

**CITY OF KUNA  
TOWN HALL MEETING  
MINUTES**

**JANUARY 24, 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.**

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Mayor Dean Obray called the Town Hall Meeting to order at 7:10 p.m.

**Present:** Mayor Dean Obray; Council Members Jeff Lang, Scott Dowdy, Trina Stroebel and Richard Cardoza.

**Staff:** Keven Shreeve; Colleen Cook; Lynda Burgess; Jim Taylor, Leola Vega, Diana Sanders, Randy Grove, Bobby Withrow, Debbi Skow, Kim Rice, Bill Jackson, Debbie Crossley, Janis Yerton and Jim Keller of Keller Associates.

City Engineer, Keven Shreeve stated that the purpose of the meeting was to present documented facts to the public on the need to construct a new wastewater treatment plant for the city. He provided a brief overview of the last five years of city history:

- 1) On 7/10/00, the city sent a letter to DEQ addressing capacity issues for both water and sewer.
- 2) On 1/22/01, the city was out of water and sewer capacity and subdivisions were being approved with "sanitary restrictions."
- 3) On 1/28/02, Pond No. 10 was encouraged to be constructed with Well No. 5 brought back on line to help with sewer and water demands.
- 4) A 10/28/02 City review of sewer connection fees revealed that \$1850/EDU was sufficient for projected needed projects.
- 5) On 4/1/03, the city received a letter from City Engineer Tim Burgess providing cost estimated for a new aerated Pond (No. 7) due to original aerated pond having exceeded capacity for several months. He further indicated that the Ten Mile pumping station was not able to keep up with sewage flows.
- 6) On 4/11/03, – the city received notice from the Ada County Prosecuting Attorney indicating that the lagoon's order and oxygen levels were not properly maintained and that the city had been in violation of its conditional use permit since 2001.
- 7) On 4/23/03, the city discussed options for funding the new aerated sewer pond #7 and other sewer improvements: 1) raise connection fees to \$3,900/EDU; 2) borrow money from the Water and Irrigation Contingency Fund. Option 2 was selected by the City Council.
- 8) On 1/12/04, the city became aware that the Ten-Mile pumping capacity was now limited.
- 9) On 2/17/04, the Council was presented with two options: 1) construct a Mora Booster Station or 2) stop issuing building permits until the issue is resolved.
- 10) On 4/6/04, the Council approved a temporary building permit moratorium to July 2004 because of potential health threats due to the Ten Mile lift station reaching treatment capacity.

- 11) The July 2004 aeration of pond 7 helped improve sewer capacity so the city could lift the sewer moratorium.
- 12) In November 2004, the Birds of Prey lift station was completed which relieved the load on the Ten Mile station.
- 13) On 5/17/05, the city raised its connection fees to \$4,200 per connection and allowed developers to pre-pay their sewer connections before the increase went into effect. This generated cash to pay-off some of the debt from the 2004 sewer improvements. When the \$4,300 went into effect, funds were generated that have paid off the Crimson Point project, paid-off funds borrowed from the sewer/irrigation fund and put money in the bank to build another winter storage pond. In the last 6 months, the city has become more financially fluid and stable.

Mr. Shreeve continued his presentation by pointing out that:

- ? The city needs to become proactive in dealing with the sewer treatment capacity problem.
- ? Sewer improvement projects took place each year during the period 2000-2004, but the city did not raise connection fees which impacted the financial stability of the city.
- ? A winter storage pond will be constructed in 2006 increasing EDU's by 1,700 which will not take care of the capacity for the long-term.
- ? The new treatment plant to be on-line within 3 years.
- ? The city's existing sewer treatment plant has 74 EDU's left before reaching capacity.
- ? The Crimson Point project, the winter storage pond and the Ten Mile lift station are million dollar projects but the increased connection fees will not cover all of the needed improvements.
- ? The financial health of the city started to turn around mid-year 2005 with the pre-paid sewer connections. The city was able to put some cash in the bank for the winter storage pond and design of the new treatment plant.
- ? Available funds to the city should allow for reserves for emergencies. As growth started to occur, it started to erode the city financial health. The sewer fund was in debt and had to borrow money from the water and irrigation funds. Expenses overcame the city.

