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IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for City of Eagle, Idaho

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF) CASE NO. UWI-W-07-02
UNITED WATER IDAHO INC. TO AMEND AND)
REVISE CERTIFICATE OF CONVENIENCE)
AND NECESSITY NO. 143.)
)
)
)
)

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

DIRECT TESTIMONY OF MAYOR NANCY MERRILL

1. Please state your name and identify your position with the City of Eagle.

Response: My name is Nancy Merrill, and I am the Mayor of the City of Eagle.

2. Are you familiar with the location of the proposed Lanewood development?

Response: Yes, I am. Lanewood is immediately west of Linder Road and is adjacent to the Eagle City limits and within the City's Area of Impact as approved by Ada County.

3. Is it the City of Eagle's intent and desire to provide municipal water service to the Lanewood development?

Response: Yes, the City for some time has been aware of the pending development of this property. Because of its proximity to the City, its location within the City's impact area, its inclusion in the City's Comprehensive Plan, and its inclusion in the City's Master Water Plan, the City has been preparing to serve this area and include it within the City.

4. In addition to providing water to Lanewood, are there other issues and planning efforts that involve the Lanewood development and the City?

Response: Yes, because Lanewood is adjacent to the City limits and is generally surrounded by other developments that will be included in the City, Lanewood will, in effect, be part of the City of Eagle. It will use City amenities, its traffic will affect the City and its citizens, and its homeowners will use the amenities that the City offers. Furthermore, because properties within the City of Eagle have traditionally higher values, it will be able to use that circumstance to its benefit. Homebuyers in Lanewood will be able to take advantage of the benefits of the City without paying for them. As shown at Exhibit 201, Lanewood is surrounded by properties in some phase of being included within the City. Lanewood should be part of the City of Eagle.

5a. When you refer to the City's planning efforts, can you describe in general terms what you mean?

Response: As with any local governmental body, the City of Eagle develops a Comprehensive Plan pursuant to Idaho Code. This plan deals with features such as planning and zoning matters, transportation, and City services. In effect, the Comprehensive Plan and associated documents detail how the City is to look and feel, how it is to grow, and how it will provide for its citizens.

The City of Eagle takes this obligation very seriously. That is why the City of Eagle is one of the most desirable places to live in the Treasure Valley. We care about the City of Eagle and believe the results of that caring and attention reflects the importance that people who live here place on maintaining the core values and concepts that make Eagle what it is today. These planning efforts include items

such as providing City services, including water. We would like to think we would have the support of the Public Utilities Commission in helping the City develop according to its planning efforts. A copy of portions of the City's Comprehensive Plan addressing water is attached as Exhibit 202.

5b. Has this planning process included the land which is being developed as the Lanewood development?

Response: Yes, it has. Lanewood will be located in the midst of the City of Eagle. How Lanewood is developed will have a significant influence on the City. We hope and intend to see that it is developed consistent with the City's Comprehensive Plan.

5c. Did United Water participate or comment on development of the City's Comprehensive Plan?

Response: No, not that I am aware of, although the City did notify United Water that it was developing its plan.

6. Is the City capable of providing water service to the Lanewood development?

Response: Yes, it is. The City is committed to working with the developer to incorporate this development into the City. Even though the developer has filed an application with the county, the City of Eagle will participate in that proceeding. It will recommend that the county disallow the application and direct the developer to file a request for annexation with the City and include using City water.

7. Why would the City take that position?

Response: Lanewood will, for all practical aspects, be in the City. If not developed consistent with the City's Comprehensive Plan, it could have significant detrimental effects on the City. It would disrupt the City's planning process and would negatively affect the City's water system development, roads, and open spaces in its western area.

8. The developer of Lanewood has stated that the City will not have a completed well and other facilities ready by time it has approval to commence construction. Do you believe that to be true?

Response: No, I do not. According to the City staff, the City has already constructed a well and a mainline is being constructed now. This line will go to the southern boundary of Lanewood. The county approval process will likely take longer to complete than will the extension of the mainline to Lanewood. By the time Lanewood completes the county approval process and is ready to utilize water, the City's system will be ready.

