



NORTH KOOTENAI WATER DISTRICT

P.O. Box 2290 ~ 1841 W. Hayden Avenue ~ Hayden, Idaho 83835
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Board of Directors:

Tom Crimmins, President
Jack Berger, Vice President
Richard Fairhurst, Secretary/Treasurer
Dave Weinstein, Director
Maimie Moore, Director

District Staff:

Mike Galante, District Manager
Mike Ormsby, District Attorney
Phil Boyd, P.E., District Engineer

Public Hearing to be Held

The District Board of Directors will hold a public hearing regarding Gozzer Ranch on:

**Friday
May 16, 2008**

at

12:30 p.m.

at the

Hayden Lake City Hall
9393 N. Strahorn Road
Hayden Lake, Idaho

Introduction

Discovery Land Company ("Discovery") recently transferred ownership of the Gozzer Ranch water and sewer systems to the North Kootenai Water District ("District"). The District will own, operate and maintain all the water and sewer facilities in this development. The transfer of assets is the culmination of several months of discussions between Discovery and the District. The Idaho Department of Environmental Quality ("IDEQ") which regulates water system design, construction and operation strongly encouraged and supported the transfer because of the District's history of quality operations and management.

North Kootenai Water District

The District is a quasi municipal entity formed by a vote of property owners within the District Boundaries as provided for under Idaho law. Gozzer Ranch sub district, which provides water and sewer system service, was formed by a vote of qualified electors in the area in 2007. The District is a non-profit entity whose rate making and financial accounting is also governed by Idaho law. The District owns and operates 16 water systems across Kootenai County serving over 10,000 consumers and is the third largest water purveyor in Kootenai County. The District provides 24 hour service with a staff of seven certified operators and three administrative staff. The District is governed by a five member elected board of directors.

Gozzer Water and Sewer Rates

The Gozzer Water and Sewer rates were calculated using estimated operation costs (since the system is so new) and actual construction costs for the calculation of the appropriate depreciation schedules. The District's rates include two parts;

-  OPERATIONAL COSTS which are the costs the pay day to day expenses such as electricity, labor, chemicals, and laboratory testing fees;
-  DEPRECIATION FUNDING which are funds that are set aside in a dedicated account to pay for replacing system components as they wear out. There are several other methods available to the District to fund depreciation such as property taxes, revenue bonds or local improvement districts, but the District has determined that the most cost efficient method is to fund depreciation through rates because it has a lower impact on water users and allows interest to be earned on the dedicated fund.

Both the Gozzer Water Treatment Plant ("WTP") and Wastewater Treatment Plant ("WWTP") use biological processes to treat the water and wastewater, respectively. The technologies for the WTP and WWTP are well established and approved by the State of Idaho. Because the systems are biological, they must continuously operate whether there are 10 homes or 100 homes occupied and connected to the systems. In order to generate the funds necessary to operate the systems and provide for the funding of repair and replacement of components of the systems, there is a defined amount of money that needs to be generated monthly. This amount cannot be reasonably supported at this time by only the occupied lots. Therefore, the District must collect rates from all platted lots to fund the appropriate level of operation and maintenance of the water and sewer systems.

The following table summarizes the per lot per month water and sewer base rates for unoccupied lots:

RATE ITEM	WATER RATE	SEWER RATE
Operations and Maintenance	\$22.39	\$31.14
Depreciation Funding	\$22.36	\$13.86
Total Base Rate	\$44.75	\$45.00
Occupied Lot		\$5.00
Up to 15,000 Gallons per Month	\$1.47	
Debt Service Charge	\$3.78	
Total	\$50.00	\$50.00
Additional Consumption: 15,000 to 30,000 Gallons Greater than 30,000 Gallons	\$2.50/1000 Gallons \$3.80/1000 Gallons	

The Debt Service Charge noted above repays the principal and interest on bonds that were used to purchase the District assets from a private water company in 1998. As a policy, the District charges all water system customers the debt service charge.

The District Board of Directors will hold a public hearing on **Friday, May 16, 2008**, at the Hayden Lake City Hall, 9393 N. Strahorn Road, Hayden Lake, ID at 12:30 p.m. for the purpose of:

- Informing district constituents in the Gozzer Ranch area of the proposed fee schedule and the reasons why the directors of the District believe that the proposed fees are prudent and necessary to operate and maintain the water and sewer systems over the long term at a desirable level of service.
- To receive public comments pertaining to immediate and long term financing of the operations and infrastructure of the Water District overall, and the Gozzer Area subdistrict in particular. If you are unable to attend the public hearing, and wish to share your opinion with the Board, please feel free to send your written comments to:

**North Kootenai Water District
P.O. Box 2290
Hayden, ID 83835**

Written comments will be read and considered by the Board. Should you wish to drop off your written comments to the District office, the address is 1841 West Hayden Avenue. If you have any questions, please feel free to call Mike Galante, the District Manager at (208) 772-3619. North Kootenai Water District is proud to have the opportunity to serve you.