In summary, the city has a population of roughly 11,000 at the present with 74 connections left in the existing sewer system. When the winter storage ponds are built, they will generate another 1,700 EDU's, but at the rate the city is growing, they will be used up very quickly.

#### **QUESTIONS FROM THE PUBLIC:**

The first speaker asked how many building permits are being issued each month. Mr. Shreeve responded that approximately 40 permits are issued monthly or approximately 500 permits per year.

The next speaker asked if impact fees are associated with expansion of the current systems, to which Mr. Shreeve reported that sewer and water connections fees are generated from building permits.

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Mike Brown, 360 Cleveland Ave., asked how many of the 2,454 connections were prepaid at the \$3,500 rate. Mr. Shreeve stated that 1,774 uncommitted connections will be charged at \$4,200 each.

In response to Jim Russell, 781 S. School Ave. Mr. Shreeve explained that the winter storage pond will be on-line in six months so it can be utilized for the winter of 2006.

An unknown speaker asked if Kuna is expected to follow the same growth pattern as Meridian once a new treatment facility is on-line. Mr. Shreeve stated that there is a potential for Kuna to grow rapidly; therefore, the city is in the process of putting together a new comprehensive plan for smart growth. A number of public meetings will be held before the new comprehensive plan is adopted.

Sharon Van Slyke, 412 Chapparosa Dr., asked if the city will apply for Federal assistance. Mr. Shreeve responded that there is strong competition for Federal grant monies and applications are ranked according to whether there is a threat to health, the environment, etc. Government grants are not available to cities with a population higher than 10,000 and grant money is not available to cities based on growth issues.

In response to Bill Carr, 2082 N. McClure Lane, Mr. Shreeve stated that the \$17.50 user rate has been in effect since 1998.

An unknown speaker asked if Kuna is reaching out to businesses so the tax base can be more diversified. The tax base on a home under 2,300 sq. ft. does not generate enough taxable income to support the infrastructure in the city such as police/fire, schools and recreation. Where is the tax money coming from to pay for this infrastructure? Mayor O Bray replied that the city has had to raise connection, user and other fees to try to catch up and pay for the shortfall. When a city grows to a population of around 10,000, it starts attracting commercial development, because commercial feeds on residential growth.

### **WHERE DO WE GO FROM HERE?**

Mr. Shreeve explained that Keller Associates was hired by the city approximately a year ago to evaluate the master plan, water, sewer and irrigation systems. Keller's findings on the existing sewer plant were that it needed to be replaced with a membrane filtration plant to meet the needs of the growing city. In the process, the city wants to build a gravity flow system and take itself away from the old system that has to be pumped up hill which will require building a new treatment plant to the north of the city where the number of pumps in the system can be minimized. Another option the city is considering is negotiating with Meridian to treat a certain area of Kuna's wastewater for a short period of time. Meridian has not yet provided Kuna with any cost information to evaluate whether this would be an option.

Bryan Cooley, 152 Sunbird Ln., stated that he was uncomfortable with paying utilities to another city. Mr. Shreeve agreed that there is room for conflict when another city treats your wastewater.

Mr. Shreeve then clarified why the city does not increase capacity of the existing wastewater treatment plant. He stated that the city would need 216 acres of winter storage facilities and 2000 acres for land application for the projected population growth in the next 20 years. The proposed MBR treatment center would be very neighborhood friendly as it would only require 10 acres of land and the building would be on top of the plant yet would serve a community of 80,000 residents. The treatment plant would be built in phases to accommodate population increases.

