



AGENDA REPORT

City Council Meeting

TODAY'S DATE: August 14, 2025

MEETING DATE: August 20, 2025

TO: Mayor and City Council

FROM: Holly Ellis, Public Works Director

SUBJECT: Proposed Ordinance and Summary: November 4, 2025, Election Ballot Question - City of Sandpoint Wastewater Treatment Plant Bond

DESCRIPTION/BACKGROUND:

The City of Sandpoint owns and operates one wastewater treatment plant (WWTP) that discharges into the Pend Oreille River. Portions of this plant date back to the 1940s, with many components now obsolete, deteriorated, or undersized. Although staff have generally maintained treated water quality that meets regulatory discharge requirements, the risk of component failure threatens future compliance and water quality.

Reconstructing the WWTP is a high priority for the City. The 2019 Wastewater Facility Plan outlined the need for a new facility with a design capacity of approximately 10.7 million gallons per day (mgd). The 2023 Wastewater Collection Evaluation Plan provided additional assessment of the collection system and, together with the Facility Plan, informed the 2022 utility rate study and subsequent rate adjustments implemented to begin funding future improvements. The City is actively working on a Preliminary Engineering Report as the next step to progress the project, with costs now projected approximately \$130 million.

The City plans to fund this major capital project through a combination of phased utility rate increases, bonds, low-interest loans, and aggressive pursuit of state and federal grants to minimize ratepayer impacts. One key source is the State Revolving Loan Fund (SRF), administered by the Idaho Department of Environmental Quality (DEQ), which offers 30-year, below-market construction loans covering up to 100% of project costs. In FY26, Sandpoint ranked third statewide for SRF funding, qualifying for an estimated \$38 million loan and \$3 million in principal forgiveness.

A recent community survey measured awareness of the WWTP's condition, potential environmental and regulatory risks, and support for reconstruction. It appears respondents strongly support replacement but emphasized the need to maximize grant funding. While support for both a full and phased approach was nearly equal in concept, pairing each option with projected rate impacts showed greater support for a phased approach.

Staff developed three funding options:

1. Full Bond – Bond for the entire project at approximately \$130 million. This would address all improvements at once but require higher immediate rate increases. Total rate increases could potentially reach approximately 106%.
2. Phased Bond – Bond for the first phase at approximately \$80.3 million, targeting the most critical improvements. This approach spreads costs over time, easing the initial rate impact. A future

bond election may be required for subsequent phases. Total rate increases could potentially reach approximately 60%.

3. Cash Funding – Self-fund the project without bonding. Total rate increases could reach up to 300%.

In every scenario, the City will continue pursuing grants and loan forgiveness, including programs such as the Water Infrastructure Finance and Innovation Act (WIFIA) and USDA Rural Development, to help reduce the burden on ratepayers. As design progresses, the City will also engage engineers and contractors to look for and implement opportunities to lower overall project costs.

If adopted, the ordinance will be transmitted to the Bonner County Clerk to administer the election. Staff and the consultant team will continue targeted outreach and education, addressing community questions and providing detailed project information as outlined in the attached Campaign Summary. This will include public education on the draft PER developed by Keller Associates, which will be presented to Council for approval this fall.

STAFF RECOMMENDATION:

Consider approving Bond Election Ordinance No. ____ calling for a special municipal revenue bond election on November 4, 2025, for issuance of up to \$130,000,000 in wastewater revenue bonds to fund reconstruction of the City's Wastewater Treatment Plant and related system improvements.

ACTION:

Move to approve Bond Election Ordinance No. ____ calling for a special municipal revenue bond election on November 4, 2025, for issuance of up to \$130,000,000 in wastewater revenue bonds to fund reconstruction of the City's Wastewater Treatment Plant and related system improvements.

Or

Move to approve Bond Election Ordinance No. ____ calling for a special municipal revenue bond election on November 4, 2025, for issuance of up to \$80,300,000 in wastewater revenue bonds to fund reconstruction of the City's Wastewater Treatment Plant and related system improvements.

WILL THERE BE ANY FINANCIAL IMPACT? YES HAS THIS ITEM BEEN BUDGETED? N/A

ATTACHMENTS:

Proposed Ordinance (\$130 Million)

Proposed Ordinance (\$80.3 Million)

Community Survey Results

Public Education & Communications Campaign Summary

Public Education & Communications Campaign Plan

Idaho CW SRF Funding

Project Cost Estimate