

RESOLUTION 2007-3

A RESOLUTION OF THE BAYVIEW WATER AND SEWER DISTRICT,  
KOOTENAI COUNTY, IDAHO, REGARDING ADDITIONS TO THE  
SEWER SYSTEM WHEN ITS EXISTING CAPACITIES ARE INADEQUATE  
TO PROVIDE SERVICE WITHOUT SUPPLEMENTATION

BAYVIEW WATER AND SEWER DISTRICT, Kootenai County, Idaho

BE IT RESOLVED BY THE CHAIRMAN AND BOARD OF DIRECTORS  
OF THE BAYVIEW WATER AND SEWER DISTRICT as follows:

Whereas, Bayview Water and Sewer District (the "District"),  
is a duly incorporated and existing water and sewer district operating under the laws  
and constitution of the State of Idaho; and,

Whereas, the District operates a public water and sewer system primarily  
to supply domestic water and sewer service; and

Whereas, the sewer system has been designed to provide levels of service  
that were required at the time the systems were designed; and,

Whereas, the District undertakes to design and operate  
its public water and sewer system in compliance with all applicable  
regulations of the State of Idaho and its regulatory agencies; and,

Whereas, the District previously adopted Ordinance 90-1  
to establish a schedule of capitalization and hookup fees  
and a mechanism to determine such fees in the future; and,

Whereas, the District has determined that in certain of  
its systems the existing capacity of the system is inadequate  
to provide service to new developments without extensive supplementation  
of sewer system infrastructure; and,

Whereas, the District subscribes to a policy that  
requires that applicants for service for multiple sewer  
connections should pay the costs of providing such service  
without imposing a burden upon the existing constituents of  
the District; and,

Whereas, it is a fundamental premise of Ordinance 90-1  
that new users should pay as a capitalization fee the  
value of that portion of the system that the new user will  
utilize when a new sewer service is established;

IT WAS THEREFORE RESOLVED BY BAYVIEW WATER AND SEWER DISTRICT  
as follows:

RESOLUTION 2007-3

That the provisions of Section 5 of Ordinance 90-1 be amended by the addition of paragraph 5.10 which shall be as follows:

5.10 When the District receives an application for a service commitment to a development that is in a portion of the sewer system in which existing capacity is inadequate to provide the requested service and if the District elects to offer service to the applicant, the applicant shall enter into a developer's agreement with the District containing the following provisions.

When the application for service is one in which the sewer service demand as determined by the District would increase the total ER's beyond the design capacity, applicant shall pay for each service the then current capitalization fee as determined under Ordinance 90-1, plus, at the expense of the applicant, the District shall analyze its system to determine the following:

- i. Existing design capacities that are available to provide service
- ii. Additional infrastructure that will be required to provide the requested service without any degradation of service to existing customers and committed sewer services.
- iii. The value of the portion of the existing system that will be utilized by the requested service.
- iv. The value of all sewer system infrastructure that will be required to meet the needs of the requested service.
- v. The projected contribution of the requested new service to recovery by the District of accruing depreciation of the sewer system infrastructure identified in the preceding item iv.

Upon completion of the foregoing analysis, the Board of Directors of the District shall be authorized to establish a special capitalization fee for sewer service connections within the proposed service area in addition to the capitalization as provided for in Ordinance 90-1.

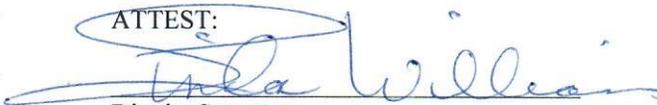
PASSED AND ADOPTED THIS 15th day of May, 2007  
BAYVIEW WATER AND SEWER DISTRICT

  
CHAIRMAN

  
DIRECTOR

  
DIRECTOR

ATTEST:

  
District Secretary