## FINANCING

Mr. Shreeve explained that the city has looked at five financing options:

- 1) *a general obligation bond* which requires 2/3 voter approval and a tax assessment against property. The city felt that this financing method would not be the best vehicle to finance the treatment plant.
- 2) *developer financed* – the city did not choose this option because developers are reluctant to act as a bank for the city.
- 3) *a third-party investor* which would own, operate and maintain the facility for a certain number of years. The city did not favor this option.
- 4) *a revenue bond* can be ratified by a city by either a 50% + 1 voter approval or by judicial confirmation. Judicial confirmation would not force its ruling upon the residents without first having public hearings and input into the decision that would ultimately be made by a judge. The Council agreed that if this type of financing were pursued, they preferred voter approval rather than judicial confirmation.
- 5) *Local Improvement District (LID)* is a process in which developers and property owners put their land up for collateral and, basically loan the city 25% of the value of that land. The city believes this method of financing would be the best way to generate the cash needed to build the treatment plant. Mr. Shreeve explained that the citizens will start seeing advertising in the papers and other correspondence to try to get an accurate list of property owners that would like to participate in the LID. He further explained that the annexation process is hooked to positioning the plant on the northern border of the city and encompassing the LID district. The LID property must be within the boundaries of the city limits. The city has started the process of these annexations and there will be more of these annexations.

Regarding annexations, Mr. Shreeve stated that there are 3 reasons why the city is proceeding with annexations:

- 1) Creation of an LID district;
- 2) Establishment of a pathway to the planned northern treatment facility that needs to be within the city limits;

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3) Meridian is growing and wants to expand their city limits towards Kuna. Annexed territory will help define Kuna's boundaries between the two cities.

Ralph Johnston, 1028 Nugget, stated that Boise has a treatment facility southeast of Kuna and wondered if that has any bearing on the city's plans. Mr. Shreeve stated that that is a land application site, not a treatment facility and has no effect on Kuna.

An unknown speaker stated that he could not tell on the map where Meridian's border ends. Mr. Shreeve responded that Meridian is trying to annex south to Hubbard Road. Kuna is trying to preserve as much of the Meridian Road commercial corridor and land within its boundaries and influence.

Vergil Sucher, South Ten Mile Road reported that he had talked to Meridian and they said that they only wanted to come south as far as Lake Hazel Road. Interim P&Z Director Diana Sanders explained that Meridian City Council would be meeting that evening to propose its boundary to Hubbard.

Tim Gordon, 1206 N. Black Cat stated that Kuna has an ordinance in place which states there will be an access road running along the perimeter of Highway 69 and that there will be no direct access onto Highway 69 from subdivision and commercial driveways, so it will not turn into another Eagle Road. If Meridian annexes property along Highway 69, they will allow direct access and the highway will become congested like Eagle Road.

Mic Ashby, 387 S. Swan Falls Road stated that some people are viewing the LID as a land grab by Kuna. Please explain what it takes to annex and why it is important to locate the treatment plant within city limits. Mayor Obray explained that there are 3 or 4 ways a city can annex land. 1) eminent domain – the city can annex property through the eminent domain process. The city must prove that the land is necessary for the general public use that benefits the general public more than the private individual; 2) a land owner comes to the city and requests to be annexed into the city. The land must be contiguous to city limits before it can be considered for annexation. The city can choose not to annex the land. It takes a vote of the Council to approve the annexation of a piece of property into the city limits. Kuna can annex land in Ada County as long as it is contiguous to city limits and is not annexed by another city. The law of annexation rests first with the property owner and then with the city council. Mayor Obray continued by stating that a broader scope of the boundary issues Kuna is now facing from Meridian and Ada County are the following: Meridian is trying to encroach on our city boundaries. Ada County has found out development of Ada County land might be the only way the county ends up with any property left within the county. In other words, the cities are gobbling up the county space. The county is now becoming proactive in developing county land. The county is offering developers the same zoning densities as the cities to make it attractive to develop inside the county. The advantage the city has and always will have is that Kuna has services. City services are what we have been talking about and that is why Kuna needs to get proactive with sewer and water. In developing in the county, a developer must put in a private treatment center for the subdivision. Two to four of these private systems have been put in and he understood that two or three of them have already failed. The only way the city can stop this type of irresponsible development practice from occurring around them is by controlling the land surrounding the city

