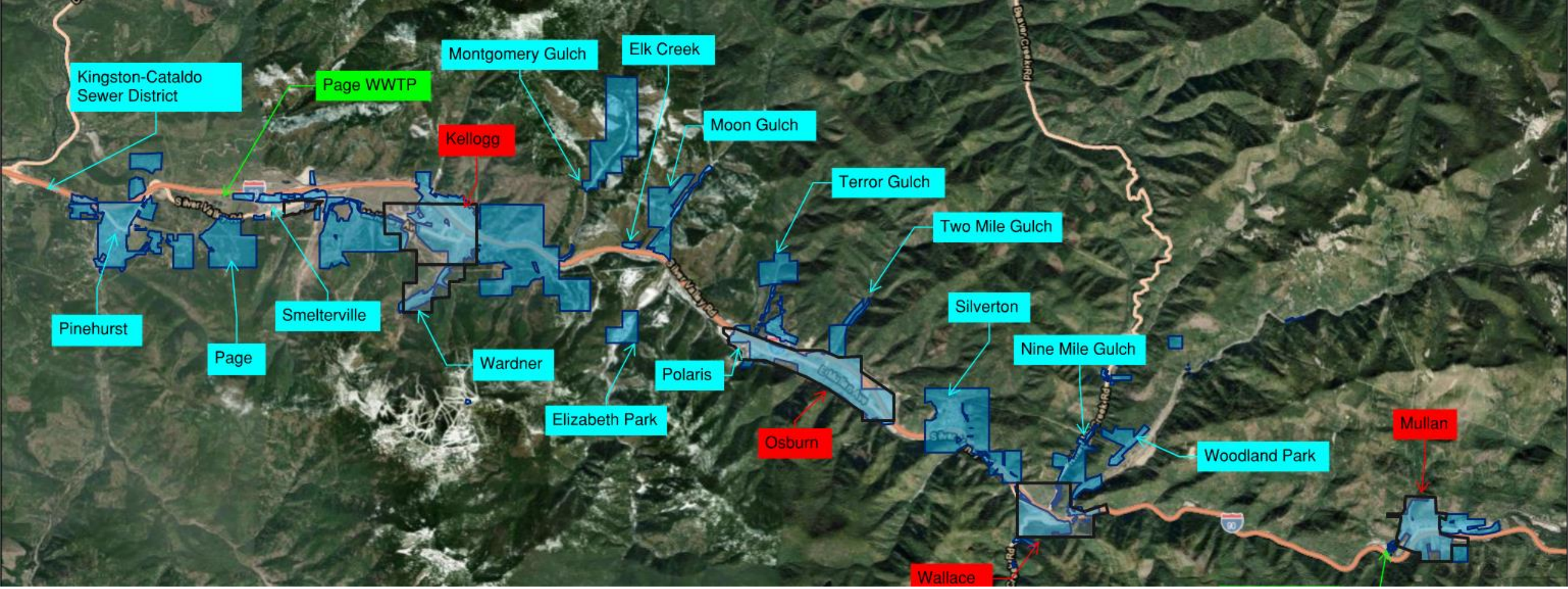
Agenda

- Introduction to District
- Rate Development
- New User Fees (“hook-up” fee)
- Questions

Your Sewer District:

Who We Are and What We Do

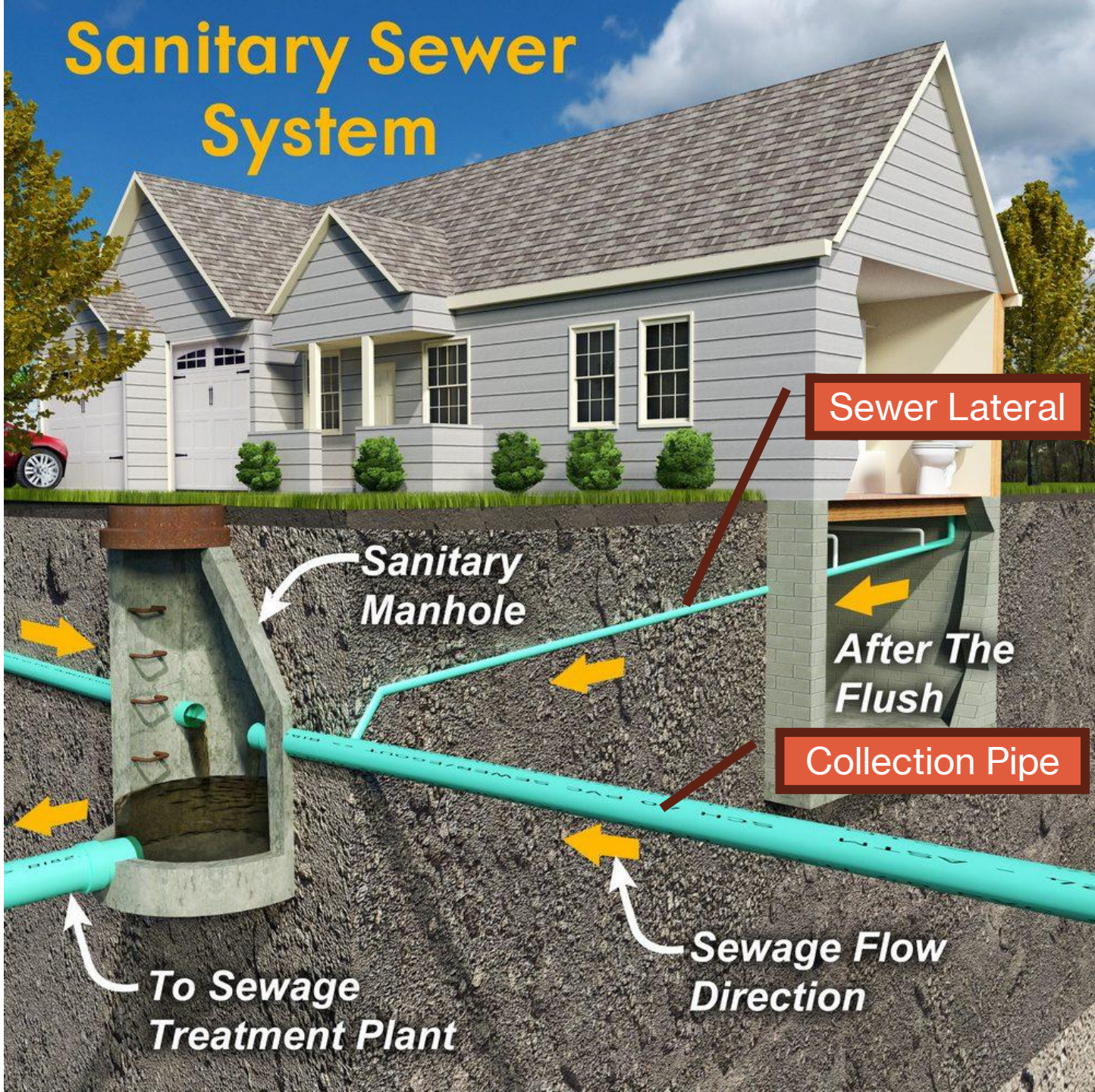
- What we do
- Service Area
- Independent Government Entity, governed by 5 elected board members
- “Enterprise Utility”: Run as a business but goal is to keep rates low (instead of profit)
- Does not receive any tax revenue
- Funded through customer rates, one-time connection fees, and grants or loans



