

FARGO INTERCHANGE SERVICE DISTRICT SPECIAL MEETING

Agenda

Thursday, June 11, 2026, 11:00 am – 11:30 am
Commissioners Boardroom
Courthouse Square, 555 Court St. NE, Suite 5231
Salem, Oregon 97301
Zoom: <https://us06web.zoom.us/j/86891408353>
Meeting ID: 868 9140 8353

1. Welcome/Introductions/Agenda Commissioner Willis
2. Operations Update
 - 2.1 Sewer Rates Discussion Brian Nicholas
3. Comments
4. Next Meeting: Regular Meeting – June 23, 2026, 1:30 pm
5. Adjourn Commissioner Willis

If you require interpreter assistance, an assistive listening device, large print material or other accommodations, call 503-588-5212 at least 48 hours in advance of the meeting. TTY 503-588-5168

Si necesita servicios de interprete, equipo auditivo, material copiado en letra grande, o culaquier otra acomodacion, por favor llame al 503-588-5212 por lo menos 48 horas con anticipación a la reunion. TTY 503-588-5168

For agenda items where in-person testimony is allowed, the public may submit written testimony or sign up to provide testimony by telephone by emailing PublicHearings@co.marion.or.us at least 24 hours before the meeting. The email must specify the meeting date/time and agenda topic for which testimony is being submitted. For telephone testimony requests, the email must also include your name and the phone number that staff should use to call you at the appropriate time.

Governing Body
Colm Willis, Chair
Kevin Cameron
Danielle Bethell



District Secretary
Brian Nicholas, PE

FARGO INTERCHANGE SERVICE DISTRICT

Date: June 4, 2026

To: Governing Body, Fargo Interchange Service District

From: Brian Nicholas, Acting District Secretary

Re: Recommended Adjustments to Fargo Sewer Rates Resulting from City of Donald's July 1, 2026, Service Rate Increases

On June 2, 2026, the Fargo Interchange Service District (Fargo) received the enclosed notification informing the District of proposed increases to the fees charged to Fargo by Donald for the processing of sanitary sewage collected by Fargo. The rate increases are significant, consisting of a 38% increase to Donald's Demand Rate and a 42% increase to Donald's Commodity Rate. If adopted by the Donald City Council, the proposed rates would go into effect on July 1, 2026.

Staff have completed an analysis of the budgetary impacts to Fargo resulting from Donald's proposed fee increases. Based on a representative annual service flow of 16,500,000 gallons, Donald's proposed rate increases are projected to result in approximately \$240,100 in annual service fees to Fargo, an annual increase of approximately \$79,725. Fargo is projected to end FY2025/26 with an ending fund balance of about \$160,583, approximately \$40,160 of which is held in reserve for future payment of Fargo's Lagoon #4 construction loan. Fargo can absorb some or all of these cost increases for a time, but not forever. I recommend the Governing Body consider the following rate adjustments to balance Fargo's revenue and operating expenses, which may be phased in over time or implemented all at once.

Fargo's municipal sewer rate structure consists of three (3) elements:

Element #1 – Base Fee

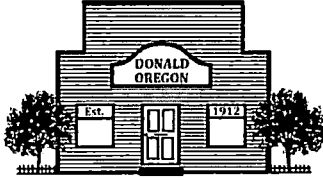
This fee is dedicated to the repayment of Fargo's Lagoon #4 construction loan, which has an annual payment of \$33,667.19 through FY2033/34. This cost is allocated to each Fargo customer on a prorated basis factored equally on the property's acreage and tax assessed value and, therefore, varies customer-to-customer. This is a pass-through cost that is scheduled to be retired in 2034. I recommend this fee element remain unchanged.

Element #2 – Usage Fee

This fee is intended to pay for the annual operation and maintenance expenses of the District, including sewage treatment fees charged by Donald as well as operational staff services provided by Marion County Public Works, system maintenance, utilities, insurance, legal services, and other minor expenses. This fee is assessed by applying a fixed rate per-1000-gallons of metered flow generated by each customer. This fee varies in proportion to the customer's usage. Fargo's current Usage Fee rate is \$13.150 per 1000-gallons. A Usage Fee rate of \$21.674 per 1000-gallons is needed to fully offset the cost to Fargo resulting from Donald's proposed rate increases. I recommend the Governing Body increase the Usage Fee rate to \$21.674 per 1000-gallons either at once or in annual or semi-annual increments beginning July 1, 2026.

Element #3 – Reserve Fee

This fee was implemented by the Governing Body to provide a very modest means to slowly build net working capital to fund future system improvements, maintenance and I&I mitigation projects. Since its initial implementation, the Reserve Fee has been a 1% add-on to the Usage Fee and is currently \$0.131 per 1000-gallons. I recommend increasing the Reserve Fee to 2% of the Usage Fee beginning July 1, 2026, to help increase financial reserves for potential wastewater treatment facility projects.



CITY OF DONALD

10710 Main Street N.E. • P.O. Box 388 • Donald, OR 97020-0388
Phone 503-678-5543 • Fax 503-678-2750
www.donaldoregon.gov

May 29, 2026

Fargo Sewer District
5155 Silverton Road NE
Salem, OR 97305

RE: Fargo Sewer District rate increase; effective July 1, 2026

Dear Fargo District Staff:

As you know, the Fargo Wholesale Sewage Treatment Agreement, Section 7.2 provides that rates shall be determined and approved by the City Council, from time to time, as deemed appropriate. The City of Donald recently completed its five-year wastewater cost-of-service analysis and found that in order to meet system costs, your rate will be need to be increased as follows:

Type of Charge	Current Rate	New Rate
Demand Rate: "Flat Charge"	\$3,919	\$5,422
Commodity Rate – dollars per gal	\$7.414	\$10.609

The City Council will review Resolution No. 818-26 and the rate study prepared by Steve Donovan at its meeting on June 9, 2026. You are welcome to attend the meeting and express any questions or concerns. However, the decisions of the City Council shall be binding but shall be subject to arbitration under Section 13 of the agreement.

