

Payette Lakes Recreational Water & Sewer District

Special Meeting & Public Hearing

October 15, 2025

Directors Present

Ellen Holm, Chairperson
Bill Weida Vice-Chair

Dallas Young (absent)
Todd Fereday
Brian Renstrom

Advisors Present

Adam Christenson, Legal Advisor
David Watkins, JUB Engineers
Maggi Lloyd, JUB Engineers
Rebecca Coulter, Langdon Group

Staff Present

Tammie Richardson
Jeff Bateman

Pre-Meeting Announcement by Rebecca Coulter with the Langdon Group. She stated that the discussion would continue from the one that started on September 17, 2025, regarding a petition for the annexation of property owned by the petitioner into the District. She explained that her role is to ensure the agenda remains on topic and on schedule. She provided a recap of the September 17 meeting and the reason for the continuation. She explained that prior to the September 17 meeting, there had been an influx of public comments submitted. To allow sufficient time for reviewing and assessing those comments, the Board moved to extend the comment period by two weeks, closing on October 1. This also allowed the Board and the public additional time, following the petitioner's presentation and a Q&A session between the petitioner and the Board, to continue with follow-up and the Q&A session from the presentations made on the 17th. In total, 261 comments were received, either online or in written form, and submitted to the District.

Chairperson Ellen Holm called the meeting to order at 12:10 p.m., and a roll call was conducted. Dallas tried calling in through Zoom and could not stay connected.

Continue Public Hearing from September 17, 2025, on Petition for Annexation of Property filed by Pine Creek Ranch, LLC.

Todd asked the Pine Creek Ranch team a couple of questions regarding the fiscal spreadsheet they had provided. He wanted clarification on how other impacts, such as water quality and traffic, and those within the entire sewer system, would be addressed.

Bonnie Layton responded that she is the planner with NV5 and her address is 690 South Industry Way, Suite 10, Meridian, Idaho, 83642. She is also a ratepayer in the District. She explained that she was unable to attend in person the last time, but did attend the hearing online. She commented that she appreciates all the thoughtful questions and dialogue, as well as the opportunity for the Board to allow us more time to review the comments, and for you and us to work towards hopefully an agreement that's beneficial for both parties in our request for annexation. She continued that there was some very good dialogue last hearing from our engineers, Greg Tankersley and John Blom, who are on our team. John typically works on the

other side of the table, serving cities as well as other districts. We do understand that there's a lot of conversation in the community that spills outside of what the District is really charged to do, which is take care of the environment and provide sewer capacity. There are issues that others have raised in those comments regarding the scale of our project, character, traffic, growth, and housing in general. Those things are really part of what we would address in a planning and zoning application with the City of McCall. That is where those decisions and requirements, as well as the details that we have to iron out with the City, really get worked out. There are several reports and studies that the City also requires us to submit. From our perspective, these are valid concerns that the community has. We're really focused on what this application request is for, and with that, I'd like to say, Mr. Fereday, you mentioned concerns about the fiscal spreadsheet and the quality of the water. She stated that we've reviewed the final conditions of annexation, which she believes have evolved over the past several months, as we've been working with the District for quite some time. There have been some technical memos issued that we had discussed in the last hearing. And so when we look at it, it's only on that small portion that's already in the District. By bringing this remaining ground into the District, we can spread the cost more easily across the entire project. And the District can achieve improvements that would otherwise not be possible if this annexation does not go forward. The upfront \$2 million worth of improvements they would make would not need to be passed on to ratepayers. She commented that she works in a variety of jurisdictions on projects of this size, and the conditions of annexation are very common. She stated that they agree with those terms in the annexation, and we've worked diligently with staff on this. She continued that, in terms of water and protection, we are currently experiencing some leakage. We have other individuals developing in the County with septic systems and wells. Having a municipal grade system, like the District has, to join onto protects that water quality. She commented that, despite these improvements, people look at our project and say it involves a lot of homes, but it won't happen today. This is a 20-year project, and I want to remind everyone that we are working in partnership with the District to implement a long-term plan for some very significant improvements that are already needed. Our project will be phased over a 20-year period. I think you'll see that some of those improvements could also be phased, and that would be a very reasonable and logical way to progress. There are some significant costs upfront, but again, we're not putting all the load on the system tomorrow. Financially, it spreads the cost burden out, but it's very manageable and consistent with many of the other projects she has worked on in the past.

Ellen asked the Board if anyone else had a comment or question. She reviewed that they need to finalize the terms and conditions.

Bonnie stated that she would like to request that, as you consider a possible amendment to those terms, we work with your staff on a reasonable phasing plan. She commented that she is sure your engineer has seen that over the years, as well in different projects planning for that growth, but that would be the only amendment to the conditions for annexation. When we received those, we agreed with them. Still, we wanted to ensure that there was clarification, so everybody was on the same page regarding the expectations for a logical development plan.

Adam explained he is the District's attorney. He stated that he wanted to go through what happened this morning at the regular board meeting. At the regular board meeting this morning, the District announced the final terms and conditions, which Mr. Groves was present to hear.