District Background

- Sewer District formed in 1965
- Serves 7 towns and 15 other communities/ burgs
- Service population 7,055
- 2 wastewater treatment plants
- 7 Lift Stations
- 57 miles of pipe
- 1,200 manholes

Parts of the Collection System



District Collection Pipe
City Collection System
Gravity flow to treatment plant
1-41
1-42
1-43
1-44
1-45
1-46
1-47
1-48
1-49
1-50
1-52
1-53
1-54
1-55
1-56
1-44-1
1-44-2
1-44-3
1-44-4
1-44-5
W Cameron Ave
I-90 W
I-90 E
Bunker Ave
Short St
W Riverside Ave
W Mission Ave
W Marian Ave
Eden St
Rose St

Page
Wastewater Treatment Plant

Treats an average 2.24 million gallons per day

Mullan Wastewater Treatment Plant

Treats an average 130,000 gallons per day

Sewer District Staff

Planning for the Future

- District received $337,000 in grants (IDEQ and Shoshone County) to complete a comprehensive Facility Plan

Planning Decisions:

What projects need done and when?
What existing infrastructure needs replaced?
How will we meet new regulations?
How many new customers can we serve?

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Capital Improvement Plan

- Facility Plan:
  - Engineering planning document for the next 20 years (2024-2044)
  - 100% grant funded by Idaho Dept. Environmental Quality and Shoshone County

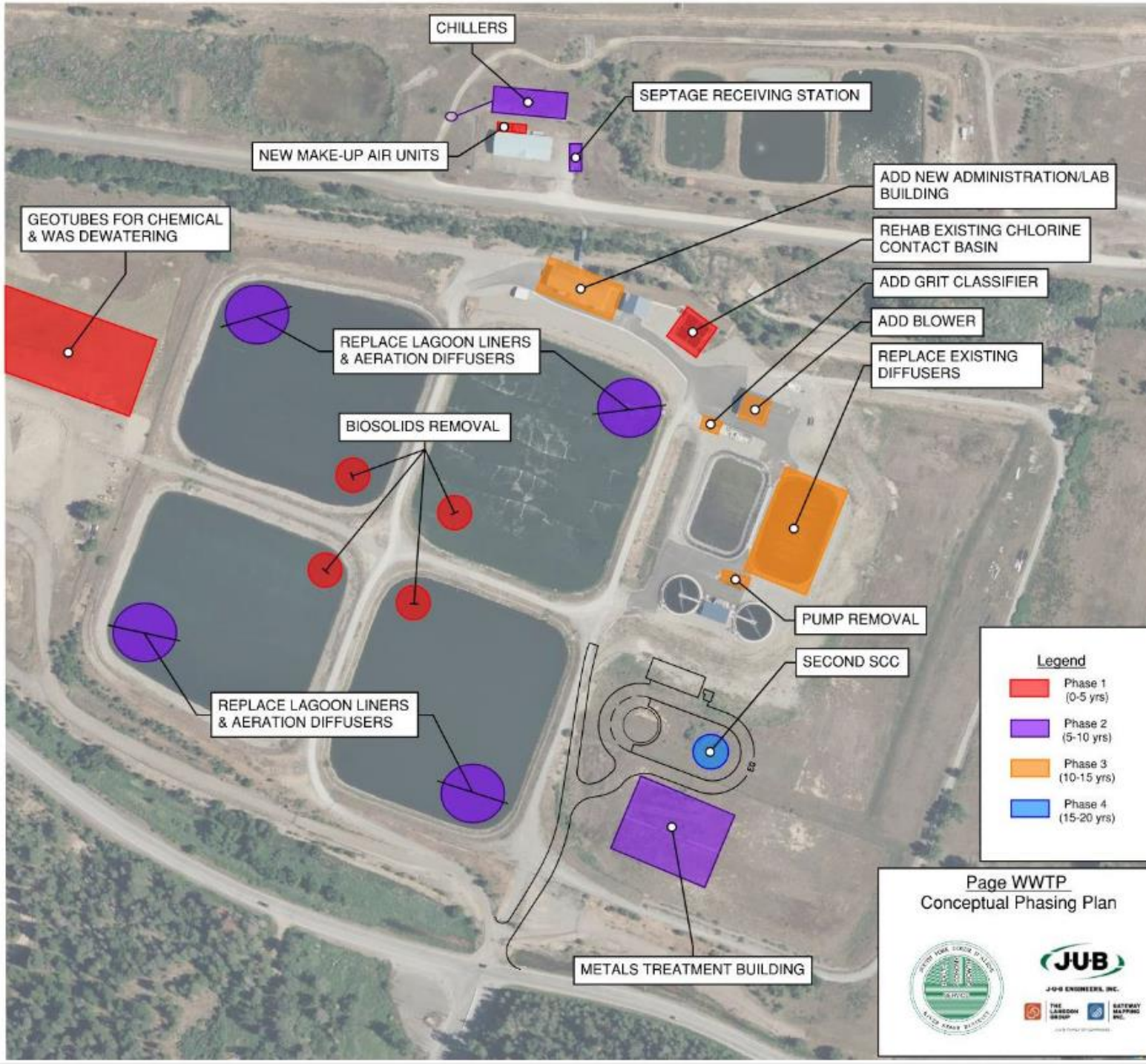
- Capital Improvement Plan:
  - Phased strategy for infrastructure improvements
  - Improvements needed to maintain level of service and meet future regulatory requirements
  - Ability to accommodate future growth (+20-yr timeframe)