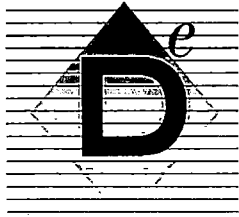
If approved, the rate increase will be reflected on the August 2026 utility bill, which measures the flows from July.

If you have comments, questions, or wish to request submission of the new rate to the arbitrator, I can be reached at Accounting@DonaldOregon.gov or 503-678-5543.

Sincerely,

Lisa Hassel
Accountant

Enclosure: *2026 Utilities Rate Study Results Relative to the Fargo Interchange Service District*



D O N O V A N
enterprises, inc.

INFRASTRUCTURE
FINANCIAL
MANAGEMENT

MANAGEMENT
CONSULTING

LAND USE PLANNING

May 21, 2026

Mr. Eric Underwood, City Manager
10710 Main Street N.E.
Post Office Box 388
Donald, Oregon 97020-0388

Re: 2026 Utilities Rate Study Results Relative to the Fargo Interchange Service District

We are in the process of conducting the 2026 utilities rate study for the City of Donald (the City). An integral part of that engagement is the update of the wastewater cost of service analysis for the City and to determine the rates that should be charged to the Fargo Interchange Service District (the District). The District is a wholesale wastewater treatment customer of the City. As you are aware, the original 20 year service agreement between the City and the District dated November 10, 1993, has lapsed, and is in the process of arbitration. For now, the District is being served by the City on a month to month basis. For rate making purposes, we have assumed the terms of the 1993 service agreement apply to this cost of service analysis and would guide the analysis.

Section 7.2 of that agreement defines the expenses that are to be included in the rates for the District. The language of Section 7.2 is itemized below:

7.2 Rates to Include Expenses Associated With Existing Facilities. The City shall charge rates to the District for use of the existing treatment plant. Such rates shall consist of a demand rate and a commodity rate. These rates shall be determined in accordance with generally accepted rate making practices and shall include, but not be limited to, payments for operation and maintenance expense, depreciation, return on investment, administrative and general expenses, in-lieu taxes, and other costs associated with the City's financing of the treatment plant. Such rates shall be determined and approved by the City Council, from time to time, as deemed appropriate. The decisions of the City Council shall be binding but shall be subject to arbitration under Section 13 of this agreement.

The last time the District's wholesale wastewater treatment rates were reviewed and updated by the City was in May of 2021. At that time the City utilized the "utility approach" to set rates for the District. Per the Water Environment Federation, the utility approach provides an appropriate method for measuring revenue requirements and for calculating the costs of service applicable to all classes of customers served by a wastewater utility. The approach works particularly well for allocating costs to those customers located outside the corporate limits of a municipally owned utility. In such situations, the service relationship parallels that of an investor-owned utility because the owner (the City) serves non-owner customers (the District).

Customers inside the City are considered to be the utility stockholders. They are ultimately responsible for paying all operating and capital costs of the utility should the District decide to no longer be served by the City. Thus, the City is entitled to a reasonable return from the District, based on the value of its assets that are used and useful in providing the wastewater treatment services to the District.

For consistency purposes, we have replicated the City’s 2021 “utility approach” rate making methodology for the District’s cost of service analysis. We have populated the 2026 model with cost and asset data provided by the City, and we have made certain assumptions concerning that data. In our judgement, the use of such information and assumptions is appropriate for the cost of service analysis herein. The principal considerations and assumptions made by us and the information provided to us by the City are:

- Operations and maintenance expenses are from the City Council adopted wastewater fund budget for the fiscal year 2026-2027.
- Wastewater utility plant-in-service balances and depreciation expense data was for the fiscal year 2024-2025. This data was downloaded from the City’s fixed asset accounting module, a component of the City’s general ledger.
- Metered wastewater flows for the City, and the District was provided by the City’s public works staff and is by month for calendar 2020 through calendar 2025. The source documents for the data are the Discharge Monitoring Reports that are certified by City Staff and submitted to the Oregon Department of Environmental Quality on a monthly basis.
- As was the case for the 2021 analysis, the 2026 analysis assumes the allocation to volume is based on the average flow of the District divided by the peak flow. The remainder is allocated to capacity.
- The allocation of operations and maintenance expenses between treatment and collection is based on the same line item by line-item review that was done in the 2021 study. We have reviewed the 2021 methodology for accuracy and efficacy and made only minor changes to the prior approach.
- As discussed above, we have used the terms of the 1993 service agreement as our guide for updating the cost of service analysis for the District. Under the terms of that agreement, the District’s initial contract wastewater treatment capacity was set at 50,000 gallons per day. Since calendar 2021, the District has consistently exceeded this initial contract capacity. In calendar 2025, the District’s contract capacity was 54,150 gallons per day. This value was arrived at by summing up the District’s metered wastewater flows for the six (6) highest months in the year divided by the total number of days in that six month period. For this cost of service analysis, we have used 54,150 gallons per day as the District’s new contract capacity.
- The commodity (sic volume) charge is based on actual metered wastewater flows to the headworks of the lagoons in calendar 2025.