The District board elected to adopt the recommendations of the District manager as contained in the October 1st letter that Ms. Layton was referring to. They also added one additional condition that I would like to bring to your attention, as I know some individuals may not have had a chance to attend or were not present at this morning's meeting. There's an additional condition that has been added: the execution of a mutually agreeable sewer improvements agreement between the petitioner and the District, setting forth project milestones and dates, must occur prior to district annexation if that is approved. The discussion of milestones and dates, as well as phasing, would be included in the sewer improvements agreement, which would have to be agreed upon by the parties before annexation occurs. He stated he wanted to clarify why the Board has to announce terms and conditions before a decision has been made as he knows there's been a lot of confusion about this and part of that is just a function of a really bad statute that we're all trying to work within the the statutory requirement for the District should they desire to announce terms and conditions for annexation is that they do that at or before the public hearing. That has occurred here, as it did this morning, while the public hearing is still ongoing. It's a difficult requirement in the sense that the timing is problematic, as the District is essentially required to announce terms and conditions for annexation before it has made a determination on whether or not to grant annexation. And so, when you look at the agenda, you'll see the word 'conditional' listed there. And he wants to be very clear that the terms and conditions as announced by the board this morning are conditional. They are conditional on the petition being granted. If the petition is not granted, those terms and conditions are effectively irrelevant. He also wants to be very clear that no one should read anything into the fact that the District announced final terms and conditions; it doesn't mean they're going to grant the petition. It doesn't mean they will deny the petition. It simply means that they essentially have to do that to preserve that option if they do grant the petition. And because that decision hasn't been made, they're effectively forced to announce terms and conditions, which may or may not be relevant. He wants to ensure that everyone understands this. It's just a difficult process, as it's set up, but essentially, it's based on the conditional determination that will be made after the public hearing on the petition itself. He thinks that if the petitioner has any closing remarks or comments they would like to make, that would be appropriate at this time.

Ms. Layton thanked the Board and legal counsel for their clarification on the process, which she agrees is somewhat convoluted. She believes that annexation makes sense in the larger context of the District and that those impacts could be both positive and potentially negative. She believes that we've made a good-faith effort to work with your engineer and your District manager to come up with a set of conditions that make sense for a long-term plan in this part of the District. She knows we heard testimony last time about the fact that the master plan was confusing, and there was some confusion about this parcel being left out. She thinks your engineer did a great job of clarifying that they felt that it had been studied and maybe overstudied. They were well aware of what needed to happen in this area, and for that reason, it was left out because it had already been studied. She pointed out that there were a couple of other areas that hadn't been studied. She had gone through the master sewer plan report and read it, and had wondered about herself. It was nice to get some clarification from your engineer on that. She commented that there is a housing shortage in the community, which is not lost on anyone. As she mentioned, this is one step in our process. There's still a very rigorous City process that they need to go through. She respectfully requests the annexation of what we refer to as the Stockton 90 into the District.

Ellen Holm requested a motion to close the public hearing.

Brian moved to close the public hearing and move into deliberation on the petition for annexation of Property filed by Pine Creek Ranch, LLC it was seconded by Bill, and the motion carried.

Board Deliberation and Decision on Petition for Annexation of Property filed by Pine Creek Ranch, LLC

Bill wanted to reiterate that the sole purpose of this hearing is to consider whether the Stockton 90, which is located outside the Payette Lakes Water and Sewer District boundary, should be annexed by the District. That's it. Nothing more, nothing less. He went over two types of investments that are spent by sewer districts. The first is investment in the collection system and treatment, the second is investment in storage and disposal of the affluent. He reviewed a brief history of how we arrived at this point. Initially, when McCall built its sewer system and the District constructed the first part of our sewer system, we focused on investing in the collection system. We didn't invest in the storage and waste disposal part because, until 1998, we could dump into the river, which we were doing at that time. In 1998, the Bureau of Reclamation stopped McCall from putting affluent into the North Fork of the Payette. All the sewer system investment essentially shifted to storage in lagoons and to the disposal of effluent, which was the J. Ditch that farmers applied to their fields. The City of McCall stated that they would build two lagoons and had even received grants to do so, but they only built one. In 2017, following the split between the Payette Lakes Water and Sewer District and the City of McCall, a bond was secured to finance the reuse line extension to the farmers' land, and \$7 million from the new sewer district's budget was allocated to settle the City of McCall's debt. The Payette Lakes Water and Sewer District was so underfunded that it was unable to correct the problems it inherited from the City of McCall. As a result, it had to issue another bond of \$7 million to replace the pond liner, make improvements at the treatment plant, and the remaining funds will be used for the collection system. He stated the District is now completely bonded out. He wanted to point out that approximately 14 houses have been built in Lick Creek Meadows along Spring Mountain Boulevard, extending to Wooley, this summer during the construction season. He wanted to explain why they were able to build and why we should question anyone else coming in and building. Each of those parcels is built on property that was taxed to pay the bonds that created the effluent storage capacity that we are doling out. Similarly, the 68 acres of land inside the sewer district proposed for development by Pine Creek Ranch has 270 hookups available. After the infrastructure is completed, the developer can utilize that capacity because they have paid for it. However, according to the developer's September memorandum, and as we heard again this morning, it has been stated that these original 68 acres are not viable for development unless the annexation is approved. He feels that the developer's proposal for the Stockton 90 annexation shifts the cost of storing its effluent to the property owners of McCall. Thus, the property owners would subsidize the cost.