Capital Improvement Plan is used as the basis for future rate increases

PS

Page WWTP

Required Upgrades

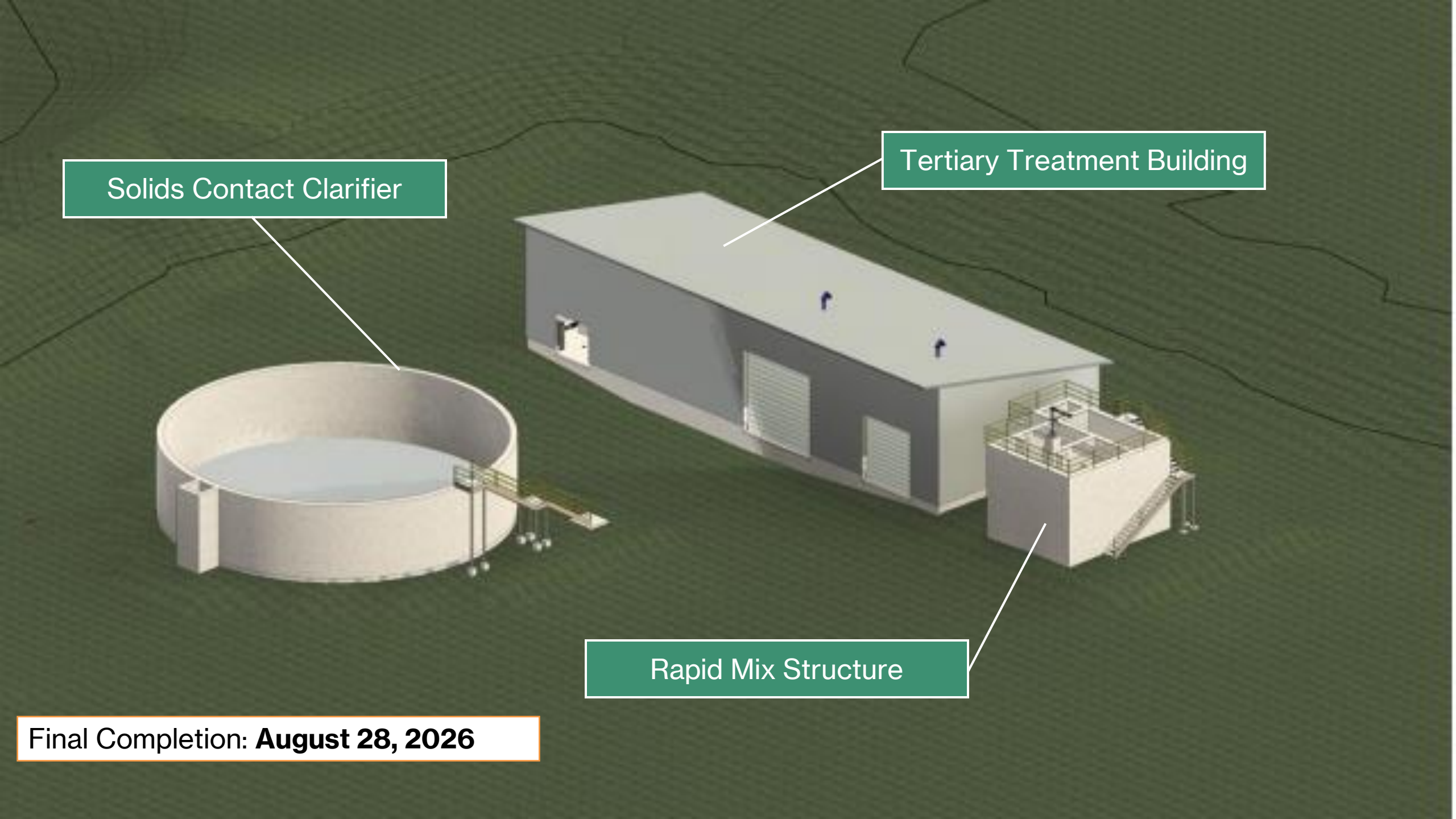


PS

Page WWTP Tertiary Treatment

- Phase 1 – completed October 2024
- Phase 2 – construction began May 5, 2025
- Project 100% funded by $18.2M Grant from Idaho Dept. Environmental Quality