Based on our analysis, and with the benefit of the data provided by the City, we have calculated the following demand and commodity charges for the District effective July 1, 2026:

Monthly demand charge - \$/month	\$5,422
Commodity charge - \$/1,000 gallons of metered wastewater flow.....	\$10.609

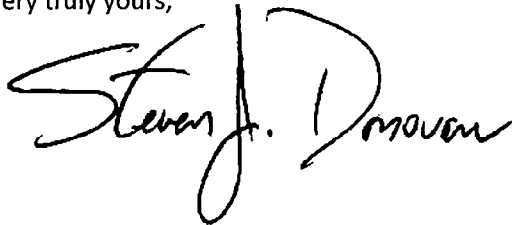
The summary of the rate calculations for the District are shown below in Table 1:

Table 1 – Summary of Demand and Commodity Charges for the Fargo Interchange Service District

	Total	Cost Causation		
		Flow Related Capacity Use (CAP)	Volume of WW Flow (VOL)	Direct Assignment (DA)
Direct expenses:				
Operations & Maintenance Expense	\$ 228,903	\$ 62,979	\$ 97,352	\$ 68,572
Taxes	-	-	-	-
Depreciation	<u>4,172</u>	<u>1,569</u>	<u>2,604</u>	-
Total direct expenses	\$ 233,075	\$ 64,547	\$ 99,956	\$ 68,572
Rate of Return on Invested Capital:				
Rate Base	\$ 45,135	\$ 13,015	\$ 23,548	\$ 8,571
Rate of Return - %	<u>4.000%</u>	<u>4.000%</u>	<u>4.000%</u>	<u>4.000%</u>
Return on Invested Capital	\$ 1,805	\$ 521	\$ 942	\$ 343
Total Fargo Revenue Requirement	<u>\$ 234,881</u>	<u>\$ 65,068</u>	<u>\$ 100,898</u>	<u>\$ 68,915</u>
Billing units		54,150	16,007	16,007
Proposed Rates for Fargo		<u>\$ 0.100</u>	<u>\$ 6.303</u>	<u>\$ 4.305</u>
		A	B	C
Proposed Fargo rates:				
Demand rate - \$ per month	\$ 5,422			
A x 54,150				
Commodity rate - \$ per kgal (B + C)	\$ 10.609			

It has been our pleasure to serve you during this engagement. If you have any question concerning the Fargo rate calculations, please feel free to contact me at your earliest convenience. Attached in Exhibit A to this letter is the entire content of the 2026 Fargo Interchange Service District cost of service model. Once again, thank you for this opportunity to serve you and the citizens of Donald.

Very truly yours,



Steven J. Donovan - President

Cc: Andrew Cole – City Attorney
 Lisa Hassel – Accountant
 Alonso Limones – Director of Public Works

Exhibit A

2026 Fargo Interchange Service District

Wastewater Cost of Service Model

Table 1: Allocation of Fiscal 2026-2027 Budgeted Operations and Maintenance Expense

	Cost Causation							Direct Assignment					
	Budget 2027	Flow Related	Volume of	Direct	Basis for Classification			(DA)	Donald	Fargo	Basis for Classification		
		Capacity Use (CAP)	WW Flow (VOL)	Assignment (DA)	CAP	VOL	DA				Donald	Fargo	
Gross Revenue Requirements:													
Sewer Fund O&M													
Personal Services:													
Salaries - maintenance wages	98,300	24,575	24,575	49,150	25%	25%	50%	49,150	36,863	12,288	75%	25%	
Salaries - administrative salaries	82,600	20,650	20,650	41,300	25%	25%	50%	41,300	37,170	4,130	90%	10%	
Extra labor	-	-	-	-	25%	25%	50%	-	-	-	75%	25%	
Overtime	-	-	-	-	25%	25%	50%	-	-	-	75%	25%	
Benefits and taxes	132,700	33,175	33,175	66,350	25%	25%	50%	66,350	49,763	16,588	75%	25%	
Materials and Services:													
Advertising	500	-	-	500	0%	0%	100%	500	500	-	100%	0%	
Materials & supplies	18,500	4,625	9,250	4,625	25%	50%	25%	4,625	4,625	-	100%	0%	
Postage	2,500	-	-	2,500	0%	0%	100%	2,500	2,500	-	100%	0%	
Vehicle operations & maintenance	5,500	1,375	2,750	1,375	25%	50%	25%	1,375	1,375	-	100%	0%	
Legal	65,000	10,833	21,667	32,500	17%	33%	50%	32,500	32,500	-	100%	0%	
Accounting	4,800	800	1,600	2,400	17%	33%	50%	2,400	2,400	-	100%	0%	
Outside services	33,500	-	-	33,500	0%	0%	100%	33,500	19,399	14,101	58%	42%	
Dues & subscriptions	900	225	450	225	25%	50%	25%	225	225	-	100%	0%	
Travel, meeting, education	2,750	688	1,375	688	25%	50%	25%	688	688	-	100%	0%	
Septic tank pumping	29,000	-	-	29,000	0%	0%	100%	29,000	29,000	-	100%	0%	
Sewer lab testing	3,900	-	1,950	1,950	0%	50%	50%	1,950	1,129	821	58%	42%	
Uniforms	680	113	227	340	17%	33%	50%	340	340	-	100%	0%	
Chemicals	8,400	2,100	2,100	4,200	25%	25%	50%	4,200	2,432	1,768	58%	42%	
Engineering	78,000	19,500	19,500	39,000	25%	25%	50%	39,000	22,584	16,416	58%	42%	
Permits & fees	19,400	5,820	11,640	1,940	30%	60%	10%	1,940	1,940	-	100%	0%	
Vehicle lease	-	-	-	-	25%	50%	25%	-	-	-	100%	0%	
Installations	75,000	22,500	45,000	7,500	30%	60%	10%	7,500	7,500	-	100%	0%	
Insurance & bonds	13,900	2,317	4,633	6,950	17%	33%	50%	6,950	6,950	-	100%	0%	
Repair & maintenance	32,500	8,125	16,250	8,125	25%	50%	25%	8,125	8,125	-	100%	0%	
Utilities	17,500	5,250	10,500	1,750	30%	60%	10%	1,750	1,750	-	100%	0%	
Miscellaneous expenses	100	17	33	50	17%	33%	50%	50	50	-	100%	0%	
Other	-	-	-	-	20%	40%	40%	-	-	-	100%	0%	
Other	-	-	-	-	20%	40%	40%	-	-	-	100%	0%	
Other	-	-	-	-	20%	40%	40%	-	-	-	100%	0%	
Other	-	-	-	-	20%	40%	40%	-	-	-	100%	0%	
Capital outlay:													
Improvements	-	-	-	-				-	-	-	58%	42%	
Equipment	-	-	-	-				-	-	-	58%	42%	
Transfers:													
Transfer to the water debt service fund	-	-	-	-				-	-	-	100%	0%	
Transfer to support services (ACER)	12,634	2,831	3,956	5,846				5,846	3,385	2,461	58%	42%	
Transfer to public works reserve fund	-	-	-	-				-	-	-	100%	0%	
Transfer to Water Depreciation Fund	-	-	-	-				-	-	-	100%	0%	
Contingencies & Reserves:													
Total Operations & Maintenance Expense	738,564	165,519	231,281	341,764				341,764	273,192	68,572			
	100%	22%	31%	46%				100%	80%	20%			