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so it doesn't get drawn into the county. For the city to control the land around its borders, the city needs a ratified comprehensive plan. We have hired the firm of Keller Associates to put this plan together for us and the price tag to the citizens of Kuna is \$250,000. The comprehensive plan basically states that Kuna will serve this amount of people in this area with these boundaries--Lake Hazel to the North. The city must prove that it has the resources and services to serve the area within a ten year period if all that property came into the city limits. He and P&Z Interim Director Sanders met with Ada County Development Services Director and Planner III (county planning & zoning department) last Friday to discuss Ada County's comprehensive plan that they are updating because they want to start developing more densely in the county. Meridian is also redoing their comprehensive plan because they want to come further south with their area of impact to expand their city limits. Meridian and Ada County have already agreed on hiring a consultant to update their comprehensive plans. The county is trying to be fair with Kuna and they have invited the city to the table because Kuna is also revising its comprehensive plan. Ada County proposed that for a very small fee, \$12,000, Kuna will get a qualified consultant to do long-range plan studies that will be the same as Meridian's and Ada County's. For the first time, Kuna may have a plan that is accepted by the county, which hasn't happened in the past 5 or 6 years. Mayor Obray felt that the county is including Kuna in this consultation agreement to assist and try to equal the playing ground against the bigger cities that surround us. In order for Kuna to maximize this opportunity to develop, the citizens of Kuna have to have some leverage power. The city cannot prove that we have the resources and services to expand our boundaries unless we expand our sewer and water utility capabilities. Keller Engineering has supplied the city with numbers from their long-range water studies. If the water permits that the city is pursuing to transfer the load from irrigation to domestic without cross-connecting are approved, Kuna would be able to serve a population of 1.25 million residents. Kuna would be in the best shape of any city in the State of Idaho for water rights. Pocatello and all the big cities are paying premium dollar for water rights and Kuna is really close to that point.

Regarding the lack of commercial development in Kuna, Mayor Obray explained that a City has to have a foundation to support commercial development. When a company looks at a city, they are not just looking for a work force. They are looking for quality of life for their employees because they don't want to move a company to a location and then have a high transfer rate. They want a prospective city to have recreational, cultural and educational facilities for that quality of life. Kuna is so new in its growth process that it is going to take some time to acquire the infrastructure to attract commercial. We have to have the basics--water, sewer and irrigation to get in line to attract the commercial. If a company wanted to locate in Kuna today with a workforce of 500 workers, we would not have an area in the city zoned for the business, we would not have the capacity in our sewer ponds for it and the company would be on hold for at least 2-1/2 to 3 years before they could have their business up and running. The reasons Kuna is not actively recruiting commercial growth is that we are not ready for that type of growth.

In response to Chuck McCurdy, 811 South Ten Mile, regarding location of the proposed treatment plant, Mr. Shreeve stated that the city is looking at the area around Lake Hazel/Ten Mile general area.

Gerald Kroenke, 115 Gold Dust asked why Kuna doesn't just ask Meridian for sewer.

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Bill Carr, 2082 N. McClure Ln., agreed that it makes a lot of sense for Kuna to control the land all the way across and over Mason Creek and grab that whole area for its boundary. You could have lift stations for sure in that area.

Sheri Russell, 781 S. School Ave., asked why the city would come a mile south of Lake Hazel dropping down to Columbia instead of going straight across Lake Hazel and why is Kuna proposing to go down Ten Mile? Mr. Shreeve answered that it stems from negotiations, Meridian is being pretty aggressive. Kuna previously worked out some points with Meridian but in the last couple of days they seem to be going in a completely different direction.