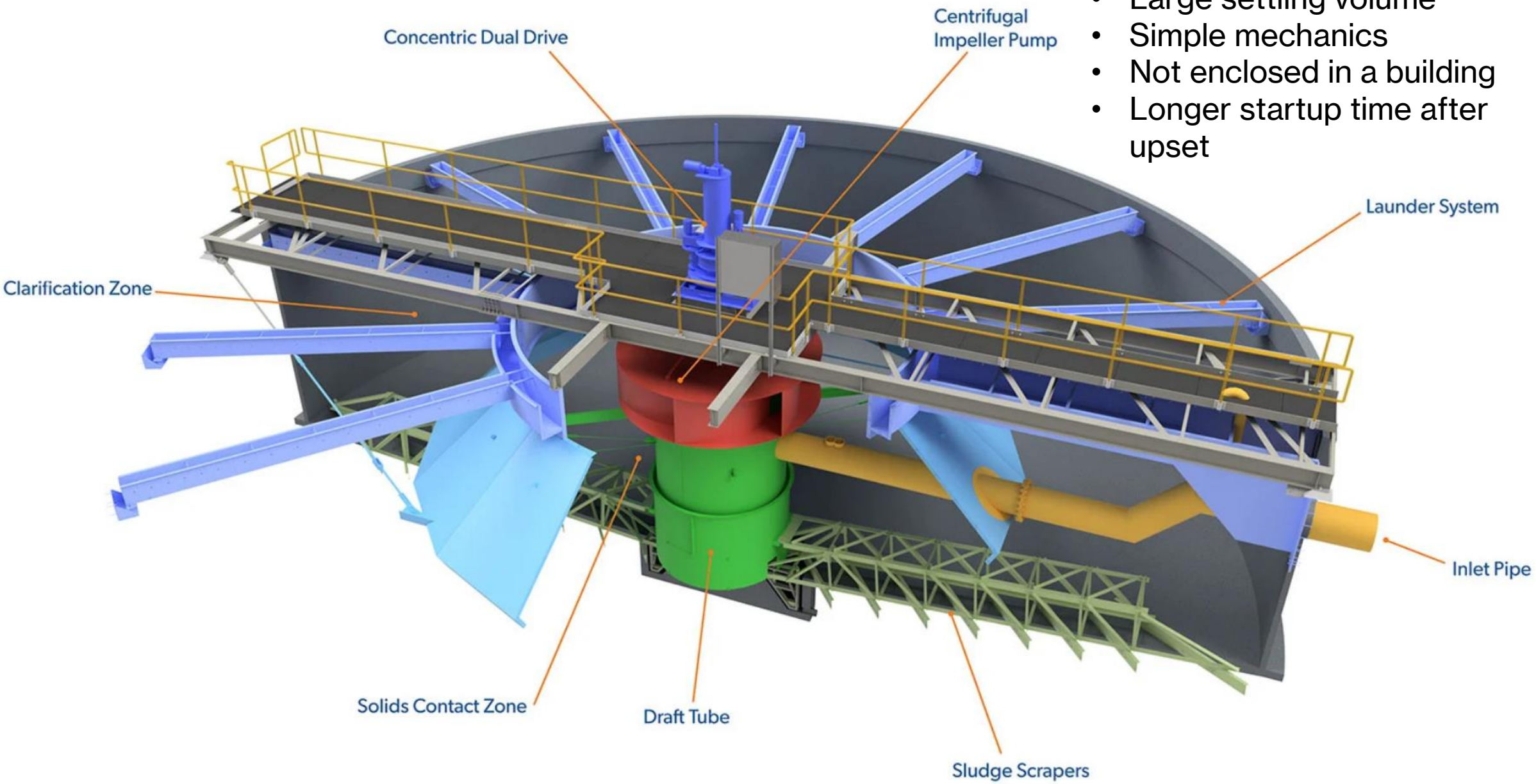
Phase 1 – Geotechnical Site Preparation
Completed October 2024



Final Completion: **August 28, 2026**

Solids CONTACT CLARIFIER™

- Large footprint
- Large settling volume
- Simple mechanics
- Not enclosed in a building
- Longer startup time after upset



Solids Contact Clarifier

Hayden Area Regional Sewer Board

Capital Improvement Projects

Project Description		Total Costs
WWTP Construction	$	19,494,799
Headworks		279,741
Lagoon Improvements		296,734
Temperature		309,000
Metals Treatment w/ Membrane Filtration		1,173,069
Page Improvements		225,000
Mullan Improvements		85,000
Collection I&I Reduction		1,149,369
Collection Vehicle/Equipment		923,215
Lift Station/Force Main Replacement		1,340,923
Pipe Replacements		666,246
	$	**25,943,096**