Table 2: Allocation of Depreciation Expense

Description	June 30, 2025 Depreciation Expense	Cost Causation			Basis for Classification			Direct Assignment (DA)	CAP	VOL	DA	Direct Assignment (DA)	Donald	Fargo	Basis for Classification	
		Flow Related Capacity Use (CAP)	Volume of WW Flow (VOL)	Direct Assignment (DA)	Donald	Fargo										
					Donald	Fargo										
Land, Dedications, and Easements:																
Lagoon #1	-	-	-	-	0%	0%	100%	-	-	-	-	-	-	100%	0%	
Lagoon #2	-	-	-	-	0%	0%	100%	-	-	-	-	-	-	100%	0%	
Lagoon #3	-	-	-	-	0%	0%	100%	-	-	-	-	-	-	100%	0%	
Lagoon #4	-	-	-	-	0%	0%	100%	-	-	-	-	-	-	0%	100%	
Buildings and Improvements:																
Sewer Shop	-	-	-	-	40%	60%	0%	-	-	-	-	-	-	100%	0%	
Sewer Plant, roof	298	119	179	-	40%	60%	0%	-	-	-	-	-	-	100%	0%	
Chlorine Out Building	-	-	-	-	40%	60%	0%	-	-	-	-	-	-	100%	0%	
Sewer Leasehold Improvements	-	-	-	-	40%	60%	0%	-	-	-	-	-	-	100%	0%	
Addition: asphalt	280	112	168	-	40%	60%	0%	-	-	-	-	-	-	100%	0%	
Sewer Plant: Paving	280	112	168	-	40%	60%	0%	-	-	-	-	-	-	100%	0%	
Sewer Plant: Paving	742	297	445	-	40%	60%	0%	-	-	-	-	-	-	100%	0%	
Vehicles and Equipment:																
Cub Cadet Pro-Z-972 Slope Mower	4,115	281	421	3,413	As All Other Plant			3,413	3,413	-	-	-	-	100%	0%	
2012 Chevy Pickup - 3500	-	-	-	-	As All Other Plant			-	-	-	-	-	-	100%	0%	
2022 Ford F-150	7,063	482	723	5,858	As All Other Plant			5,858	5,858	-	-	-	-	100%	0%	
Used Case Tractor IHCx60	-	-	-	-	As All Other Plant			-	-	-	-	-	-	100%	0%	
Vacuum Excavator	-	-	-	-	As All Other Plant			-	-	-	-	-	-	100%	0%	
John Deere x758 Tractor w/ mower deck	-	-	-	-	As All Other Plant			-	-	-	-	-	-	100%	0%	
Collection System:																
Sewer System	37,221	-	-	37,221	0%	0%	100%	37,221	37,221	-	-	-	-	100%	0%	
Septic Tanks	-	-	-	-	0%	0%	100%	-	-	-	-	-	-	100%	0%	
Treatment Plant:																
Sewer System: Improvement	-	-	-	-	40%	60%	0%	-	-	-	-	-	-	100%	0%	
Sewer System: Improvement	2,477	991	1,486	-	40%	60%	0%	-	-	-	-	-	-	100%	0%	
Sewer System: Replace Valves	1,372	549	823	-	40%	60%	0%	-	-	-	-	-	-	100%	0%	
Sewer System: Replace Valves	973	389	584	-	40%	60%	0%	-	-	-	-	-	-	100%	0%	
Sewer System: Replace Valves	1,222	489	733	-	40%	60%	0%	-	-	-	-	-	-	100%	0%	
Sewer System: Replace Valves	757	303	454	-	40%	60%	0%	-	-	-	-	-	-	100%	0%	
Total Utility Plant-in-Service	56,800	4,123	6,185	46,491				46,491	46,491	-	-	-	-	100%	0%	
	100%	7%	11%	82%				100%	100%	0%						

Table 3: Utility Plant-in-Service (rate base)

