
Item (H)(1)(B) - Henderson Branch Sewer Discussion

From Jesse Stephens <JStephens@bcrsd.com>

Date Mon 8/17/2026 7:39 AM

To Jesse Stephens <JStephens@bcrsd.com>

Dear Board of Trustees,

I have a meeting scheduled with the city on 8-27-2026 to discuss next steps for the project. On June 12th, we were presented an option from City staff that is summarized as scenario #2 in the attached document. It could require a \$2,000,000 cash investment or up to 1/3 of the project cost. It was not clear what the other terms would be. This scenario does not appear to be a viable option for the district in its current form. We've Identified three other options that all could be viable in some format. These options explore the creation of a Community Improvement District for the Midway area along with other financing strategies. I intend to discuss this in detail with City staff at our upcoming 8-27 meeting, and then report back as soon as I can. Please let me know if you have any questions.



Jesse Stephens, P.E., Executive Director
Boone County Regional Sewer District (BCRSD)
1314 N. 7th St., Columbia, MO 65201
C: 573.239.4025 | O: 573.443.2774
e: jstephens@bcrsd.com | w: www.bcrsd.com

HENDERSON BRANCH SCENARIOS

1) Proposal from 5-19-2025 Council Memo – Special Connection Fees

a. Pro's

- i. Simple, and provides a payback mechanism to the City.
- ii. Methodology has already been presented to council, and they voted to move forward based on this methodology.
- iii. City has a history of collecting special connection fees, i.e. Fed-Ex, Cascades Pump Station, and various water green-line fees.
- iv. Fairness. It distributes costs to all property owners who could ultimately benefit from the project, and not just one or two.
- v. Eliminates the Midway Truck Stop and Midway USA WWTF.

b. Con's

- i. Payback period is unknown. City would need to add an inflation or escalation component to the fee to realize 100% of cost recovery.
- ii. Future land uses are not known, so some property owners may benefit more than others.

HENDERSON BRANCH SCENARIOS

2) Proposal from 6-12-2026 Meeting with Tom Ratermann

- a. Proposal described as \$2 Million +/- equal cost shares between BCRSD; Midway Truck Stop, and City of Columbia
- b. Pro's
 - i. Conceptually simple and only requires three entities agreeing to terms.
- c. Con's
 - i. It is not what was presented to City Council, or any of the interested parties at the interested parties meeting prior to the 5-19-2025 Council meeting. The suggested Council Action in the Council Memo was to *"Direct staff to proceed with the final design for the proposed construction of sanitary sewers to serve Henderson Branch and establish a special connection fee to recover costs from the properties served by the sewer."*
 - ii. It will result in the City of Columbia receiving no cost recovery for at least \$2M+ that could have ultimately been recovered by special connection fees. It is a \$2M cost that would be absorbed by rate payers.
 - iii. It is unlikely that all three entities will agree to this cost split arrangement.
 - iv. The proposal burdens 4 parcels identified in the council memo and provides no additional cost share to 77 other parcels that stand to benefit from the sewer extension.
 - v. It would cost the ratepayers of BCRSD in this arrangement. It would likely result in a 3.5% rate increase to cover debt service on a 2-million-dollar contribution and provides no customer growth to BCRSD. If BCRSD were to pay a connection fee equal to \$2,400 per 370 GPD of capacity, it would cost \$973,000 to buy out the 150,000 GPD capacity of Midway Crossings. (Far less than \$2M)

