

ORDINANCE 99-4

AS AMENDED ON SEPTEMBER 7th, 2006

**AN ORDINANCE ESTABLISHING AND PROVIDING FOR THE FUTURE
DETERMINATION OF HOOKUP/CONNECTION AND CAPITALIZATION FEES FOR
SERVICE CONNECTIONS ESTABLISHED AFTER JUNE 13, 1999, TO THE WATER
SUPPLY SYSTEM OF THE NORTH KOOTENAI WATER DISTRICT**

NORTH KOOTENAI WATER DISTRICT

KOOTENAI COUNTY, IDAHO

Be it ordained by the Board of Directors of the North Kootenai Water District,

Kootenai County, Idaho, as follows:

WHEREAS, the North Kootenai Water District, (the "District"), is a water district organized and existing under and pursuant to the laws of the State of Idaho; and,

WHEREAS, the Board of Directors of the District has previously acted on behalf of the District to acquire an operating water system, including sources of supply, storage and distribution lines, caused the District to issue revenue bonds for the purpose of financing said acquisition and certain other necessary property and improvements to the water system; and,

WHEREAS, the District has heretofore utilized the Idaho Public Utilities Commission approved schedule of fees associated with the establishment of new service connections to the District's system; and,

WHEREAS, the District has determined that the prior schedule of fees does not fairly apportion the costs of the infrastructure necessary to the water service provided by the District; and,

WHEREAS, the District desires to provide a new schedule of fees associated with the establishment of new water service connections to the District's system which will more

fairly apportion the costs of the infrastructure necessary to the water service provided by the District,

NOW THEREFORE, BE IT FURTHER ORDAINED BY THE BOARD OF DIRECTORS OF THE DISTRICT AS FOLLOWS:

DEFINITIONS

Board or Board of Directors: The Board of Directors of the District, as it may be constituted from time to time.

Boarding House: Any building or portion thereof which includes separate bedrooms for rent and common kitchen and/or bathroom facilities.

Capitalization Fee: The fee calculated and collected according to this ordinance, with respect to Parcels created or otherwise brought under this Ordinance representing a fair share of the net value of the water system, as allocated to an individual Parcel of land.

Connection Fees: Fees to be collected by the District in conjunction with each new service connection to the District's water supply system. These fees consist of the Capitalization Fee and Hookup Fee.

District: The North Kootenai Water District.

Engineer: The Engineer(s) or engineering firm(s) (or the duly authorized employee or representative thereof) contracted or otherwise designated by the District from time to time to advise the Board with respect to water services provided by the District.

Equivalent Residence or "ER": The basic unit of measurement utilized by the District to establish relative water consumption requirements of various property uses, with one (1) Equivalent Residence or "ER" being defined as one (1) typical single-family residence. The number of ER's attributable to a particular use shall be determined according to Exhibit "A" to this Ordinance.

Guest House: A secondary improvement (including a mobile home, trailer, garage apartment, and the like) which is designed or intended to accommodate overnight human occupancy, and which is located on a residential Parcel which is also improved with a primary single-family residence or a multi-family dwelling.

Motel and Hotel: A building or group of buildings on the same premises, either detached or connected, containing sleeping or dwelling units, and designed for or occupied with an ordinary rental period not exceeding two (2) weeks.

Multi-Unit Dwelling: A building containing a combination of units with individual sleeping, bath, and kitchen facilities, each unit being designated and intended for individual or single-family occupancy. This definition includes apartments, town houses, duplexes, triplexes, and the like.

Parcel or Legal Parcel: Any legal lot now existing or hereafter created through a division or subdivision process, and any other parcel of real property recognized by the appropriate governmental Planning and Zoning Department as a separate legal parcel, having dimensions which would legally allow such Parcel to be improved with a residence or other structure for human use and/or occupancy, or which otherwise could reasonably be deemed benefited by the availability of water service provided by the District. Additionally, the term "Parcel" shall include a unit in a condominium project for which a condominium plan shall have been recorded, and any unit having final approval as part of a planned unit development, but only where no further platting or other governmental approvals are required as a prerequisite to the issuance of a building permit.

Person: Any individual, firm, company, association, partnership, society, corporation, group, or other legal entity.

Service Connection: The point at which a building water supply pipe connects to the public water distribution system at the edge of the public right-of-way or easement.

Water Service Area: Initially, the entire area within the boundaries of the District and also including any area to which the water supply system has been previously or may be extended from time to time and to which water supply service is therefore made available, or which may be designated as part of the water supply service area by resolution or ordinance of the District.

Single-Family Residence: A building or condominium unit designed and used exclusively for residential purposes by one family. This definition shall also include mobile homes, trailers, garage apartments, and the like, used for residential purposes.

User: Any person owning, controlling, occupying, or otherwise using an improved Parcel which is connected to or is required to be connected to the water supply system.