Description	Acquisition Year	Purchase Price	Useful Life (yrs.)	July 1, 2024 Book Value	Depreciation Expense	June 30, 2025 Book Value
Land, Dedications, and Easements:						
Lagoon #1	1984	\$ 27,000	30	\$ 27,000	-	\$ 27,000
Lagoon #2	1984	13,500	30	13,500	-	13,500
Lagoon #3	1984	13,500	30	13,500	-	13,500
Lagoon #4	2006	2,530,000	30	2,530,000	-	2,530,000
Buildings and Improvements:						
Sewer Shop	2009	37,789	10	-	-	-
Sewer Plant, roof	2018	8,950	30	7,011	298	6,712
Chlorine Out Building	2013	9,660	10	-	-	-
Sewer Leasehold Improvements	2006	7,100	10	-	-	-
Addition: asphalt	2008	5,600	20	980	280	700
Sewer Plant: Paving	2008	5,600	20	980	280	700
Sewer Plant: Paving	2013	14,838	20	6,306	742	5,564
Vehicles and Equipment:						
Cub Cadet Pro-Z-972 Slope Mower	2024	20,575	5	20,575	4,115	16,460
2012 Chevy Pickup - 3500	2012	30,000	5	-	-	-
2022 Ford F-150	2022	35,317	5	23,545	7,063	16,481
Used Case Tractor IHCx60	2013	15,900	5	-	-	-
Vacuum Excavator	2014	23,374	3	-	-	-
John Deere x758 Tractor w/ mower deck	2019	14,626	5	-	-	-
Collection System:						
Sewer System	1985	1,861,034	50	390,818	37,221	353,597
Septic Tanks	1992	5,278	20	-	-	-
Treatment Plant:						
Sewer System: Improvement	1996	8,352	20	-	-	-
Sewer System: Improvement	2011	49,530	20	16,098	2,477	13,621
Sewer System: Replace Valves	2016	27,440	20	15,778	1,372	14,406
Sewer System: Replace Valves	2017	19,452	20	12,157	973	11,184
Sewer System: Replace Valves	2018	24,446	20	16,502	1,222	15,279
Sewer System: Replace Valves	2020	15,148	20	12,876	757	12,118
Total Utility Plant-in-Service		\$ 4,824,009		\$ 3,107,624	\$ 56,800	\$ 3,050,824

Table 4: Allocation of Utility Plant-in-Service (rate base)

Description	June 30, 2025 Book Value	Cost Causation			Basis for Classification			Assignment (DA)	Donald	Fargo	Basis for Classification	
		Flow Related Capacity Use (CAP)	Volume of WW Flow (VOL)	Direct Assignment (DA)	CAP	VOL	DA				Donald	Fargo
Land, Dedications, and Easements:												
Lagoon #1	27,000	-	-	27,000	0%	0%	100%	27,000	27,000	-	100%	0%
Lagoon #2	13,500	-	-	13,500	0%	0%	100%	13,500	13,500	-	100%	0%
Lagoon #3	13,500	-	-	13,500	0%	0%	100%	13,500	13,500	-	100%	0%
Lagoon #4	2,530,000	-	-	2,530,000	0%	0%	100%	2,530,000	-	2,530,000	-	100%
Buildings and Improvements:												
Sewer Shop	-	-	-	-	33%	67%	0%	-	-	-	100%	0%
Sewer Plant, roof	6,712	1,119	2,237	3,356	17%	33%	50%	3,356	3,356	-	100%	0%
Chlorine Out Building	-	-	-	-	17%	33%	50%	-	-	-	100%	0%
Sewer Leasehold Improvements	-	-	-	-	17%	33%	50%	-	-	-	100%	0%
Addition: asphalt	700	117	233	350	17%	33%	50%	350	350	-	100%	0%
Sewer Plant: Paving	700	117	233	350	17%	33%	50%	350	350	-	100%	0%
Sewer Plant: Paving	5,564	927	1,855	2,782	17%	33%	50%	2,782	2,782	-	100%	0%
Vehicles and Equipment:												
Cub Cadet Pro-Z-972 Slope Mower	16,460	68	136	16,256	As All Other Plant			16,256	16,256	-	100%	0%
2012 Chevy Pickup - 3500	-	-	-	-	As All Other Plant			-	-	-	100%	0%
2022 Ford F-150	16,481	68	136	16,277	As All Other Plant			16,277	16,277	-	100%	0%
Used Case Tractor IHCx60	-	-	-	-	As All Other Plant			-	-	-	100%	0%
Vacuum Excavator	-	-	-	-	As All Other Plant			-	-	-	100%	0%
John Deere x758 Tractor w/ mower deck	-	-	-	-	As All Other Plant			-	-	-	100%	0%
Collection System:												
Sewer System	353,597	-	-	353,597	0%	0%	100%	353,597	353,597	-	100%	0%
Septic Tanks	-	-	-	-	0%	0%	100%	-	-	-	100%	0%
Treatment Plant:												
Sewer System: Improvement	-	-	-	-	17%	33%	50%	-	-	-	100%	0%
Sewer System: Improvement	13,621	2,270	4,540	6,811	17%	33%	50%	6,811	6,811	-	100%	0%
Sewer System: Replace Valves	14,406	2,401	4,802	7,203	17%	33%	50%	7,203	7,203	-	100%	0%
Sewer System: Replace Valves	11,184	1,864	3,728	5,592	17%	33%	50%	5,592	5,592	-	100%	0%
Sewer System: Replace Valves	15,279	2,547	5,093	7,640	17%	33%	50%	7,640	7,640	-	100%	0%
Sewer System: Replace Valves	12,118	2,020	4,039	6,059	17%	33%	50%	6,059	6,059	-	100%	0%
Total Utility Plant-in-Service	3,050,824	13,517	27,034	3,010,272				3,010,272	480,272	2,530,000		
Other Rate Base Items:												
Allowance for working capital	92,321	20,690	28,910	42,720	As O&M			42,720	34,149	8,571	As O&M	
less: construction work in progress	-	-	-	-	As Plant less Fargo contributions			-	-	-	As Plant less Fargo contributions	
less: Fargo lagoon #4	2,530,000	-	-	2,530,000				2,530,000	-	2,530,000	To Fargo	
Total other rate base items	(2,437,680)	20,690	28,910	(2,487,280)				(2,487,280)	34,149	(2,521,429)		
Total Rate Base	613,144	34,207	55,944	522,993				\$ 522,993	\$ 514,421	\$ 8,571		
	100%	6%	9%	85%				100%	98%	2%		

