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# IMPORTANT NEWSLETTER FROM

## **HAYDEN LAKE RECREATIONAL WATER & SEWER DISTRICT**

9393 N. STRAHORN ROAD  
HAYDEN, IDAHO 83835  
(208) 772-4379

## **NORTH KOOTENAI WATER DISTRICT**

P.O. Box 2290  
1841 W. HAYDEN AVENUE  
HAYDEN, IDAHO 83835  
(208) 772-3619

**NOTICE!**  
**HAYDEN HAVEN / GEM SHORES WATER SYSTEM**  
**Election to Consider Annexation into**  
**North Kootenai Water District**

Tuesday, August 5, 2008 – 8:00 A.M. to 8:00 P.M.  
At Hayden Lake City Hall  
9393 N. Strahorn Road, Hayden Lake, Idaho

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July 2008

### **Annexation Election Re-Scheduled**

The election for the residents (electors) of the Hayden Haven/Gem Shores Water System to consider annexation into the North Kootenai Water District was previously held this winter on February 5, 2008. Unfortunately, the weather was inclement that day and no one voted in the election.

Therefore, the North Kootenai Water District and Hayden Lake Recreational Water and Sewer District Boards have both agreed it would be advisable to re-schedule the election as follows:

### **Election to Consider Annexation of Hayden Haven/Gem Shores Water System into North Kootenai Water District**

**8:00 A.M. to 8:00 P.M., Tuesday, August 5,  
2008 at Hayden Lake City Hall  
9393 N. Strahorn Road, Hayden Lake, Idaho**

You must be a qualified elector in the Hayden Haven/Gem Shores Water System area in order to vote.

According to Idaho Code, only qualified electors eighteen (18) years of age or older, who are United States citizens and who have resided in the State of Idaho and in the proposed water system sub-district

at least thirty (30) days preceding the election, and no others, will be permitted to vote at said special election. Persons may also register to vote on the day of election at the polling place with proper voter identification. One piece of identification must include a picture of the voter and other documentation with the voter's current residential address within the precinct boundaries and some proof of residency for at least thirty (30) days prior to the date of the election (e.g., utility bill, residential lease, etc.). No person so qualified and offering himself or herself at the polling place at which he or she is entitled to vote will be denied the privilege of voting at said special election.

Any registered elector of the District may make written application for the absentee ballot to the County Clerk who is conducting the election for the District not later than August 4, 2008, on the day prior to the election.

### **Annexation Election Considerations**

The following topics present a summary of the discussions and considerations for qualified electors of the Hayden Haven/Gem Shores water service area ("Service Area") to vote on whether to annex the water system into the North Kootenai Water District ("NKWD"). The result of possible voter approval of the annexation into NKWD is that NKWD would take over ownership, operation and maintenance of the

domestic water system in the Hayden Haven/Gem Shores Service Area. The Service Area would remain within the Hayden Lake Recreational Water and Sewer District ("HLRWSD") boundaries for other purposes (i.e., future possible wastewater services).

### Prior Public Meetings

This newsletter is a culmination of several meetings between water users in the Service Area and the two Districts. On August 28, 2006, the Hayden Lake Recreational Water and Sewer District held a public hearing regarding rate increases to the property owners in the Service Area. At that hearing, the HLRWSD Board advised the owners in attendance ("users") that the water rates charged to the users would need to be increased substantially in order to stop the Service Area from operating at a deficit, and in order to fund appreciation reserves so that equipment could be replaced from that fund as the need arises. The items discussed included:

1. Operating costs had increased over the past five years.
2. Idaho Department of Environmental Quality enacted a regulation that all public water systems provide a Certified Water Operator on-call at all times.
3. There were only 59 active water users on the system.
4. Water consumption had remained the same since 2001.
5. The District invested over \$45,000 in replacing the old lake water intake.
6. The District had made an internal 10-year loan at 4.5% interest for these intake improvements.
7. The depreciation/repair/replacement reserves had been depleted and needed to be replaced.