Mayor Obray added that he was interested in following the school district boundaries by going south ½ a mile on Linder Road, then straight to the east. At that point, the actual division is ½ mile on Linder Road, ½ mile between Columbia and Lake Hazel. From Kuna Road to Overland Road, the dividing line is the same point ½ mile north of Columbia and would give Meridian the same amount of Highway 69 as Kuna.

Interim P& Z Director Diana Sanders pointed out that when the pieces of land are annexed in to get to the treatment site, they will come in with agricultural zoning. If, in the future, these property owners decide to come in and develop, they would have to go through a rezone process through the city which includes a development agreement. This would give Kuna a little more control of what develops.

Mr. Shreeve further stated that as Kuna annexes for LID purposes, it would annex the property with a zoning designation of agricultural. If a parcel would be annexed and then eventually considered development, the surrounding neighbors would be able to voice their opinion on the rezone and development. Again, this LID process is not meant to circumnavigate any public hearing process for citizens to be able to come and give public input on a piece of land's development.

John McGrew, 1152 W. Avalon– (transcriber was unable to hear Mr. McGrew's comments).

In response to Tom Swanstrum, 222 E. Second St., Mr. Shreeve explained that all annexations may be accomplished at the same time but the properties must be contiguous to each other.

## **SEWER RATES**

Mr. Shreeve reported that current sewer user rates are \$17.50 per month which have been in effect for a very long time. The city is currently losing money on the day-to-day operation of the existing sewer system and rates should be increased to a minimum of \$23.00 or up to \$28.00 a month. The city needs to start generating the funds to stay in business.

Mr. Shreeve further pointed out that if the city needs to pass bonds to fund the building of the treatment facility, the first of the public meetings would be held in April.

John McGrew asked what would be the advantages to a farmer or developer to participate in the LID since the LID would take the first position lien on their property. Mr. Shreeve responded

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that the LID would be through a tax assessment by which the property owner would join the LID. The property would then be assessed for value which generates interim financing through a bank. For the next 2 to 3 years, the property owners would not make payments until a year after the plant is complete and the project closed out. The final assessment would be made against the properties participating in the LID with the dollar amount divided between the property participants. In the interim, if a property owner subdivides and starts selling lots, the sale would help him pay off the assessment by passing it through to the new owners of those lots. The advantage of participating in the LID is the guarantee of sewer hook-ups.

In reply to Tim Gordon, Mr. Shreeve explained that developments not participating in the LID would pay \$4,200 per connection. Developments participating in the LID would also pay \$4,200 per lot.

Responding to Virgil Sucher regarding whether the LID would give a developer more opportunity for a higher density development, Mr. Shreeve stated that the developer would have to go through the same process as any other development proposed in the city. The density will be a function of the comprehensive plan.

Mayor Obray explained that if there were no LID and the city could not provide sewer to unannexed properties, those properties would have to be developed inside the county, if Meridian did not annex first. If the county changes its ordinances the way they plan, development might be as dense as city zoning.

Mike Cooley stated that the city is showing an LID and \$5,000,000. He wondered how large the facility is planned to be – an 8,400 sq. ft. medium box or a 15,000 sq. ft. medium box. How many EDU's does the city expect to receive \$15 million? Why is the city asking the public for \$5 million dollars for future hook-ups? Mr. Shreeve responded that the first phase is expected to provide 4,200 EDU's to serve a population of 10,000 with future growth expected to pay for expansion of the facility. It is basically to help the city recoup their financing position situation so that financing is viable. He reiterated that the city is hopeful that a bond won't be necessary.

## **BUDGET**

Mayor Obray explained that the budget handout covers expenditures from 2001 to the present in four major categories-- the General Fund, the Water Fund, the Sewer Fund and the Irrigation Fund. The chart shows where the city was at the beginning of the year, where the city finished the year financially and where the money was spent during the year. At the bottom of the spreadsheet in italics are capital improvements that were pursued during the year.

