



City of Hayden

Sewer Capitalization Fee Update

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September 22, 2026



Overview

- FCS retained to update the sewer collection capitalization fee
 - » Last update in 2019
- Focus for today:
 - » Present key data inputs and assumptions
 - » Summary of initial findings
- Questions
- Next Steps



Overview of Capitalization Fees

**One-time charge, 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 use only

**Calculated fee
represents maximum
allowable**



2015 Idaho Supreme Court Methodology

		Gross Present-Day Replacement Value of System
Less:		Bond Principal Outstanding
Less:		Unfunded Depreciation
=		Net System Replacement Value for the Current Year
÷		Number of Users Current System Can Support
=		Total Capitalization Fee per ER/WU*

Note: ER = equivalent residential

WU = Wastewater Unit

6 WU = 1 ER



Key Components

- Gross present day replacement value of system - \$133.1M
 - » Asset values used combination of available accounting records and current day replacement values.
 - Sewer assets included land, lift stations, gravity & pressure pipe, and manholes
 - Mains and manhole assets estimated at current replacement value, backed down to estimated year of construction or decade in service with the assistance of JUB Engineers
- Less: outstanding bond principal - \$9.6M
 - » One (1) outstanding Dept of Environmental Quality loan
- Unfunded depreciation - \$21.5M
 - » Calculation not specified in Supreme Court decision
 - » Used original cost accumulated depreciation on eligible assets



Key Components (cont.)

- System capacity provided by JUB Engineers, *June 2026 City of Hayden Sewer Collection System Capacity letter*
 - » Determines the number of users the system can support
 - » Sewer capacity calculations at end of calendar year 2025
- City has 6 main collection system drainage basins that flow to independent lift stations
 - » System capacity modified with the addition of the H-6 sewer basin infrastructure (inclusive of Hayden North and Hayden Canyon Developments)
- City's rated flow capacity is 2.699 MGD* or 15,646 ER
 - » Increase of 4,452 ER from last update



Sewer Capitalization Fee Calculation

	Total
Land	\$1,334,300
Collection System	113,870,400
Lift Stations	17,890,300
Total Gross Replacement Value	\$133,095,000
Less: Bond Principal Outstanding	(9,572,900)
Less: Accumulated Depreciation	(21,515,900)
Net System Replacement Value	\$102,006,200
System Capacity ERs	15,646
Total Capitalization Fee per ER (6 WUs)	\$6,520
Total Capitalization Fee per WU	\$1,087

- Calculated maximum allowable charge \$6,520 per ER
 - » \$1,087 per wastewater unit
- Current charges
 - » Per ER = \$5,244 or increase of \$1,276



Discussion

- Questions?
- Incorporate Council feedback/input
- Maximum sewer collection capitalization Fee
 - » Per dwelling unit (ER): \$6,520
 - » Per wastewater unit: \$1,087
- Direction on fee level or phase in of fee
- Fee adoption – with Council's support, fee increase will be added to the upcoming fee adoption to be implemented on October 1st.

Thank You!

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