CAPITALIZATION FEES

A. Applicability

All new development or building within the District or the existing service area of the District's water system that requires a building permit and/or establishment of a domestic water service connection to the water system of the District subsequent to June 13, 1999.

B. Basis for Determining Capitalization Fees

1. The District shall collect from all new Users as defined herein, the appropriate capitalization fee at the time the building permit for improvements on a site within the District is issued, or, if no improvements are being constructed on the site, prior to the activation of a new a water service that is connected to the water system; this money shall be placed in a special fund for utilization by the District for repair and replacement of existing water system infrastructure, including sources of supply, pumping, storage and distribution. No water service connection to the system will be permitted prior to payment of the Capitalization Fee.

These fees shall be in addition to other fees and costs described in this ordinance and all other applicable ordinances, and represents a portion of the present value of the increment of capital of the District's water system utilized by the new connection that shall be provided or replaced at a future date.

2. The capitalization fee shall be equal to the number of ERs calculated in this Ordinance times the capitalization fee for a single family residence. In no case shall the capitalization fee be less than that for one single family residence (one ER). All single family residences shall be connected to the water system with ¾" meters. Attached hereto as Exhibit "A" to this Ordinance is the schedule of the District for determining Er's for Users installing a water service connection to the District's system for purposes other than single family residences. Any use not covered by the classifications on Exhibit "A" shall have its ER factor

determined by the District on an individual basis in such manner to approximate potential water service requirements. The District reserves the right to adjust a particular ER factor from time to time with respect to Capitalization Fees in the case of a change in use.

3. The capitalization fees shall be reviewed and adjusted at least annually by the District. As a minimum, the fees should be adjusted on the first day of October of each year, and may be adjusted at any time at a regular meeting of the District Board of Directors.

4. The District reserves the right to adjust a particular ER factor from time to time in the case of a change in use of a particular User. The District may negotiate the ER calculation for a new connection and adjust the value after a reasonable period to verify actual use (typically one year).

C. Determination of Water System Value and Capitalization Fee

The District shall collect from new users an applicable Capitalization fee. The fee shall be based on an equitable buy-in to the water system of the District. The basis for the Capitalization Fee charge for those persons or entities connecting to the District's water system is to charge the value of that portion of the system that the new user will utilize at that point in time.

1. The value of the water system is determined each year by taking the original estimated construction cost of each major capital improvement to the system and determining the cost to replace that improvement in that particular year. This is accomplished by determining the Engineering News Record Construction Cost Index (ENR-CCI) in the year that the improvements were made

and the year that the Capitalization Fee is being determined. The ENR-CCI for the year that the Capitalization Fee is being calculated is divided by the ENR-CCI for the year in which the improvements were made. This value is then multiplied by the original cost for the improvements. The value obtained is the estimated cost to replace the improvements at the time the Capitalization Fee is calculated. The gross value to replace the system shall be adjusted by subtracting the remaining bond principal associated with the purchase of the system to be retired and the unfunded depreciation to obtain the net value. For purposes of the initial determination hereunder, the depreciation which has accumulated for system components since construction is treated as unfunded depreciation within the meaning of this ordinance. The remaining bond principal to be paid for bond retirement is determined from the bond retirement schedule each year. The remaining bond interest is not subtracted from gross system value. The future unfunded depreciation is figured from the date of implementation of the new user charge ordinance. The basis for determining the yearly depreciation is to distribute the estimated original cost of the improvement uniformly over the life of the improvement. The life of major categories of improvement to the water system is assigned as follows:

- Distribution system..... 60 years
- Pump facilities..... 20 years
- Storage facilities.....40 years
- Meters30 years

The cumulative unfunded depreciation from the date of construction of major system components to the year that the Capitalization Fee is being determined for is subtracted from the gross system value, along with the remaining bond principal to obtain the net system value. The following is the equation for determining the net system value of any system component or combination of system components:

Net system value = gross system replacement value-

Remaining bond principal – cumulative unfunded depreciation.

The Capitalization fee is then determined by dividing the net system value by the design capacity of the system component with the least capacity expressed in equivalent residential users (ERs). Alternatively, the District may elect to use an average of the design capacities for major components to determine the Capitalization Fee upon adoption of an appropriate resolution by the Board of Directors of the District. The design capacity of the system component is determined by the District engineer based upon District policy and sound engineering practices.

The owner or agent of all properties connecting to the water system shall pay a Capitalization Fee per equivalent residence (ER) or fraction thereof as may be assigned to the property by the District for the value of water service to be provided by the District. New user connections established after the date of this amendment, the Capitalization Fee shall be \$2700.00 for a single family residential user connection.

2. It is hereby required that beginning one year following passage of this Ordinance and every year thereafter, the Board of Directors of the District shall

meet and calculate the Capitalization Fees to be charged by the District pursuant to the foregoing formula for that particular year. The calculation of Capitalization Fees shall be made pursuant to the formula specified in this Ordinance, and shall not be base upon any budgetary needs except for the mandate that the water system of the District shall be self-supporting.