- Total capital program $25.9M
  - Majority of costs treatment construction & improvements (84%)
- Total grant funding $21.7 million
  - $18.2M phosphorus grant funding
  - $300K facility grant
  - $3.2M additional phosphorus grant

Rate Study

- Review Current Rates
- Overview of How Rates are Set
  - Key inputs and information
- Rate Study to answer two key questions
  - Are rates at the proper level to meet operating and capital costs?
  - Are the cost differences between rates appropriate?
- Discuss Results and rate implementation timeframe
- Board of Trustees reviewed proposed rates beginning October 2024
  - Maintain District philosophy of keeping rates low

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Current Rates

	Current	
	Quarterly	Monthly
Residential - Treatment + Collection	$115.50	$ 38.50
Residential - Treatment Only	$109.50	$ 36.50
Business* - Treatment + Collection	$118.50	$ 39.50
Business* Treatment Only	$112.50	$ 37.50
** Business pays fee based on water usage*		

- Current rates separated between:
  - Treatment only
  - Treatment + Collection (full service)
  - Residential and Business

Customer Type	Who Maintains Collection?	You Pay For...
Kellogg/Osburn/Wallace/Mullan	Your city	Treatment only (District)
All others	SFSD	Treatment + Collection

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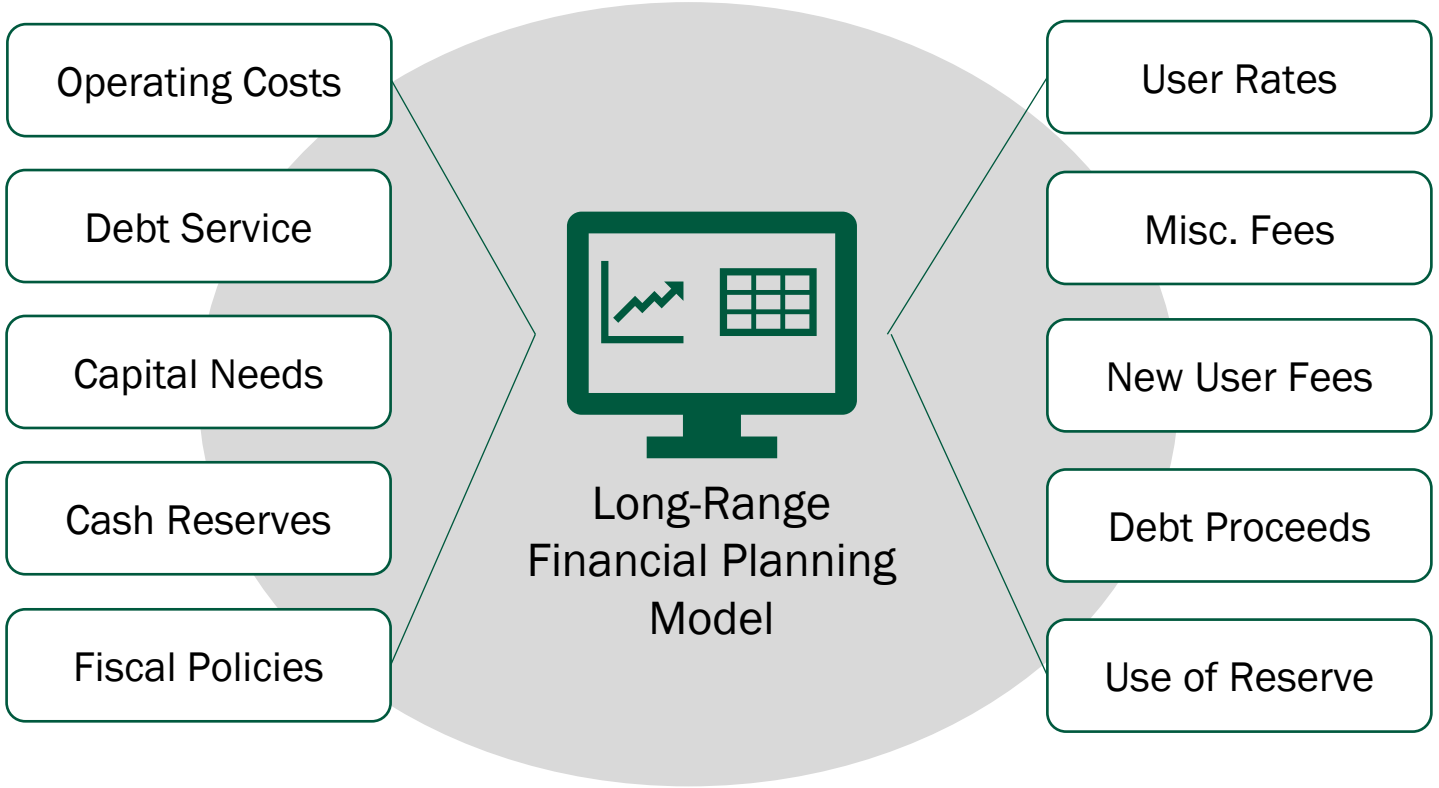
Overview of Rate Setting Process



Craft a multi-year rate and financing plan to support the operations and capital needs of the District

Rate Study Key Assumptions

Forecast Basis
Study Period: 2025-2031
Budget FY 2025 used as baseline

Operating Reserve Target

90 days of OpEx
($513K - $638K)

Customer Growth

13-14 new units/year

Annual Fee Revenue

Rates ($2.6 – $2.7M)