Table 5: Historical Metered Wastewater Flows to the Lagoons

<i>Calendar 2025</i>			City of Donald			Fargo Interchange Service District				
Line Item Descriptions	Flow (Gallons)	% of Total	Calendar Year	Month	Influent Flows GPD		Total Influent	Influent Flows GPD		Total Influent
					Peak Daily	Ave. Daily	Flow (Q)	Peak Daily	Ave. Daily	Flow (Q)
Capacity Factor: peak day flow			2024	November	61,000	50,333	1,510,000	42,000	31,800	954,000
City of Donald	88,167	61.95%		December	133,000	68,097	2,111,000	74,000	41,613	1,290,000
Fargo	54,150	38.05%		January, 2024	157,000	92,387	2,864,000	112,000	74,452	2,308,000
	142,317	100.00%		February	115,000	65,276	1,893,000	86,000	72,862	2,113,000
				March	112,000	64,581	2,002,000	80,000	63,065	1,955,000
Volume Factor: total influent flow				April	55,000	45,767	1,373,000	52,000	43,733	1,312,000
City of Donald	22,021,000	57.91%		May	71,000	52,323	1,622,000	65,000	51,290	1,590,000
Fargo	16,007,000	42.09%		June	51,000	47,767	1,433,000	50,000	38,333	1,150,000
	38,028,000	100.00%		July	52,000	48,484	1,503,000	37,000	32,742	1,015,000
				August	54,000	51,032	1,582,000	45,000	31,968	991,000
				September	55,000	50,900	1,527,000	40,000	31,500	945,000
				October	55,000	50,871	1,577,000	27,000	24,065	746,000
			November	80,000	59,600	1,788,000	40,000	30,233	907,000	
			December	110,000	68,484	2,123,000	83,000	45,742	1,418,000	
			2025	January, 2025	116,000	66,226	2,053,000	89,000	63,258	1,961,000
				February	195,000	74,964	2,099,000	179,000	69,893	1,957,000
				March	110,000	75,226	2,332,000	86,000	69,129	2,143,000
				April	68,000	48,774	1,512,000	100,000	30,806	1,615,000
				May	54,000	48,774	1,512,000	36,000	30,806	955,000
				June	56,000	51,452	1,595,000	32,000	31,419	853,000
				July	54,000	51,452	1,595,000	37,000	31,419	881,000
				August	56,000	51,452	1,595,000	36,000	31,419	974,000
				September	58,000	52,133	1,564,000	38,000	32,100	963,000
				October	58,000	53,387	1,655,000	35,000	30,032	931,000
				November	69,000	57,767	1,733,000	37,000	32,200	966,000
				December	164,000	89,548	2,776,000	131,000	58,323	1,808,000

Source: Monthly DEQ Discharge Monitoring Reports

= Average Wet Weather Flow

= Average Dry Weather Flow

Table 6: Observed Fargo Contract Capacity (GPD)

