

RESOLUTION 2003-02

NORTH KOOTENAI WATER DISTRICT  
KOOTENAI COUNTY, IDAHO

The Board of Directors of the North Kootenai Water District, "NKWD", during the course of its regular monthly meeting on March 13, 2003, considered the Capitalization Fee adopted by NKWD pursuant to its Ordinance 99-4, adopted May 13, 1999 and reconsidered its resolution 2001-5 providing for payment of the capitalization fee in deferred installments. The Capitalization Fee under consideration provides for an "equitable buy-in" by new users to the water system of NKWD.

The manager of the NKWD water facilities advised the meeting that due to adopted changes by the Idaho Division of Environmental Quality in the requirements for administration and financing of new stand-alone public drinking water systems under its jurisdiction, NKWD could expect to receive applications from residential subdivision developers requesting that NKWD become the owner and operator of newly constructed stand-alone public drinking water systems serving residential subdivisions. The manager further advised the meeting that the Ramsey Estate Homeowners Association have persisted in negotiations to transfer their recently constructed public drinking water system to NKWD in exchange for NKWD's commitment to own and operate the system as a part of its water facilities. The board discussed and considered various issues associated with the proposal of Ramsey Estates and other scenarios involving new stand-alone water systems, including the application of Ordinance 99-4 establishing and providing for the collection of

capitalization fees for new users connecting to the water system of NKWD. In all previous instances, new users subject to the capitalization fee were in subdivisions connecting to previously existing portions of the NKWD water system. In contrast, the application of Ramsey Estates involves prospective new users in a complete and new water system that is not designed to connect to existing facilities of NKWD or within its existing service areas or boundaries.

The Board of Directors recognized that the constituents within the boundaries of NKWD formed the water district principally to provide water service for themselves and that no new service areas should be brought into the system except on terms that are economically fair and equitable to the existing constituents of NKWD, improve the capacity of NKWD to serve its constituents, do not impair or diminish the service NKWD provides to its current customers and contribute positively to protection of the health and welfare of water users in northern Kootenai County.

On motion duly made, seconded and unanimously carried, it was resolved that NKWD shall undertake ownership and operation of new stand-alone water systems only where the transferor has demonstrated to the satisfaction of NKWD that its system has been designed and constructed in conformity with all applicable laws and regulations in a manner providing water service meeting the standards established in the Idaho Rules for Public Drinking Water Systems for systems constructed after 1985 or any subsequently adopted and applicable rules for public drinking water systems. For purposes of this resolution "stand-alone water systems" are defined as water systems which in which all components are less than five years old, are complete in meeting all applicable regulations affecting public drinking water systems without reliance upon any infrastructure or components not delivered to NKWD as a part of a transferred system and

supply water in a manner meeting all applicable regulations to a geographically defined area that is legally annexed to NKWD.

On motion duly made, seconded and unanimously carried, it was further resolved that new users of the water facilities of NKWD within the meaning of Ordinance 99-4 and within the geographically defined area that is legally annexed to NKWD and served by the water facilities of a stand-alone water system of which NKWD takes ownership subsequent to the date of this resolution shall not be required to pay the capitalization fee required by Ordinance 99-4 if the board of directors of NKWD, after considering the following criteria, adopted a resolution adopting findings of fact declaring the relevant water system to be a new stand-alone system, the annexation of which will not adversely impact the current constituents of NKWD. The criteria to be considered by the board of directors are as follows:

1. The District will evaluate the water system source, storage, distribution and pumping capacity to verify the system is adequately sized, as determined by the District, to provide domestic water service for the geographically defined area.
2. If the water system is intended to provide fire service, the District will evaluate the water system source, storage, distribution and pumping capacity to verify the system is adequately sized, as determined by the District, to provide fire service to the geographically defined area.
3. The District will evaluate the quality of the water system to verify that the system was constructed, or will be constructed, to Idaho's then current standards for public drinking water systems or standards otherwise acceptable to NKWD.

4. The District will evaluate the financial and operational impact of annexing the system into the District by incorporating the system value and number of connections the system will serve into the District's system value and number of service connections. The District will then evaluate:
- a. Water Rate Adjustments
  - b. Operation and Maintenance Expenses
  - c. Capitalization Fee Adjustments
  - d. Operator Certification Requirements
5. The District will confirm that the best interests of the District's existing users will be served by allowing the system annexation.

By adoption of this resolution, Resolution 2001-5 is rescinded as it is fully replaced by this resolution.

PASSED AND APPROVED this 13<sup>th</sup> day of March, 2003.

NORTH KOOTENAI WATER DISTRICT

  
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CHAIRMAN OF THE BOARD OF DIRECTORS

  
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Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

ATTEST:

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Secretary/Director