Expense Inflation
3.0% to 4.0% annual cost inflation

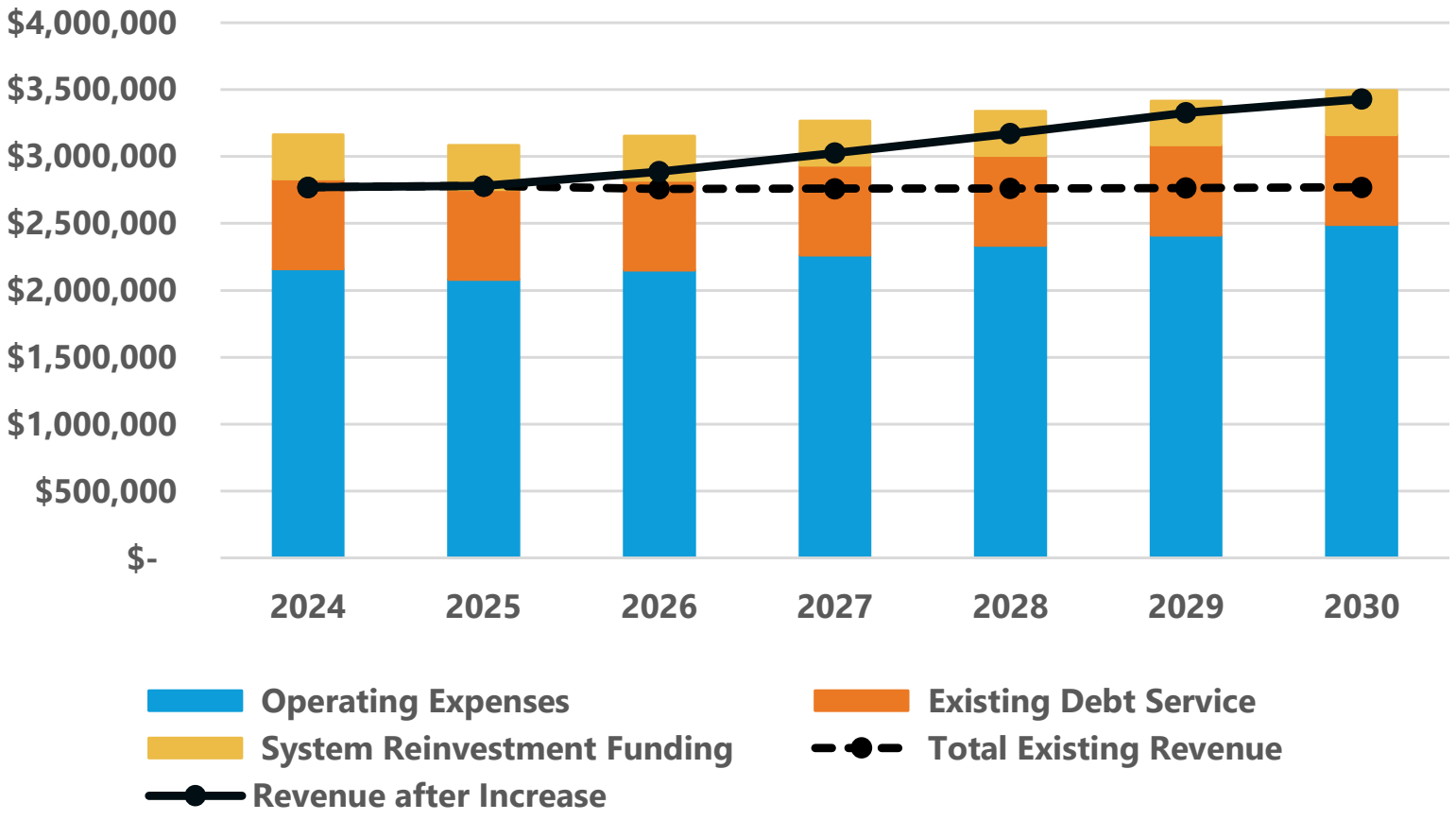
OpEx Costs

Biosolids Management
Geotubes 2027 ($127K/yr)

Existing Debt Service
Avg. $673K per year
(2018 & 2019 bonds)

Capital Plan 2024-2030
$25.9 M

Question 1: Evaluate Revenue Sufficiency



- Existing revenue falls short of meeting annual obligations
  - ($303K - $804k)
- Rate pressure from:
  - Inflation outpacing growth
  - Additional O&M
    - Biosolids management
  - Future capital needs
- Rate action needed to resolving existing revenue deficiency and fund future capital costs
- Using $1.2 million in reserves to buffer early years, reducing the amount of rate increases