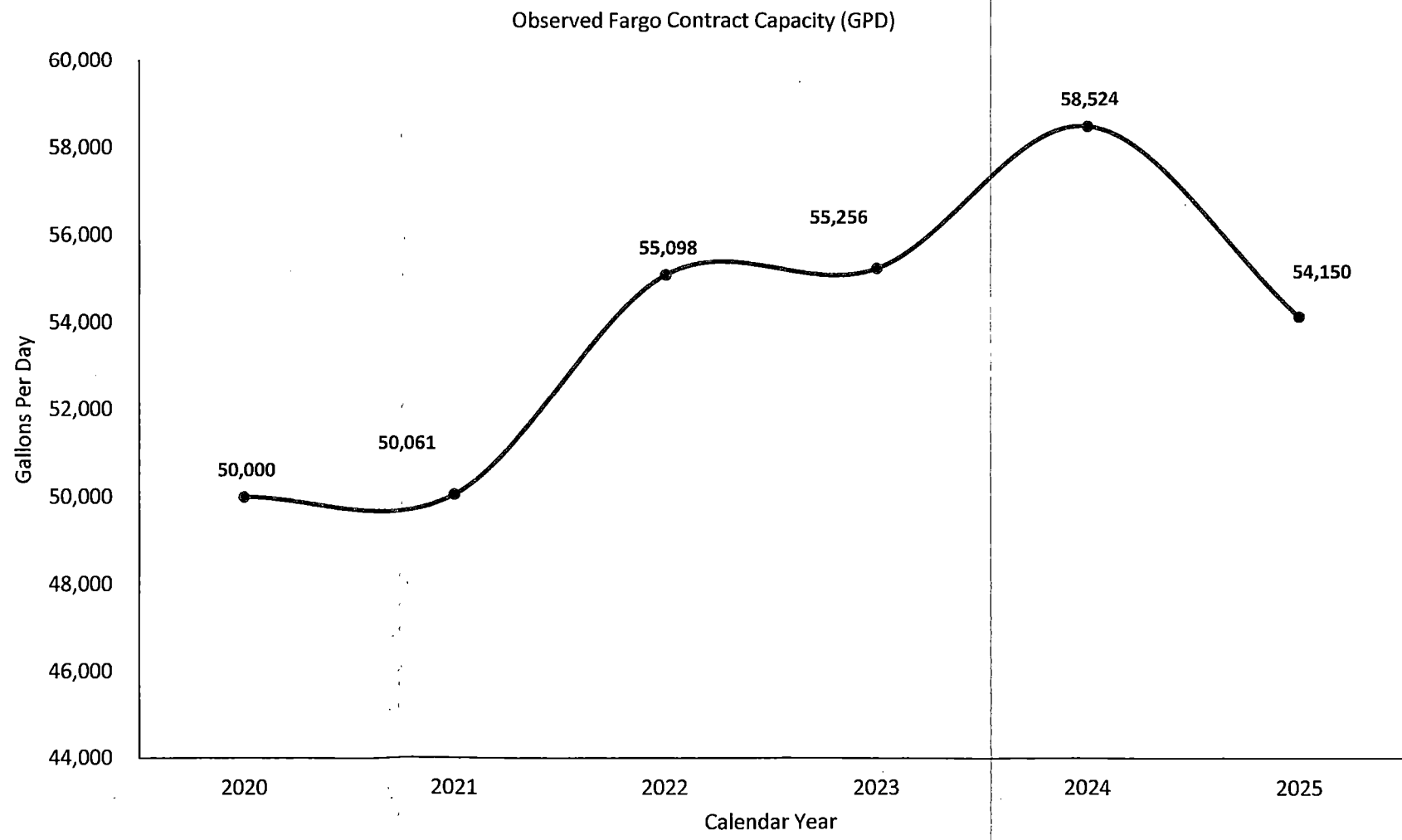


Table 6: Proposed Fargo Wastewater Treatment Rates as of April 1, 2021

	Total	Cost Causation		
		Flow Related Capacity Use (CAP)	Volume of WW Flow (VOL)	Direct Assignment (DA)
Direct expenses:				
Operations & Maintenance Expense	\$ 228,903	\$ 62,979	\$ 97,352	\$ 68,572
Taxes	-	-	-	-
Depreciation	<u>4,172</u>	<u>1,569</u>	<u>2,604</u>	-
Total direct expenses	\$ 233,075	\$ 64,547	\$ 99,956	\$ 68,572
Rate of Return on Invested Capital:				
Rate Base	\$ 45,135	\$ 13,015	\$ 23,548	\$ 8,571
Rate of Return - %	<u>4.000%</u>	<u>4.000%</u>	<u>4.000%</u>	<u>4.000%</u>
Return on Invested Capital	\$ 1,805	\$ 521	\$ 942	\$ 343
Total Fargo Revenue Requirement	<u>\$ 234,881</u>	<u>\$ 65,068</u>	<u>\$ 100,898</u>	<u>\$ 68,915</u>
Billing units		54,150	16,007	16,007
Proposed Rates for Fargo		<u>\$ 0.100</u>	<u>\$ 6.303</u>	<u>\$ 4.305</u>
		A	B	C
Proposed Fargo rates:				
Demand rate - \$ per month	\$ 5,422			
A x 54,150				
Commodity rate - \$ per kgal (B + C)	\$ 10.609			

Gallons Marion County Billed to Fargo Service District Customers							
FY	Jul-Aug	Sep-Oct	Nov-Dec	Jan-Feb	Mar-Apr	May-Jun	FY Total
2024-25	2,581,977	2,024,942	1,951,926	1,950,772	2,112,670	2,155,762	12,778,049
2023-24	2,502,786	2,327,612	2,111,609	2,451,238	2,125,221	2,202,629	13,721,095
2022-23	2,383,809	2,059,830	2,364,218	2,093,161	2,456,763	2,598,272	13,956,053
2021-22	2,899,820	2,194,423	2,320,923	2,153,669	2,201,894	2,289,270	14,059,998
2020-21	2,413,143	2,212,915	2,182,257	1,945,448	2,231,690	2,723,516	13,708,969
					5 Year Average		13,644,833
					Number for calculation		14,000,000

Gallons Donald Billed Marion County	
FY	FY Gallons
2024-25	15,506,000
2023-24	17,011,000
2022-23	15,634,000
2021-22	16,959,300
2020-21	15,288,300
	5 Year Average
	16,079,720
	High
	17,011,000
	Number for calculation
	16,500,000

Rate Calculation

Donald Proposed Rates		
	New	FY 2020-21
Demand rate	\$ 5,422	\$ 3,919
FY Demand Total	\$ 65,064	\$ 47,028
Commodity Rate	\$ 10.609	\$ 7.414
Estimated FY Gallons paid to Donald	16,500,000	15,288,300
FY Gallon total	\$ 175,049	\$ 113,347
Grand total	\$ 240,113	\$ 160,375

Fargo Service District Budget

DETAILED REQUIREMENTS

FARGO INTERCHANGE SERVICE DISTRICT

General Operating Fund

REQUIREMENTS DESCRIPTION	Budget for Next Year 2026-27			
	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body	
MATERIALS AND SERVICES				
521010 Office Supplies				1
100 521030 Field Supplies	100			3
650 521090 Uniforms and Clothing	650			4
100 521300 Safety Clothing	100			5
522100 Parts	-			6
2500 524010 Electricity	2,500			7
325 524040 Natural Gas	325			8
5200 525150 Audit Services	5,200			9
38000 525360 Public Works Services	38,000			10
5000 525510 Legal Services	5,000			11
1250 525715 Advertising	1,250			12
50 525735 Mail Services	50			13
0 525999 Other Contracted Services	-			14
\$ 245,113 526062 Sewer Maintenance	187,000			15
1100 527200 Building Rental County	1,100			16
0 527300 Equipment Rental	-			17
2700 528110 Liability Insurance Premiums	2,700			18
1350 529300 Dues and Memberships	1,350			19
529999 Miscellaneous Expense	-			20
Total	\$ 303,437.50			21
				22

Resulting New Fargo Sewer Usage Rates		
	New	FY 2020-21
Fiscal Year Gallons	14,000,000	14,069,000
Fiscal Year Expenses	\$ 303,438	\$ 185,000.00
Cost Per Gallon	\$ 0.022	\$ 0.013
Cost Per 1,000 Gallons (EDU)	\$ 21.674	\$ 13.149
2% Reserve Fee (was 1%)	\$ 0.433	\$ 0.131
Metered Customers - per EDU	\$ 22.11	\$ 13.28