9. What is the City's policy on how water is to be provided to new developments within the City?

Response: The City believes that new developments should provide their own water in order not to impose burdens and costs on existing customers. Since the City does not seek to generate profits from its water system, the City believes it can provide water to its citizens less expensively than a for-profit entity such as United Water. We believe water customers would appreciate that.

10. Do you know the basis for Mr. Ramon Yorganson's statements that the review process for his development will be shorter because United Water can independently lift sanitary restrictions to start construction but the City cannot do the same thing?

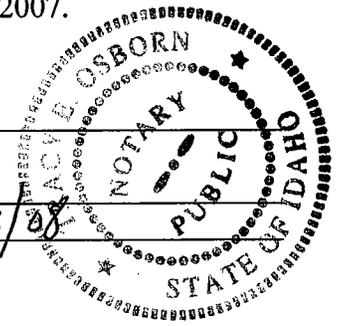
Response: No, I do not know the basis for this statement, but Mr. Yorganson is incorrect. The City can also lift the restrictions. I firmly believe that Mr. Yorganson's project, if developed according to the City's Comprehensive Plan, can be approved faster than through the county process. The City will certainly seek to work with him to do that. With his cooperation, I believe that can be done. If Mr. Yorganson is concerned about cost and certainty, given the location of his development, I believe the City provides a superior alternative to development than does the county. As Mayor, I am committed to helping him develop in a way that brings value to his project and new citizens to Eagle. I believe that the homeowners, who are ultimately the customers, will appreciate the lower costs and services that the City can provide. City Hall and my office are a ten-minute ride from the Lanewood development. If the customer has a problem, they can come see me or any of the City staff. I believe it is in the public interest for the City to serve these homebuyers, not United Water.

Dated this 4th day of May, 2007.

Nancy E Merrill
Nancy Merrill
Mayor of the City of Eagle

SUBSCRIBED AND SWORN to before me this 4th day of May, 2007.

Stacy E. Osborn
Notary Public for IDAHO
Residing at Buna Idaho
My Commission Expires: 12/23/08



CERTIFICATE OF SERVICE

CERTIFICATE OF SERVICE

I hereby certify that on this 4 day of May, 2007 I served a true and correct copy of the foregoing document via the method indicated below to:

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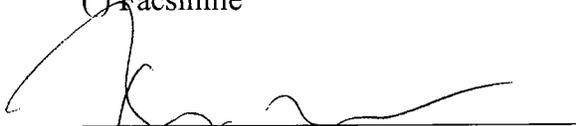
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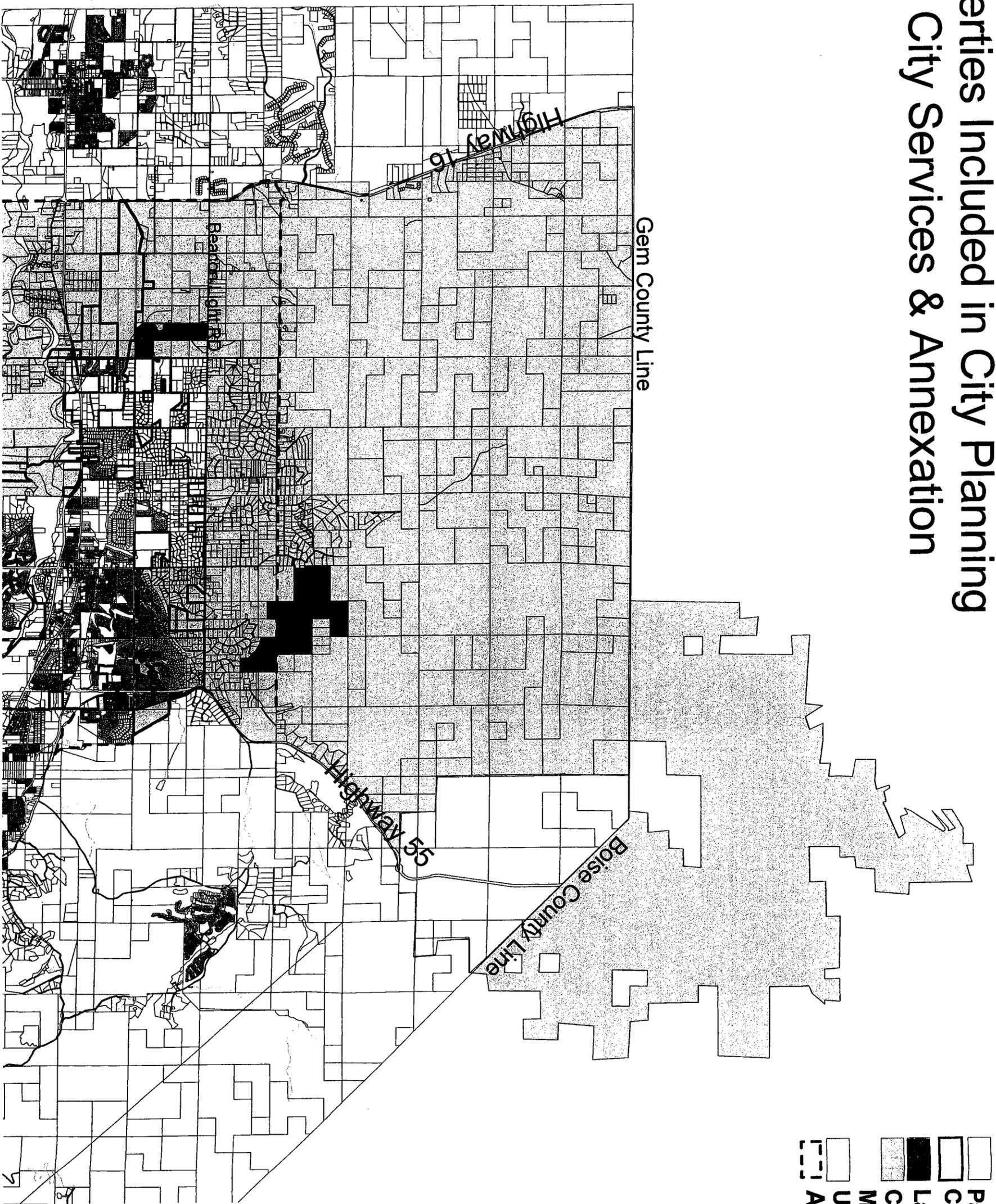
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Bruce M. Smith

Properties Included in City Planning for City Services & Annexation



-  Parcels
-  City Limits
-  Lanewood/Kastera
-  City Planning Areas & Municipal Service Area
-  United Water Certificated Area
-  Area of Impact

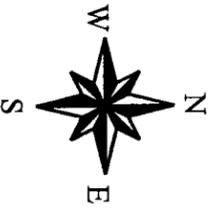


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CHAPTER 1 - OVERVIEW

1.1 City of Eagle Statement of Purpose

The purpose of the Eagle Comprehensive Plan is to develop a set of guidelines that the City will use to promote the health, safety, and general welfare of the residents who live in the City of Eagle and its Area of City Impact (AOI). To achieve that purpose, the City of Eagle will strive:

- a. To protect property rights and enhance property values.
- b. To ensure that adequate public facilities and services are provided to the people at reasonable cost.
- c. To ensure that the economy of the City of Eagle and its AOI is protected and enhanced.
- d. To ensure that the important environmental features of the City and its AOI are protected and enhanced.
- e. To encourage urban and urban-type development within the incorporated city.
- f. To avoid undue concentration of population and overcrowding of land.
- g. To ensure that the development of land is commensurate with the physical characteristics of the land.
- h. To protect life and property in areas subject to natural hazards and disasters.
- i. To protect fish, wildlife, and recreation resources.
- j. To encourage local school districts to participate in the community planning and development process so as to address public school needs and impacts on an ongoing basis.



1.2 Why Plan?

From the year 2000 to 2002, the population of the City of Eagle grew by 17%, increasing the City's population by more than 1,000 residents per year. This rate of growth resulted in the development of over 900 acres of land within the City and the area of city impact (AOI) in just 3 years.

Understanding the need for the City to look forward and plan for the next 20-years, City leaders began a review of the 2000 Comprehensive Plan and future development areas to the west of the existing AOI and city limits. The City realized that planning for additional growth to the south and east was limited by the existing Meridian City limits and Boise City limits, respectively, and also understood that urban development to the north of the existing AOI was severely constrained by the Boise Foothills and groundwater limitations.