Bonnie Harbison stated that she spoke with the Mayor on the 11<sup>th</sup> concerning city employees using city equipment for their personal use. Mayor Obray stated he distributed copies of the policy prohibiting usage of city equipment for personal use to all city staff and reminded them verbally as well. Mayor Obray further stated that he was not aware of a recent complaint but did know that an employee picked up a child on a rainy day. He stated that he would not punish a city employee picking up his or her child from school in a city vehicle on a rainy day.

Tom Swanstrum, 222 E 2<sup>nd</sup> St. indicated that he had heard rumors that the Mayor's personal business was involved in the real estate transaction for the building now housing city hall and that Pioneer Title had verified the conflict. Mayor Obray responded that his company, Obray and Co., was not involved in the transaction.

Tim Gordon, 1206 N. Black Cat stated that he owns the building now known as Avalon Suites and offered to share the rental agreement with the city with members of the public.

Regarding other rumors of conflict of interest issues, Mayor Obray stated that he has been a real estate broker for the last 20 years and that he was one of the few brokers in the Treasure Valley that has never been taken to court or sentenced. Being a real estate broker provides him the expertise on development and in talking with developers and gives him an edge on costs and all the things that go with being a Mayor. Other Mayors don't have the advantage of this type of information. It has benefited the citizens of Kuna tremendously. He further stated that his experience as an employee of a power company for 15 years, along with his business background, allows him to understand, communicate with staff and be on a level that I can understand what they are talking about. Rather than contributing to his personal income, being a public official has cost him a lot of personal income, because of the loss of business.

Juanita Cates read statements from the Ada County Code regarding littering and waste and complained that the city has yet to clean up the property adjacent to hers. Mayor Obray stated that Mrs. Cates's concerns regarding her neighbor's property were valid; however, the city is currently involved in litigation with that neighbor and the issues cannot be discussed in public. Unfortunately, the city's hands are tied and ordinance enforcement cannot be accomplished until the litigation process is complete. Regarding irrigation issues, he stated that the city is in the process of remedying the problem which is anticipated to be complete before the irrigation season.

Barbara Bell, 402 Linder, complained that she had not recently seen publications for some open city positions. City Treasurer Colleen Cook indicated that positions are advertised both in the Kuna Melba News and the Idaho Statesman.

With respect to letters sent to property owners outside Kuna city limits, Mayor Obray explained to Christy Moreno that all property owners in potential annexation areas or future impact areas will receive a letter from the city regarding preparation of a new comprehensive plan. When the city changes property designations putting them in an impact area, the value of the land can change. Property owners will have an opportunity at this comprehensive plan review to make their voices heard.

In response to Ralph Johnston, 1028 Nugget regarding fire protection, Mayor Obray explained that fire protection for the City comes from the Kuna Rural Fire Department, which is a separate entity. Funding for fire protection is accomplished through property taxes, and is not included in the city's budget as opposed to police protection.

Mayor Obray thanked everyone for their interest and participation and stated that he anticipated holding further town hall meetings on a semi-annual basis so that the public can remain informed as to the city's activities. He reminded everyone that the city is experience a major transition at

this time and he encouraged the public to keep informed and ask questions of city officials. The Council is trying to make the best decisions for its citizens as possible. Every possible avenue has been explored for solutions to the sewer system in order to try to limit the cost to the residents that live in the community today. In addition, the system must meet the new guidelines by DEQ so that public facilities can be irrigated with clean water. Even though the city's water is clean, the DEQ has a regulation that if a residential irrigation system is installed, the city has to sample it at every outlet for bacteria and residual chlorine. Under present guidelines, the city will not be able to put the water output from the treatment plant back into residential irrigation even though the proposed treatment would filter the water to a level that is healthy enough to drink.

There being no further business to conduct, Councilman Lang moved, seconded by Councilman Dowdy to adjourn the meeting at 9:52 p.m. Motion carried 4-0.

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Jeffery T. Lang, Council President

ATTEST:

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Lynda Burgess, City Clerk

APPROVED: February 21, 2006