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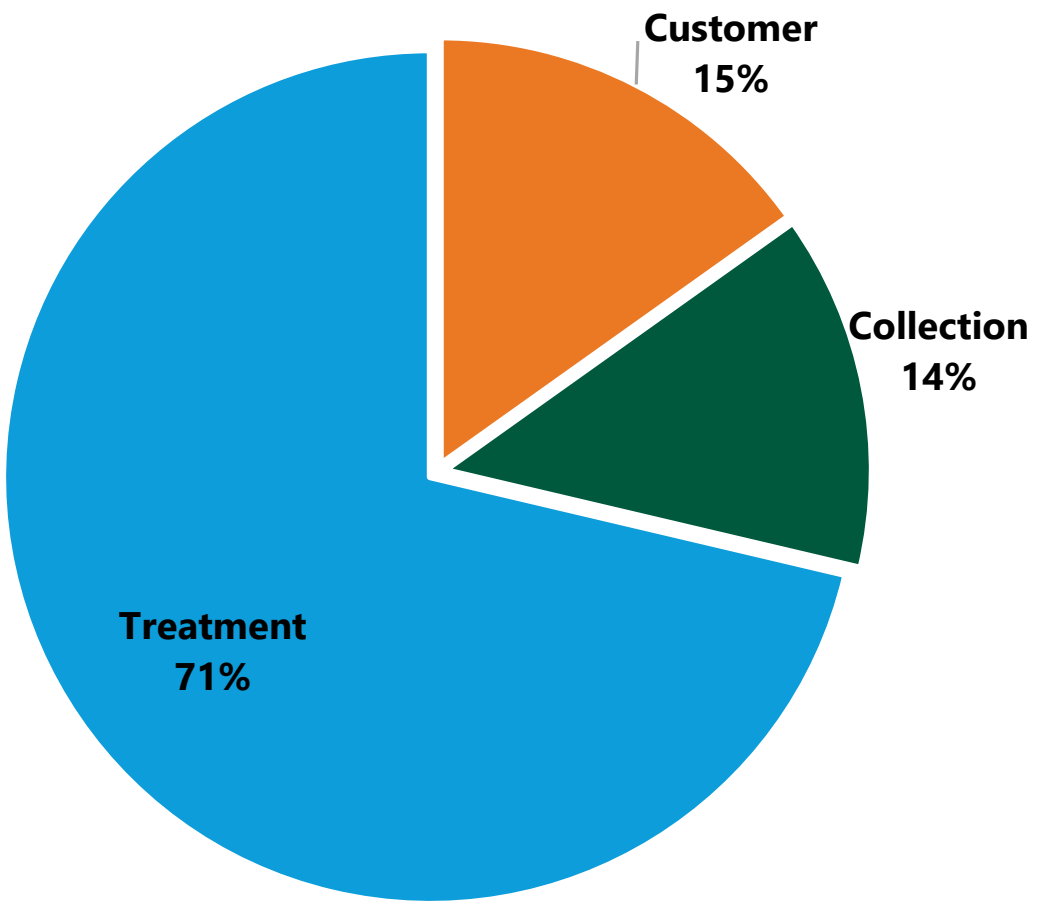
Question 2: Evaluate Cost of Service Differences



- Cost of service determines the allocation of costs to customers based on service and facility requirements
- Allocated cost to treatment, collection, and customer
- Staffing allocated by position and time spent on each activity
- Majority of operating costs treatment related

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Cost of Service Results

Description	Treatment	Collection	Customer	Total
Residential - Treatment + Collection	$28.44	$12.67	$6.04	$47.15
Residential - Treatment Only	$28.44	$0.00	$6.04	$34.48
Business -Treatment +Collection	$28.44	$12.67	$6.04	$47.15
Business - Treatment Only	$28.44	$0.00	$6.04	$34.48

- Unit costs developed by allocating costs per equivalent residential units (ERUs)
- Cost differential of $12.67 between Treatment + Collection ($47.15), and Treatment only customers ($34.48)
  - Treatment only customers in areas that operate & maintain own collection service
- No cost difference between residential and business
- Business customers based on water use (pay 1 or more of total unit charges)

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Proposed Monthly Rates

Class	Current Rates	Dec. 1st 2025	Dec. 1st 2026	Dec. 1st 2027	Dec. 1st 2028	Dec. 1st 2029	Dec. 1st 2030
Treatment	**$36.50**	**$37.55**	**$38.60**	**$39.65**	**$40.70**	**$41.75**	**$42.80**
Collection	$2.00	$4.30	$6.60	$8.90	$11.20	$13.50	$15.80
Total	**$38.50**	**$41.85**	**$45.20**	**$48.55**	**$51.90**	**$55.25**	**$58.60**
Treatment Only	**$36.50**						
Difference $		$1.05	$1.05	$1.05	$1.05	$1.05	$1.05
Treatment + Collection	**$38.50**						
Difference $		$3.35	$3.35	$3.35	$3.35	$3.35	$3.35

- Rates revised to align with cost differential between full service (treatment + collection) and treatment only service
- Six-year phase in to minimize impacts to customers and reach cost of service by final adjustment Dec 1st 2030

