

**FOR IMMEDIATE RELEASE**

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**CITY OF McCALL OFFERS TO DISMISS LAWSUIT  
AGAINST THE SEWER DISTRICT**

The City of McCall has delivered an offer to the Payette Lakes Water and Sewer District (the Sewer District) in an effort to settle the pending lawsuit between the two agencies. The City is willing to dismiss the lawsuit, drop all claims against the District, and forgive outstanding debts owed to the City if agreement can be reached on certain principles.

“We have made an offer to the District which will resolve this lawsuit” said Mayor Don Bailey. “The City Council is hopeful that the Board will seriously consider our offer, which we believe is in the best interests of all the rate payers in both the City and the District” he continued. According to City Manager Lindley Kirkpatrick, the proposed settlement will “simplify the relationship between both agencies and help prevent future disputes.”

The City and the District have a long history of both cooperation and disagreement. For over thirty years, wastewater has been collected by both agencies and treated at the City owned wastewater treatment plant. The City and the District were involved in litigation with each other in the mid-1980s and are again today.

The relationship between the City and the District was first formalized in December of 1977 in a Cooperative Agreement. At that time, the District built its own collection system, and made certain improvements to the City-owned treatment facility at the District’s expense. According to the terms of the Cooperative Agreement, “the ownership of the sewage treatment system upon completion thereof (certain improvements) shall be transferred to the City...”.

In the ensuing years, the City and the District entered into seven Amendments to the Cooperative Agreement. Although provisions were added or changed, one key feature has remained constant: the City owns the treatment plant, with all of its modifications and expansions.

Ownership was specifically addressed in 1984, in the Fourth Amendment. The City and the District agreed that all permanent improvements to the wastewater treatment plant are owned by the City. They further agreed that whichever agency received outside funding to pay for improvements would own those improvements. This key provision applies to the funding received by the City for the J-Ditch storage pond and disposal system. The City owns both the treatment facility and J-Ditch system, up to the point at which the farmers take control of the pipeline to irrigate their fields.

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While the City has always owned the wastewater treatment plant, the District has had a right to a portion of the capacity in this plant. In 1987 the District sold some its rights to the City, so that the District currently has the right to 33% of the capacity of the treatment plant. Neither the Agreement, nor any of the Amendments, makes any mention of the J-Ditch storage and disposal additions, which were constructed after the most recent Amendment to the Agreement.

In 2005 the current lawsuit between the City and the District began when the District continued issuing 'will serve' letters to developers, after the City had imposed a moratorium on the issuance of sewer permits. The case remains pending, and includes, among other things, the District's continued assertion to ownership and use rights in the City-owned wastewater treatment plant, J-Ditch storage pond, and disposal system. As stated by the District in the last open meeting between the two parties, "The land application approach as we [the District] have outlined in prior joint meetings is the most feasible and responsible approach." This approach would require the continued use of the current wastewater treatment plant as well as the J-Ditch pond and disposal system.

As stated in the Cooperative Agreement and the Amendments, the City maintains that the District has no ownership rights, but has a right only in a portion of the capacity of the wastewater treatment plant as agreed in the Fifth Amendment. All other use by the District of the J-Ditch storage pond and the distribution and land application system is simply as a customer of the City, as with any other user.

Due in part to the pending lawsuit, the District and its customers do not pay the same as City customers for the same service. A homeowner in the District pays less than a homeowner in the City for the same treatment and disposal. The proposed settlement offer from the City is intended to end all disputes and differences, and create a single unified system that is transparent and equalized for all ratepayers