### Projected Impacts on Water Rates

Given the significant increases in water rates that were discussed, the water users at the meeting requested that the depreciation account be funded at a very low level for one more year so that the option for annexation into NKWD could be considered. The users also asked the HLRWSD Board to coordinate with NKWD to conduct an analysis of rates if NKWD would operate the Hayden Haven / Gem Shores system. It is important to note that NKWD (a) operates 15 different water systems, (b) has over

4,000 water customers, (c) has full time DEQ certified water system operators, (d) is more familiar with EPA and DEQ regulations, testing, and reporting, and (e) has specialized equipment for water system operation and maintenance. It was hoped that the economies of scale afforded by the substantially larger NKWD would result in lower water rates and a higher level of service.

The results of the rate study were completed, and another public meeting was held on July 28, 2007 to discuss the results. The table below is a comparison of the current HLRWSD Water Rates, (assuming no annexation), and the Proposed NKWD Rates.

### Water Rate Comparison

	Current HLRWSD Water Rate	Proposed NKWD Water Rate
Base Rate	\$36.30/Month per connection (for zero gallons)  PLUS	\$31.96/Month per connection (for zero gallons)  PLUS
Overage Rate	\$4.11 per 1,000 gallons per month	\$2.35 per 1,000 gallons up to 5,000 gallons/month
	---	\$6.17 per 1,000 gallons from 5,001 to 9,000 gallons/month
	---	\$12.34 per 1,000 gallons over 9,000 gallons/month

235  
→ 50  
1617  
→ 40  
1.234

A table examining examples of water rates at various water usages is set forth below to compare and illustrate what types of savings would be involved in annexing the Service Area into NKWD:

### Examples of Water Rates at Various Usages

Water Use Per Month (Gallons)	Current HLRWSD Water Rate	Proposed NKWD Water Rate
0 Gal/Month	\$36.30	\$31.96
5,000	\$56.86	\$43.71
10,000	\$77.40	\$80.73
12,000	\$85.62	\$105.41
15,000	\$97.95	\$142.43

20,000	\$118.50	\$204.13
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**Economies of Scale and Efficient Operation**

The North Kootenai Water District wishes to emphasize that the District's goal is to provide reliable water service and economies of scale to small water systems throughout the County. It is important to communicate that the proposed annexation should not be perceived as a "hostile takeover", but rather, an option that NKWD has offered to assist the water service area in the public interest.

One hundred percent of those water users in attendance at the August 28, 2007 meeting agreed that based on the factors discussed, they believed that annexation into NKWD was the best option in the long run for the water Service Area.

**Note: Should the annexation into NKWD fail, the HLRWSD anticipates another water rate increase this year in order to cover operating costs and to adequately fund depreciation.**

**For More Information**

If any of the recipients of this letter have any further questions, the following Hayden Haven / Gem Shores water users who attended the August, 2007 meeting offered to be listed as available to field questions from other property owners.

**LIST OF HAYDEN HAVEN / GEM SHORES PROPERTY OWNERS YOU MAY CONTACT REGARDING THIS PROPOSAL:**

**Dave Beliveau**  
 E-Mail at: [beliveau@itron.com](mailto:beliveau@itron.com)  
 (208) 772-5509 Work: (509) 891-3608  
 12611 Chicken Point Road  
 Hayden, ID 83835

**Jack Harman**  
 (208) 762-2273  
 3205 Beruen Bay Court  
 Hayden Lake, ID 83834

**Roger LeBold**  
 E-Mail at: [rdlebold@verizon.net](mailto:rdlebold@verizon.net)  
 (208) 772-7109  
 12278 N. Fish Fry Court  
 Hayden Lake, ID 83835

**Janet Robnett:**  
 E-Mail at: [janet.robnett@palnehamblen.com](mailto:janet.robnett@palnehamblen.com)

**Bruce Shaddock**  
 (208) 691-5653 or (208) 772-4191  
 12774 Roscoe Road, Hayden Haven (No Mail)  
 2014 E. Sundown Drive  
 Coeur d'Alene, ID 83815

Thank you for your attention to this matter.

Sincerely,

**Hayden Lake Recreational Water & Sewer District  
 Board of Directors**

- Gerry House, Chairman
- Tom De Pew, Vice Chairman
- Ken Sewell, Director
- George Anderl, Director
- Dave Weinstein, Director

AND

**North Kootenai Water District  
 Board of Directors**

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