HOOKUP FEES

- A. Mandatory Connection:** All improved parcels within the service area of the District shall, to the extent allowed by law, be required to connect to the water distribution system of the District for purposes of domestic water supply not later than the date of first occupancy of any building constructed upon such parcels. The obligation to connect shall be enforced by the Board according to applicable provisions of Idaho law, or by such other method as may be allowed by law.
- B. Hookup Permit:** A permit for hookup must be obtained from the District prior to construction of a physical connection to the water supply system of the District. The permit will be issued by the District or its Engineer or other authorized representative upon completion of an Application for Connection and payment of any fees required by this Ordinance. Payment of any fees accruing after the Connection Permit is issued shall be a condition of final approval following inspection. Construction of the water connection shall be made according to specifications recommended and maintained by the Engineer, and shall be performed by employees or authorized representatives of the District. The installed connection including the water meter shall be and remain property of the District.

C. Hookup Fees: Hookup fees shall be paid to the District with the issuance of a Hookup Permit. Such fees do not include the above referenced Capitalization Fee. They are intended to reimburse the District for its costs incurred in establishing a physical connection in the form of a water meter installation between the supply system of the District and the supply lines to a Parcel. The person seeking a connection shall be responsible for installing water service lines to the meter installation location identified by the District. The District shall have no obligation to pay any portion of the costs of bringing water service lines from the Parcel to the meter location. The fees within the scope of this paragraph for a hookup to the District's water system are as follows:

¾" Inch or smaller Meter Connection \$1100

Larger than 1 Inch Connection shall be charged on a flat fee and/or time and materials basis for costs incurred by the District in such installations.

REPEALER CLAUSE

All other ordinances or resolutions of this District, or parts thereof, in so far as they are in conflict with this Ordinance, are repealed and rescinded.

SEVERABILITY CLAUSE

If any section, paragraph, sentence, or provision hereof or the application thereof to any particular circumstance shall ever be held invalid or unenforceable, such holding shall not affect the remainder hereof, which shall continue in full force and effect and applicable to all circumstances in which it may validly apply.

CHANGE BY RESOLUTION

The District reserves the right to make changes by resolution at a regular meeting of the Board of Directors of the District.

ENFORCEABILITY CLAUSE

The District shall enforce and seek remedies for breaches of the terms of this Ordinance, as provided by the Laws of the State of Idaho.

EFFECTIVE DATE

This Ordinance shall be in full force and effective upon its publication according to law in the Coeur d'Alene Press, a newspaper of general circulation in the District, and hereby designated as the official newspaper for the publication of this Ordinance.

PASSED AND ADOPTED THIS 2th day of September, 2006

ATTEST:



DISTRICT SECRETARY



DISTRICT CHAIRMAN

NON-RESIDENTIAL USER EQUIVALENT RESIDENTIAL USER SCHEDULE

A non-residential user-equivalent residential user schedule ("ER Schedule") is used to equalize the connection charges applied to non-residential users (mobile home parks, apartments, and other commercial users). A single-family equivalent residential user ("ER") is used as a baseline and all other users are compared to a single ER. The other non-residential users are then charged higher or lower connection fees based on whether or not their use of the water system places a greater or lesser demand on the water system.

NON-RESIDENTIAL USERS EQUIVALENT RESIDENCE (ER) SCHEDULE

Mobile Home Park	ER = # of Spaces x .75
Churches	ER = 1
Taverns	ER = No. of Seats x .07
Restaurant	ER = No. of Seats x .17
Businesses and Offices	ER = No. of Employees x .07
Service Stations	ER = No. sets of 3 Hoses x 1.7
Hospitals	ER = No. of Beds x 0.7 and
No. of Employees x .17	
Bowling Alleys	ER = No. of Lanes x 0.7
Medical & Dental Offices	ER = No. of Hours/Week x
No. of Employees x .01	
Auto Dealership	ER = 2
Multi-Unit Dwelling	ER = # of Units x 1
Boarding Houses	ER = No. of Occupants x .25
Laundromats	ER = No. of Washing Machines x .56
Theaters	ER = No. of Seats x .007
Nursing Homes	ER = No. of Beds x 0.7
Motel and Hotel w/Kitchen	ER = No. of Units x 0.5
Motel and Hotel w/o Kitchen	ER = No. of Units x 0.25
High Schools	
w/o Kitchen	ER = No. of Students x .13
w/Kitchen	ER = No. of Students x .25
w>Showers	ER = No. of Students x .17
w/Kitchen and Showers	ER = No. of Students x .29
Elementary Schools	
w/o Kitchen	ER = No. of Students x .065
w/Kitchen	ER = No. of Students x .125
w>Showers	ER = No. of Students x .085
w/Kitchen and Showers	ER = No. of Students x .145

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