Brian thanked everyone who shared their thoughts during the public comment process and who attended the public hearing. Your input and involvement are important to us. The annexation application by Pine Creek Ranch, in general, is a proposal to enter into a business relationship with the District. It is similar in many ways to a joint venture. He evaluated many of these in the course of his career, and he has a methodology for evaluating business opportunities like this. He looks at three topics. What are the features, benefits, and confidence? What's the nature of the product or

service offered? What features does it have? The benefits really are about what benefits those features provide to my organization, in this case, the sewer district. The third test is confidence. Is there a high confidence that the other party can deliver the product or service in a timely manner? The quality and performance will meet expectations. What is their track record? Will we experience the benefits outlined?

His evaluation of the project using this methodology is based on the information presented during the public hearings, so what product will Pine Creek Ranch provide? At a high level, we were told it is a subdivision with approximately 650 homes to be built, over 20 years, although we have heard different numbers at different points in time. A significant portion of those homes will be built on the 90 acres known as the Stockton 90. The petitioners indicated that seeking R4 zoning for the Stockton 90, equating to approximately 363 additional homes, to be added to the District. Few additional details were provided beyond that. No plat map was shared, and the specifics of each lot and home size were not detailed. The phasing of construction was not addressed in the scheduling of that phasing. Each new home, once connected and constructed, would provide revenue to the District in the form of connection fees and monthly service fees. Pine Creek Ranch will also provide an expansion to the sewer system within the annex property boundaries. If annexation is approved, they will be the construction managers and be responsible for the team to design, build, and test the piping and equipment to move wastewater from the new homes to the existing district system. After the completion of construction and testing, the new work will be handed over to the District for ongoing operation and maintenance. Additionally, Pine Creek Ranch will contribute to the District by funding the upgrades to the existing system where capacity strains prevent full flow from the development. These required contributions were outlined in the conditional annexation agreement that we discussed a few minutes ago. The lack of details provided on this development makes it very difficult for me to evaluate the features, the risks, and the impacts on the District of the proposed annexation. Step two: What are the benefits of the product? So the main asserted benefit for the District is financial in the form of connection fees, monthly service fees, and then the infrastructure upgrades. The petitioner's presentation correctly pointed out that any business benefits when revenue grows faster than expenses. In my experience, many lots are purchased for investment purposes or for building someday, and are held for many years without construction. These lots would not generate any additional revenue for the District. There's also uncertainty about the timing of approvals and construction, which are likely to delay the revenue to the District. Because of these flaws, the analysis significantly overstates the actual revenue that the District would receive. An update has since been submitted, which includes a net present value calculation, but it uses an unrealistically low discount rate and does not address the other risks to the revenue stream. Critically, no analysis was shared on the expenses that the District will incur from the additional homes. It seems certain that a development of this size will have administrative, operating, and maintenance costs that will offset some or perhaps all of the revenue that we would receive. A development and especially one of this size, duration, and location, by granting the petition, the District will be exposed to much of that risk and may not see the benefits that we would expect. The flaws in the financial analysis are also cause for concern as they do not reflect well on the quality of work that PCR performs. The conclusion is that the business proposal is lacking in the details and

accuracy necessary for me to do a thorough financial analysis. And in the absence of any accurate evaluation and a high confidence that the District would receive these benefits, I would have to decline the annexation request. That will be my position.

Ellen expressed her concern, as Bill stated, regarding the capacity. The master plan shows capacity, but it is already allocated to the existing lots in the District, not for annexation. She was on the board in 2013 when we realized that by issuing density variances, we were utilizing capacity that was intended for the existing lots, which is why we suspended the variances. In reviewing the summary of projected sewer revenues provided to us by Mr. Groves on September 16, I disagreed with several assumptions regarding revenue and expenditures. She also disagrees that this will cost the District nothing. With 363 homes, we will need to hire more employees, as well as cover maintenance, treatment costs, power, and other expenses. Lastly, I want to thank everyone who took the time to comment. Comments do matter; they were overwhelming, particularly for such a large project, with patrons inquiring about how the District will handle this development and whether the District has sufficient capacity. That's what this comes down to for me. Capacity. I am unwilling to give someone else's capacity away to include this parcel in the District.

Ellen moved to deny the petition for annexation of property filed by Pine Creek Ranch, LLC it was seconded by Brian and the motion carried.

Bill moved to adjourn the meeting, it was seconded by Brian and the motion carried.

Submitted by: Tammie Richardson



Ellen Holm, Chairperson