As a part of the review of the 2000 Comprehensive Plan by the City of Eagle, the City completed a full scale review of the economic sustainability of the existing area of city impact and future growth areas for the city. This study found that the City of Eagle, though stable and solidified in its vision to develop a city with a uniquely rural character, did not look at the long term sustainability of the city as it approached build out. The 2000 Comprehensive Plan detailed the following uses for the incorporated City and AOI:

Table 1.1

Distribution of Land Uses			
Land Use	% of 2000 Plan	% of 2025 Plan	% of total
Commercial	4%	2%	4%
Mixed Use	6%	8%	7%
Mixed Use Village	0%	10%	5%
Business/Tech	1%	2%	1%
Industrial	1%	0%	3%
Residential	87%	60%	75%
Parks/open space	1%	17%	5%

Nearly 90% of the City's 2000 AOI was designated for residential uses. This coupled with the third lowest tax levy rate in the State of Idaho severely limits the long-term sustainability of the City of Eagle. The land capacity analysis further outlined that over 50% of the residential land within the existing AOI was developed to the density described in the 2000 Comprehensive Plan. The analysis also showed that only 20% of the developable residential land is vacant and available for uncomplicated development.

From an extrapolation based upon the current rate of development (300 acres per year), the City will run out of vacant land in approximately 6 years, though residential build out could be longer if underdeveloped property becomes available for redevelopment. A significant factor in determining the successful redevelopment of vacant land within the City is



the cost availability of vacant land in adjacent cities and the county. Unless these land supplies are constrained, it is likely that high levels of redevelopment will not occur. (The entire land capacity analysis is available at City Hall.)

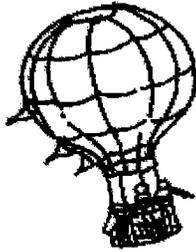
1.2.1 Idaho Code:

Understanding the constraints of the existing AOI, the City of Eagle began to look at the requirements for establishing an expanded area of city impact. Under Idaho Code §67- 6526(b), the following three factors are paramount in establishing an area of city impact:

- a. **Trade Area:** Trade area is the area that is needed to provide a city with an economic base that supports the city. This economic base comprises not only the city limits and the AOI but also includes the areas that surround a city and bring people into the city for services. Historically, the City of Eagle has been directly associated with a large trade area including properties extending north into Gem County and west into eastern Canyon County. Further, ACHD traffic counts and the existing transportation network support the claim of this area being within the City of Eagle's economic trade area.
- b. **Geographic Boundaries:** The Idaho Transportation Department (ITD) has released plans to improve State Highway 16 from a two (2) lane roadway to at least a nine (9) lane system (including right-of-way) in excess of one quarter (1/4) mile wide. This creates an enormous and significant landmark or geographic boundary separating the properties east of State Highway 16 from those on the western side. This new transportation corridor will be a significant east-west barrier between Eagle and Star that will create an impediment for pedestrians, bicyclists, youth and the elderly or anyone unable to use motorized transportation. In addition, it is unlikely that property owners east of the new highway corridor will feel identified with a city center that is entirely cut off to the west. (See Map 1.1) Historically in Ada County, state highways have been used as area of impact boundaries. For example, State Highway 44 forms portions of the respective common boundaries between Boise and Garden City. State Highway 55 forms portions of the respective common boundaries between Meridian and Boise as well as Boise and Eagle. State Highway 20/26 forms a boundary between Meridian and Eagle.
- c. **Annexation in the Future:** At the time of this planning effort, the City of Eagle had received numerous requests for annexation from properties reaching to the State Highway 16 corridor. If these applications are approved, Eagle's city limits would be bordered to the West by State Highway 16, to the South by State Highway 44 and to the North by Beacon Light Road substantiating the City's ability to annex into and across this area.



1.3 The City of Eagle Vision Statement



In 1999, City of Eagle citizens envisioned their future town as a well-planned community that encourages diversified living and housing opportunities, fosters economic vitality that offers jobs for residents, and provides places for people to recreate and enjoy Eagle's natural beauty.

