

RESOLUTION 2004-02

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 11, 2004, considered the Capitalization Fee adopted by NKWD pursuant to its Ordinance 99-4, adopted May 13, 1999, for the specific purpose of complying with the provisions of Paragraph C thereof requiring an annual evaluation of the NKWD Capitalization Fee. As required by the provisions of Ordinance 99-4, NKWD's engineer, Welch-Comer, performed an analysis of the various components and factors affecting the determination of the capitalization fee. A copy of Welch-Comer's analysis is attached hereto as Exhibit A.

On motion duly made, seconded and unanimously carried, it was resolved that Ordinance 99-4 be amended such that the Capitalization Fee provided for thereunder be set at \$2300 for a single family residential user and \$2300 per one equivalent residence in non-residential use situations pursuant to said Ordinance. This amendment shall be effective for all new user connections to the


water system that are physically established after July 8, 2004.


On motion duly made, seconded and unanimously carried, it was resolved that Ordinance 99-4 be amended such that the Amended Meter-ER Equivalent Table with Capitalization Fees is applicable to all new user connections to the water system that are physically established after July 8, 2004 shall be as set forth on the attached Exhibit B to this Resolution.

PASSED AND APPROVED this 8<sup>th</sup> day of July, 2004.

**NORTH KOOTENAI WATER DISTRICT**

  
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**CHAIRMAN OF THE BOARD OF DIRECTORS**

  
\_\_\_\_\_  
**Director**

  
\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

**ATTEST:**

  
\_\_\_\_\_  
**Secretary/Director**

# WELCH COMER

& ASSOCIATES, INC.

ENGINEERS SURVEYORS

14228 Captives 2003

March 10, 2004

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Richard Fairhurst, and  
NKWD Board Members  
North Kootenai Water District  
P.O. Box 2290  
Hayden, Idaho 83835

Re: 2003 Capitalization Fee Summary

Dear Dick and Board:

The 2003 Capitalization Fee update has been completed. The update utilized the 2002 Capitalization Fee Excel Spreadsheet in order to update the 2002 capitalization fee of \$2000/ER, as necessary, for North Kootenai Water District. Included, you will find the following:

- 2003 Capitalization Fee Summary
- 2003 ER Tracking Worksheet

The following briefly summarizes the update:

#### Net System Value

Two things directly influence net system value: the current ENR-Construction Cost Index and the value and age of new improvements.

The first update made to the spreadsheet was the current month and year and corresponding ENR-CCI (October 2003, 6771). The District's Utility Plant Addition summaries that the District provided were used to determine what improvements had been completed since the previous evaluation, completed in October 2002, and the value of each. This information was added to the 2002 Excel Spreadsheet.

The result gave a combined net system value of approximately \$12.77 million compared to the 2002 net system value of approximately \$11.56 million. This indicates the system's value increased by approximately \$1.21 million or 9% since October 2002.

#### Equivalent Residences (ER's) Based on Source

The number of ER's available based on source and storage should not change from year to year unless the capacity of one or both of these components is increased. Neither of these components were increased in 2002/2003 for any of the District's 13 water systems. Thus the ER value for source and storage estimated in 2002 stayed the same.

EXHIBIT A

# WELCH COMER

& ASSOCIATES, INC.

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The following is a summary of major improvements made to the system in the fiscal year 2002/2003, which increased the value of the system, but not the number of ER's that the system can accommodate:

- **Twin Lakes Water System:** A new 8 inch water line (Between Echo Beach Road and the Bridge, south of the Boat Launch) was added to the system to increase water pressure to customers located at the north end of the water system.
- **Rimrock Water System:** A new booster station with dedicated high-pressure supply line was added to the system to supply high pressure water to customers located in the West Hayden Estates subdivision and surrounding areas.

### Capitalization Fee

The new capitalization fee was estimated using the components summarized above. The 2003 average fee, based on source and storage, is approximately \$2,300, which is \$300 more than the 1999, 2001, and 2002 estimated cap fee of \$2000.

### Remaining ER's

Also included is an estimate of remaining ER's available for connection on each system. Based on the cap fee analysis, the District could potentially support 6781 ER's. The District has 2896 active ER's based on this analysis, indicating that North Kootenai Water District is at 43% of its capacity.

This estimate is based on the District's 2003 summary of residential and commercial connections for each system, which was used to determine the total connections added since 1999. 3.8 ER's is used in this analysis to represent each new commercial connection. This value was the average estimated for commercial connections in the 1999 spreadsheet and report.

Please contact us with any questions or concerns.

Sincerely,  
Welch, Comer & Associates, Inc.



Necia Maiani, EIT  
Project Engineer

NMM/

Enclosures: 2003 Capitalization Fee Summary, 2003 ER Tracking Worksheet

cc: Bob Covington

## METER-ER EQUIVALENT TABLE WITH CAPITALIZATION FEES

A meter-ER equivalent table equates a meter size with an equivalent ER. For example, a one-inch meter has the ability to provide approximately one ER of service while a four-inch meter has the ability to provide approximately 10 ER's. These equivalents are based on the service size, pressure in the line, and pipe material.

The following meter-ER equivalent table is adapted from AWWA Manual of Water Supply Practices. The ER equivalents vary slightly from the AWWA manual based on the unique characteristics of District's water system.

<b>Meter or Service Size</b>	<b>ER*</b>	<b>Capitalization Fee</b>
1"	1.0	\$2,300
1.5"	2.0	\$4,600
2"	3.2	\$7,360
3"	6.0	\$13,800
4"	10.0	\$23,000
6"	20.0	\$46,000
>6"	requires a special calculation based upon predicted usage	

**EXHIBIT B TO RESOLUTION 2004-2**