FARGO SEWER BILLING **FY2026-27**
 Invoice Period End **4/30/2026**

Rates to Use **NEW**

FY2026-27 Fees
\$ 0.433 \$ 21.67

Prior Period Comparison

Account	Name	Owner if Different	Meter	Shared Meter	Tax ID	Acres	% Total Acres	2025 Assessed Value	% Total Value	Base Fee	Gallons	Reserve Fee	Usage Fee	Mar-Apr Total Invoice
10795	BEV TECH LLC	DOGWOOD BENTS LLC	151		334683	0.67	0.84%	\$ 1,001,670	2.64%	\$ 86.83	2,447	1.06	53.04	\$ 140.93
10795	BEV TECH	KAD LLC	141		331261	0.79	0.99%	\$ 731,410	1.93%	\$ 72.78	1,727	0.75	37.43	\$ 110.96
11103	EXECUTIVE RV STORAGE LLC		41		335239, 335240	2.86	3.58%	\$ 2,519,520	6.65%	\$ 255.04	7,725	3.35	167.43	\$ 425.82
17250	FLYING J	PILOT TRAVEL CENTERS LLC	191		510388	10.58	13.23%	\$ 6,226,640	16.44%	\$ 739.79	668,145	289.63	14481.47	\$ 15,510.89
19570	JBC INVESTMENT GROUP LLC		121		331258	1.07	1.34%	\$ 846,380	2.23%	\$ 89.08	14,135	6.13	306.36	\$ 401.57
20194	JUBITZ CORPORATION		None	241	510414	1.19	1.49%	\$ 944,650	2.49%	\$ 99.29	57,117	24.76	1237.96	\$ 1,362.01
146079	LEATHERS LIMITED PARTNERSHIP		None		326123	1.34	1.68%	\$ 203,500	0.54%	\$ 55.18	-	0	0	\$ 55.18
11042	LITTLE PROPERTIES LLC		161		321951	1.6	2.00%	\$ 1,949,670	5.15%	\$ 178.24	5,016	2.17	108.72	\$ 289.13
20103	SITECH	TRICE NORTHWEST LLC	171		331259	1.96	2.45%	\$ 1,911,800	5.05%	\$ 186.97	4,008	1.74	86.87	\$ 275.58
1126	MARTIN & CHERYL RUSSELL	RUSSELL FAMILY PROPERTIES LLC	11		510409	2	2.50%	\$ 599,940	1.58%	\$ 101.86	5,700	2.47	123.54	\$ 227.87
1553	TWGW INC	WSE LLC	51, 61		510415	0.72	0.90%	\$ 607,660	1.60%	\$ 62.45	15,251	6.61	330.55	\$ 399.61
11344	PIONEER SUNSHINE LLC		911		337580	1.03	1.29%	\$ 879,250	2.32%	\$ 90.00	318,753	138.17	6908.7	\$ 7,136.87
1721	AL SHUFELBERGER	ALBERT L SHUFELBERGER	211, 221		510424	9.72	12.15%	\$ 4,540,430	11.98%	\$ 601.97	2,349	1.02	50.91	\$ 653.90
1725	SALT PROPERTIES LLC		101		337579	1.07	1.34%	\$ 1,059,620	2.80%	\$ 103.12	102,817	44.57	2228.47	\$ 2,376.16
10301	SHERWOOD HQ LLC	AURORA HQ LLC	131		330795	1.06	1.33%	\$ 884,010	2.33%	\$ 91.25	1,346	0.58	29.17	\$ 121.00
18602	SPEEDCO INC	ROSEROCK HOLDINGS LLC	111		337581	2.1	2.63%	\$ 1,800,620	4.75%	\$ 184.02	11,506	4.99	249.38	\$ 438.39
1727	TRAVEL CENTERS OF AMERICA	NATIONAL AUTO TRUCSTOPS	201		510421	19.98	24.98%	\$ 5,369,010	14.17%	\$ 976.43	405,870	175.94	8796.88	\$ 9,949.25
1808	TWD INVESTMENTS LLC		81		510406	1.22	1.53%	\$ 367,100	0.97%	\$ 62.21	591	0.26	12.81	\$ 75.28
3268	TWGW INC	T & G LLC	71		510411, 510412	1.84	2.30%	\$ 1,670,240	4.41%	\$ 167.33	-	0	0	\$ 167.33
20970	AURORA ACRES RV PARK LP	AURORA ENERGY INVESTMENTS LLC	241		510387, 510397, 510399, 510400	12.67	15.84%	\$ 3,296,960	8.70%	\$ 612.09	352,102	152.63	7631.51	\$ 8,396.23
20039	STANDARD UTILITY CONTRACTORS INC	SALEM SAND & GRAVEL	31		510390	2.26	2.83%	\$ 237,820	0.63%	\$ 86.12	8,552	3.71	185.36	\$ 275.19
174093	OREGON ADJUSTORS INC	SALEM SAND & GRAVEL	21		510390	2.26	2.83%	\$ 237,820	0.63%	\$ 86.12	14,030	6.08	304.09	\$ 396.29

Jan-Feb Total Invoice	Difference	Variance
\$ 130.66	\$ 10.27	8%
\$ 127.37	\$ (16.41)	-13%
\$ 489.51	\$ (63.69)	-13%
\$ 10,826.21	\$ 4,684.68	43%
\$ 166.05	\$ 235.52	142%
\$ 1,020.32	\$ 341.69	33%
\$ 56.61	\$ (1.43)	-3%
\$ 269.11	\$ 20.02	7%
\$ 257.09	\$ 18.49	7%
\$ 131.37	\$ 96.50	73%
\$ 1,050.93	\$ (651.32)	-62%
\$ 5,205.52	\$ 1,931.35	37%
\$ 671.74	\$ (17.84)	-3%
\$ 1,166.22	\$ 1,209.94	104%
\$ 108.02	\$ 12.98	12%
\$ 356.65	\$ 81.74	23%
\$ 7,097.77	\$ 2,851.48	40%
\$ 73.48	\$ 1.80	2%
\$ 171.26	\$ (3.93)	-2%

79.99	100%	\$ 37,885,720	100%	\$ 4,988.17	1,999,187	\$ 866.62	\$ 43,330.65	\$ 49,185.44
				Bi-Monthly				\$ 4,988.17
				Annual				\$ 29,928.99
				Loan + Interest				

\$ 36,365.39	\$ 12,820.05	35%
---------------------	---------------------	------------