We envision that in the future Eagle will be:

- a. known as a highly livable town that successfully balances growth with many of the rural elements of its heritage;
- b. interconnected with user-friendly pathways and roadways;
- c. economically strong with a distinct downtown economic center;
- d. providing diversified employment and housing opportunities for all economic groups;
- e. an environmentally aware community with distinctive open space, parks and outdoor recreation;
- f. an economically strong city, that fosters local businesses and clean industry;
- g. a community committed to its support for children and families; and
- h. a unique community that maintains its rural residential feel in the midst of the Treasure Valley.

Similarly as in 1999, the 2004 Soaring 2025: City of Eagle Western Area Plan outlined an extensive public visioning process to guide the plan. The visioning sessions discussed potential growth areas and goals to guide the long term development of the City. From these visioning sessions, the following four broad goals were identified for the western AOI:

- a. Sustainability at build out (2025): Ensure the ability for the city to continue to fund, improve and support itself, including infrastructure and parks, without the use of building permit fees, impact fees and zoning fees.



- b. Identify "Activity Centers": Identify areas that, due to the nature of existing uses, future uses and/or transportation corridors, will lend themselves to increased activity and non-residential use to preserve larger areas as primarily residential neighborhoods.
- c. Preserving Regional Transportation Corridors (State Highway 16 & 44): Preserve the function of regionally significant roadways through the City while ensuring compatibility with land uses and design standards of the City.
- d. Increased Employment Opportunities: Identify areas that will provide significant employment opportunities to the residents of the City of Eagle thereby allowing the City to be a desirable place to live, work, and recreate.

These goals combined with the current growth rate and the factors set forth in Idaho Code §67-6526(b), have led the City of Eagle to establish an expanded planning area west of Linder Road to the centerline of State Highway 16, south of the Farmers Union Canal, and north of the centerline of Chinden Boulevard/State Highway 20-26, Ord. 475. (See Map 1.2)

1.4 Plan Organization

The Comprehensive Plan is divided into chapters that generally correspond to the requirements of the Local Planning Act. It should be noted that the policies in the various chapters are interrelated and together create the City's policy framework for land use and development.

1.5 Relationship to the City of Eagle Zoning Ordinance

Idaho Code §67-6511 states that "zoning districts shall be in accordance with the adopted plan." In general this means that zoning must be "in keeping" with a comprehensive plan if one exists. Further, the Eagle City Zoning code requires consistency between the comprehensive plan and affected zones at the time of rezoning. Additional zoning classifications may be needed to ensure the accurate implementation of this sub-area plan.

1.6 Relationship to Ada County Planning

The goals and policies of this plan are intended to be applied within the Eagle City limits and the negotiated Eagle Area of City Impact. The City acknowledges that the county may not have all the tools and codes necessary to implement this plan and will, upon transmittal and review, recommend to the county which county codes and appropriate conditions should be implemented to best implement and meet the intent of the Eagle Comprehensive Plan. It is the desire of the City of Eagle to have all urban development that occurs in the Area of City Impact to be under the jurisdictional authority of the City and connected to municipal services.



Department of Environmental Quality requirements and applicable federal rules and regulations.

- l. Protect current residents from paying for facilities that principally benefit new development.
- m. Ensure that all new development within the Western Planning Area (west of Linder Road) and any foothill area annexed by the City connect to the City of Eagle municipal water facilities.
- n. Periodically review the costs and benefits of the City water system to insure that rates and fees are sufficient to provide adequate capital to fund needed improvements including a reserve fund for infrastructure replacement and evaluation of local groundwater trends.
- o. Develop a full service water department with skilled staff that are trained to operate and maintain a water system.
- p. Evaluate future water system needs and develop an operating budget for operation and maintenance and a capital budget for water infrastructure improvements for the City-owned water facilities.
- q. Require the construction of dry-line water facilities and fire hydrant stub-outs in developments anticipated to be served by the municipal system as identified in the Water Master Plan and the Comprehensive Plan.

4.7 Sewer

4.7.1 Sewer Existing and Future Conditions

The Eagle Sewer District (ESD), was established in 1963 as a public entity separate from the City of Eagle. The ESD service area generally corresponds to the area within the Eagle City limits. Extensions of the ESD service area are accomplished by actions of the ESD Board of Directors, and for the most part match annexations to the City. However, the extensions do not have to match annexations to the City either in location or in time.

