

**CITY OF KUNA
SPECIAL CITY COUNCIL MEETING
MINUTES**

JANUARY 10, 2006

KUNA CITY HALL COUNCIL CHAMBER, 763 W. AVALON

NOTE: These minutes are an unofficial record of this City Council meeting until reviewed; corrected if deemed appropriate, and formally approved by the Kuna City Council at a subsequent Council meeting.

Mayor Dean Obray called the City Council Special Meeting for discussion of Sewer Financing Options to order at 10:12 a.m.

Present: Mayor Dean Obray; Council Members Jeff Lang, Scott Dowdy, Trina Stroebel and Richard Cardoza (arrived 10:30 a.m.); City Attorney Randy Grove; City Engineer Keven Shreeve; Planning Director Diana Sanders; City Treasurer Colleen Cook; City Clerk Lynda Burgess; Jim Keller and Justin Walker of Keller & Associates.

City Engineer Shreeve reported that Len Grady, City Engineer, City of Meridian, had called with a boundary discussion update. Meridian has unofficially conceded to coming to the county line, down Lake Hazel to Highway 69, down to Columbia Road over to Locust Grove. It is not yet known how far east they would want to go on Locust Grove.

Jim Keller explained that that service agreements between two entities can be successful, if an agreement is entered into that an entity pays for 1,000 gallons wastewater to be treated at the rate it would cost if it built its own treatment plant and treated the wastewater. Each city would bill its own customers.

Mr. Shreeve recommended that Kuna inform Meridian that if they are going to put in an infrastructure within Kuna's proposed city boundaries, we will supply sewer to some point at our cost and Meridian will set the rate per 1,000 gallons to treat our wastewater. Kuna will do an interim agreement with Meridian to help finance their plant until some point in time Kuna decides not to use Meridian anymore or they need the capacity themselves. This will buy Kuna 5 years. In the meantime, Kuna would design its plant so that the flow can be diverted into our own sewer treatment plant.

Mr. Shreeve stated that there are five financing options: General obligation bond, LID (Local Improvement District), revenue bond, developer financing, or third party investor. In evaluating Kuna's options, the most practical choice would be to go for LID financing, which involves: 1) voluntary annexation of property within city boundaries; 2) the assessment becomes a tax upon the property; with a maximum of 25% financing on the land value with security coming from the land; 3) the tax takes first priority; 4) approximately 1200-1300 acres would be needed for the city to participate in the LID; 5) the city would need to receive \$14.5 million from the LID process and the assessment per lot would be approximately \$4,200 (3 homes per acre).

Mr. Shreeve stated that if the city financed the plant itself using revenue bonds, the cost would be \$50 per month per user. A general obligation bond, which would create a new tax, would require 2/3 voter approval. Further, he pointed out that general obligation bonds are rarely used

for treatment plant financing. Mr. Shreeve stated that once the plant is funded and the first phase for 4200 connections is built, it will generate revenue of \$17.5 million.

Mayor Obray stated that DEQ has set limits for the amount of nutrient loading and the amount of water the city can disperse on the ground for The Farm. Over the last 5 years, Kuna has been out of compliance with nutrient loading and water saturation. Staff will be seeking a new farmer to put in alfalfa to use up phosphorous and water on the ground.

Mayor Obray felt that using Meridian as an interim wastewater processor should not be an option and recommended that the city negotiate a boundary agreement with Meridian. The developers within city boundaries not have an option other than to come to Kuna for their sewer hook-ups.

In response to Councilwoman Stroebel regarding the availability of funds following voter approval, Jim Keller stated that money would be available immediately through interim financing. The plant could be under construction by September and would take 2-1/2 years to build. The city has the money in the bank to start pre-design of the plant.

Dwayne Yamamoto recommended that the first Town Hall Meeting be structured in such a way as to make the information simple and easy to understand while pointing out the benefits to the individual resident.

Councilwoman Stroebel recommended that a simple educational statement could include: The tax assessment would be \$4,200 per 1/3 of an acre which will increase property values. The land will be able to be developed because sewer connections will be available. Assessment payments would not be necessary until three years after approval. Councilwoman Stroebel clarified that Option 1 would be for \$5 million; Option 2 would be a revenue bond for \$5 million plus a general obligation bond for a total of \$27 million to provide \$17 million for the sewer and \$10 million for recreation.

Concerning further discussions with Meridian, Council instructed City Engineer Shreeve to indicate that Kuna will set boundaries before any further sewer connection negotiations.

Mr. Shreeve recommended that Council discuss raising sewer rates at a Council meeting as soon as possible.

Mayor Obray suggested that a Special Council Workshop be scheduled for Wednesday, January 18, 2006 at 4:00 p.m.

Councilman Lang left meeting at 12:25 p.m.

ADJOURNMENT – There being no further business to discuss, Mayor Obray adjourned the meeting at 12:45 p.m.

O. Dean Obray, Mayor

ATTEST:

Lynda Burgess, City Clerk

APPROVED AS SUBMITTED: FEBRUARY 7, 2006