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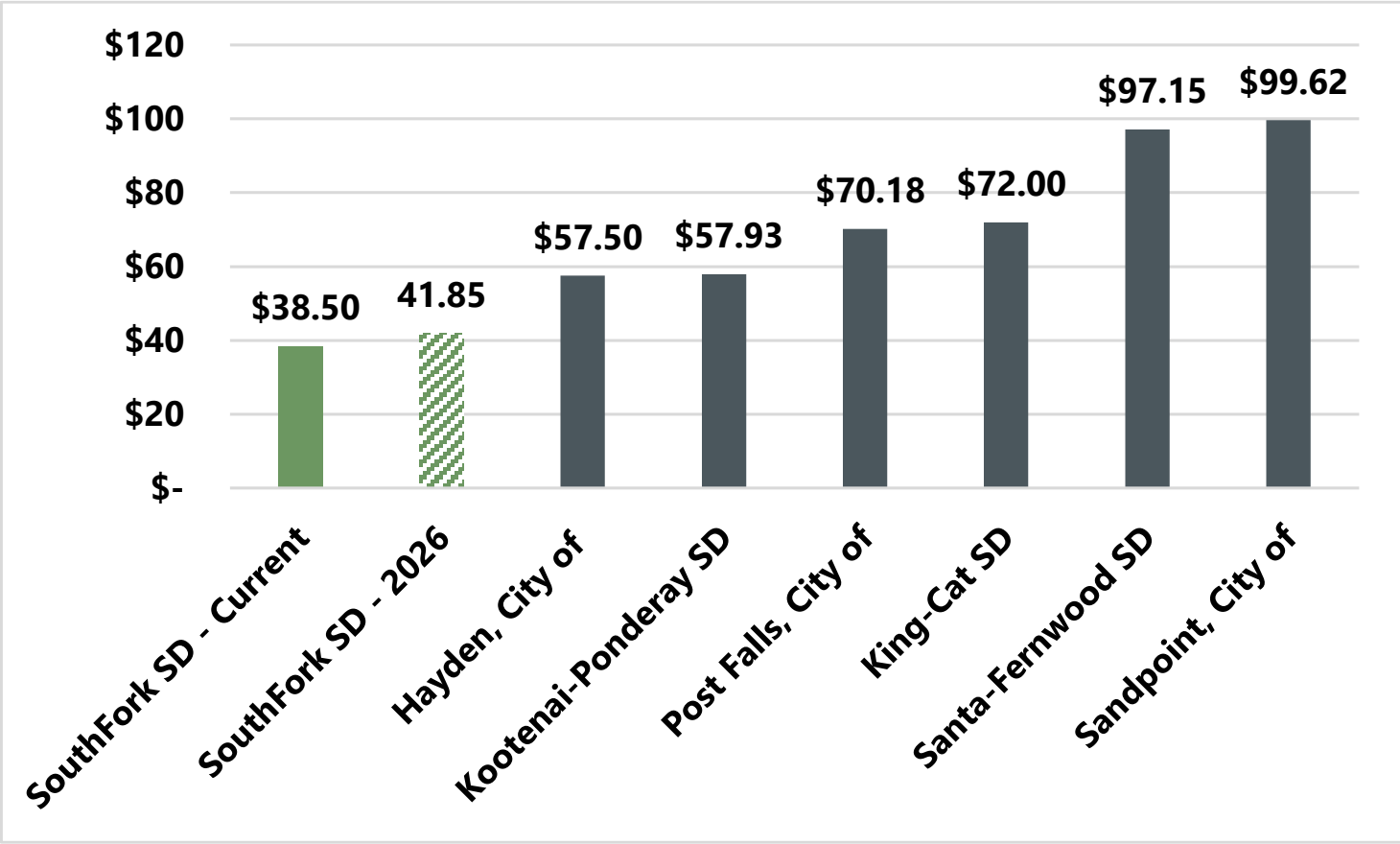
User Fee Comparison – Monthly Rates



- District lowest in comparison
- Sewer rates increasing statewide
- Projected cost of service 2031 rate estimated at $58.60

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New User Facility Fee (Hook Up Fee)

- What they are
- Who pays? – “Growth pays for growth”
- How are they determined
- How funds are used – Benefit to all ratepayers
- Funds from NUFF can only be used for future capital projects – not for daily operations or maintenance.

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Overview of New User Facility Fee (NUFF)

One-time charge to new connections, not ongoing rates

Based on the replacement cost of system infrastructure investment

Recovers value of system capacity new user will utilize

Includes only existing infrastructure in use

For capital only, in both calculation and in use

Calculated fee follows methodology set by 2015 Idaho Supreme Court ruling

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NUFF Calculation

	Treatment	Interceptor	Collection	General	Total
Total Gross System Replacement Value	$ 48,959,500	$ 32,395,100	$ 42,712,000	$ 677,800	$ 124,744,400
Less: Outstanding Bond Principal	(16,316,100)	-	-	-	(16,316,100)
Less: Unfunded Depreciation	(7,497,500)	(3,200,500)	(4,928,200)	(187,500)	(15,813,700)
Net System Replacement Value	25,145,900	29,194,600	37,783,800	490,300	$ 92,614,600
System Capacity Equivalent Dwelling Units	6,718	9,272	9,272	9,272	
Total NUFF per EDU*	**$ 3,743**	**$ 3,149**	**$ 4,075**	**$ 53**	**$ 11,020**

- Current fee: $5,811 per EDU (connection)
- Updated NUFF (hook up fee) calculation:
  - $11,020 Treatment + Collection
  - $6,945 Treatment only (cities of Kellogg, Osburn, Wallace & Mullan have separate connection fees for collection system)

*EDU = equivalent dwelling unit

Next Steps

- Public hearing
  - June 17, 2025, 9:00 AM, Location TBD, will be posted at www.southforksd.com.

Questions?

Customer FAQs

Why are sewer rates increasing now?

To address aging infrastructure, rising costs, and stricter environmental regulations. Delaying action could lead to system failures and higher costs later.

When will the new rates take effect?

The first increase will begin on December 1, 2025, with gradual annual adjustments through 2031.

How much will my bill increase?

For residential customers, rates will increase about $3.35 per month per year (treatment + collection) or $1.05 per month per year (treatment-only).

Customer FAQs

What is the New User Facility Fee (NUFF)?

A one-time fee for new users connecting to the system. It helps pay for existing infrastructure capacity and can only be used for capital projects, not operations.

Can the $21.7 million in grants lower rates?

No. Grant funds are restricted to specific capital projects already planned and cannot be used for operating costs or to offset user rates.

Why do some customers pay less than others?

Customers in Kellogg, Osburn, Wallace, and Mullan pay their city for sewer collection. The District charges them for treatment only, while others receive and pay for both treatment and collection.