ESD serves all of the residential and commercial users in the City that are receiving central sewer service. In addition to users served by central sewer, many homes in the District's service area utilize individual septic tanks and drain fields for on-site wastewater treatment and disposal. The District currently treats the wastewater to secondary standards and discharges the treated effluent to the City of Boise wastewater treatment facilities for ultimate treatment and disposal under a long-term agreement between the District and the City of Boise. (See Map 4.3)

Due to total pollutant loading limitations for the Boise River, standards for treated wastewater effluent discharges to the Boise River may become far more stringent in the



- c. The City limits shall be that area as defined by ordinance of the City of Eagle.
- d. Preserve the floodway in its natural state for such uses as greenbelt, wildlife habitat, recreational open space agriculture.
- e. Include in the City Design Review Ordinance criteria for building design, landscaping, signage and other aesthetic standards. Development along State Street within the Impact Area and outside the City limits shall be encouraged to comply with the Design Review Ordinance.
- f. Reject any development that would establish or tend to establish another City center outside of the Central Business District.
- g. Discourage excessively large single entity businesses that would jeopardize the competitive business environment.
- h. Require new residential, commercial, and industrial development to meet minimum design standards as specified by City Ordinances.
- i. Encourage the integration of historic structures within new developments.
- j. Develop buffer and transition zones between conflicting types of land use.
- k. Develop ordinances that will establish the Urban Service Planning Area as the prime urban development area of the City and Area of City Impact. Development should be allowed in the area on the condition that sewer and domestic water facilities would be provided to such development as described by the Water Supply and Sewer Policies of the Public Services Facilities and Utilities section of this Comprehensive Plan.
- l. Encourage the preservation of natural resources such as creeks, drainages, steep slopes, and ridgelines as visual amenities.
- m. Encourage the development of pathways and open-space corridors throughout the City.
- n. Encourage the development of a strong community identity through urban design standards, downtown revitalization, cultural activities, and visual gateways to the City.
- o. Prepare and adopt design guidelines and development standards to be the basis for design review of architectural, landscaping, signage and other visual impacts of development projects.
- p. Encourage the planting and preservation of trees that will create beauty and add to the healthy environment of downtown (see Eagle Tree Plan below).
- q. Protect and enhance the small town character of the City by requiring signage which is creative and distinctive,



develop, they will be conditioned to reciprocate with similar cross access agreements.

Feathering The process of transitioning density within a development while providing compatible lots sizes and lot boundaries.

Gateway A major corridor or entry into the City of Eagle that will tend to create an initial positive impression of the City for visitors. Gateway streets should be subject to enhanced design review standards such as signage, landscaping, architecture, and vehicular access.

Internal Circulation The movement of traffic into and out of properties and local roadway systems without the need to enter onto arterials and regional roadway networks.

Limited Service Commercial Uses that accommodate retail sales and services for the daily self sufficiency of local communities, ensuring that the intensity of limited commercial development is compatible with the character of the area with special concern to adjacent residential uses.

Limited Retail Establishments providing retail services, occupying facilities of 10,000 square feet or less. Typical establishments provide for specialty retailing or retailing oriented to the surrounding vicinity.

Minor Gateway A collector or local street entering from an arterial into the City of Eagle that gives visitors a sense of place and feeling of entering Eagle. Minor gateways should provide limited elements to create a sense of place through landscaping, signage, or other design elements.

Municipal Services Services, such as water facilities and library, which are owned and/or managed by the City of Eagle and are available to property owners within or adjacent to the city.

New Urbanism A form of development in which a range of housing product types and supporting commercial services are near one another and are designed to be pedestrian-oriented. Such developments typically feature, at least in part; gridded local streets with alley loaded housing, narrow lot patterns, low to mid-rise commercial which are built up to the sidewalk with parking located behind them with residential uses built over commercial uses, narrow streets with tight turn radii, on street parking, sidewalks separated by landscape strips, and street furniture. New Urbanism projects do not exclude automobiles, rather, they place pedestrians on an equal basis in terms of priority.

Professional Office Uses providing for administration, professional services, and associated activities. These uses often invite public

