

Board Adopts 5-Year Capital Improvement Program

At its July, 2022 meeting, the Sewer Board adopted a 5-year capital improvement program. The District plans to spend an average of \$51,600 each year to improve its aging plant and facilities through fiscal year 2027. The program will be funded through a combination of increased fees and savings.

Early in the spring the District initiated a rate analysis from T-O Engineers, the same firm that worked on the District's recent Wastewater Expansion Project (WEP). As part of that process, the company calculated the service life and current replacement cost for the District's various capital items. For example, the original collection and treatment system, constructed in 1978, has a replacement cost of \$1.2 million and it's already 62% into its useful service life. The estimated replacement cost for the entire system, not counting the WEP, is \$2.8 million.

Applying industry standards, the scope of the District's new capital improvement program is directly tied to the estimated annual replacement and rehabilitation cost of the sewer system. In addition, over the 5-year period, the Board will reduce the District's contingency and capital reserves to industry-recommended amounts. Specifically, six months of operating expenses and one-year of capital replacement and rehabilitation costs. It's anticipated that at the end of the 5-year program, Member fees will then fully subsidize the annual capital plant and facilities rehabilitation and replacement cost.

The District's FY 2023 budget includes three categories of capital expenditure. First, the District is obligated by the Idaho Department of Environmental Quality to replace old, steel septic tanks with approved concrete tanks. Second, the District will embark on a multi-year program to replace old pump control units with modern devices that will sound-off if the septic pump fails and, more importantly, help our Operator pinpoint water intrusion into the sewer system. Water intrusion is costly because it unnecessarily increases treatment costs and effectively diminishes the District's overall treatment capacity. As new homes are added to the system, treatment capacity will inevitably become a management issue.

Finally, the District is budgeting for unscheduled capital expenses. For example, this summer the pump in the main lift station off Bottle Bay Road failed and required an emergency replacement. The back-up pump came in handy but it, too, is past its useful service life, so two pumps were ordered.