HENDERSON BRANCH SCENARIOS

3) Scenario #3 – Alternate Funding Sources

a. Scenario Description

- i. Midway Truck Stop and other interested parcels establish a CID (or similar entity) to collect 1% sales tax to benefit Midway Sewer improvements. This becomes Funding Source #1 for the project. Estimated \$75,000 +/- potential sales tax collection depending on participants, and future growth of the area.
- ii. City agrees to allow Midway Golf and Games to participate in CID or establish CID to provide additional revenue. Assume an initial extra \$25,000 per year in CID revenue.
- iii. City/Sewer District discuss having BCRSD be the territorial sewer provider for this area. City provides wholesale service and BCRSD commits most of the cost difference between the two rate structures to benefit the project. Estimated additional revenue is initially \$40,000 per year based on Midway Truck Stop and Van Horn Tavern properties. This could be Funding Source #2 for the project and is anticipated to grow as properties redevelop and connect to the system.
- iv. Special Connection Fees are to be collected as originally contemplated. Fees can either be payable directly to the City or via District as pass-thru. As fees are collected, they are used to pay off debt service for the entity that carries debt service. Once debt service is paid off, the special connection fee can go away, or proceeds contributed to CID for other sewer improvements to the area as agreed upon. This is Funding Source #3 for the project.
- v. DNR – SRF grant/loan. This would require the lead entity to work with DNR to secure a revolving fund loan (at a minimum) and perhaps a grant to accompany. This may lengthen the time frame of the project and the initial principal cost of the project. However, the difference between projected interest rates of 4.5% market vs. 2% SRF amount to about \$3M over the life of the debt service. Either City or Sewer District could be lead entity, but City is preferred. This is Funding Source #4 for the project.
- vi. BCRSD/CID could contribute an agreed upon annual amount for the potential future connection of Midway Crossings WWTF to the system. Amortized over the term of the debt service for future elimination of Midway Crossings WWTF. This is Funding Source #5 for the project.

HENDERSON BRANCH SCENARIOS

b. Pro's

- i. City, BCRSD, and Midway CID are ultimately fully paid off over time, and additional revenue could be realized in future years for other sewer improvements in the area.
- ii. Special Connection fee is split in a fair and equitable way.
- iii. City and BCRSD both gain customer base.
- iv. CID can be set up to relieve pressure from the special connection fee and gaps in proceeds.
- v. Cash reserves for both BCRSD and City of Columbia can remain intact and fund balances can gain the differential interest rate between SRF and market.
- vi. No direct upward pressure on either BCRSD or City Sewer rates.
- vii. Eliminates the Midway Truck Stop WWTF and Midway USA WWTF quickly.
- viii. Eliminates the Midway Crossing WWTF terminally, assuming sufficient capacity in the line.

c. Con's

- i. More complicated and more entities involved.
- ii. Could require additional bonding capacity for BCRSD.
- iii. It is not what was presented to City Council, or any of the interested parties at the interested parties meeting prior to the 5-19-2025 Council meeting. The suggested Council Action in the Council Memo was to *"Direct staff to proceed with the final design for the proposed construction of sanitary sewers to serve Henderson Branch and establish a special connection fee to recover costs from the properties served by the sewer."*

HENDERSON BRANCH SCENARIOS

4) Scenario #4 – Connect Midway Truck Stop and Midway USA to Midway Crossings

a. Scenario Description

- i. Midway Truck Stop and other interested parcels establish a CID (or similar entity) to collect 1% sales tax to benefit Midway Sewer improvements. This becomes Funding Source #1 for the project. Estimated \$75,000 +/- potential sales tax collection depending on participants, and future growth of the area.
- ii. Midway Truck Stop develops plans and specifications to connect Midway Truck Stop WWTF to Midway Crossings WWTF. They pay required connection fees and front the project cost, and the CID is set up to pay back the initial investment on the connection. This is expected to generate approximately \$75,000 per year in BCRSD revenue.
- iii. Once initial investment is paid off, additional revenue could be used to fund future expansion of the Midway Crossing WWTP or other collection system improvements in the Midway Area.

b. Pro's

- i. Does not require a cooperative agreement between BCRSD and City. terms can be established when the CID is established.
- ii. Allows Midway Truck Stop a mechanism to defray up front costs.
- iii. BCRSD gains customer base.
- iv. Cash reserves for both BCRSD can remain intact.
- v. No direct upward pressure on either BCRSD or City Sewer rates.
- vi. Eliminates the Midway Truck Stop WWTF and Midway USA WWTF.

c. Con's

- i. Moderately complicated.
- ii. Does not provide cost-effective sewer treatment for future development.
- iii. It does not eliminate the Midway Crossings WWTF.
- iv. It is not what was presented to City Council, or any of the interested parties at the interested parties meeting prior to the 5-19-2025 Council meeting. The suggested Council Action in the Council Memo was to *"Direct staff to proceed with the final design for the proposed construction of sanitary sewers to serve Henderson Branch and establish a special connection fee to recover costs from the properties served by the sewer."*