

Coeur d'Alene
BLACK ROCK
A DEVELOPMENT COMPANY

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MAY 08 2006
IDWR/North

State of Idaho Department of Water Resources
1910 Northwest Boulevard
Coeur d'Alene, ID 83814

May 8, 2006

Dear Sirs:

This letter is in response to the letter submitted to Idaho Department of Water Resources (IDWR) May 1, 2006 by the Coalition for Positive Rural Impact at Rockford Bay & Loff's Bay & Resident of Kootenai County (Coalition) in protest to our water right amendment, Permit #72669. We believe that the letter of protest contains numerous inaccuracies and misstatements. We will respond in the order that comments were presented in the aforementioned letter.

Item 1: This use is now and as amended will be consistent with the public interest. The water right amendment we have requested allows continued utilization of existing water rights to the 265 members and 75 employees at the existing Club at Black Rock and will benefit an additional 325 potential new members at Black Rock North. Further, this use has come to the aid of neighboring residents and the Worley Fire District, who have used Black Rock's fire flow system to fight fires on adjacent residences. The proposed Black Rock North project will include a piped flow distribution system with fire flow storage, fire hydrants and fire access roads. This system will allow for faster and more efficient fire response times. There will not be a negative impact on the public water resource.

Item 2: The proposed amendment to the existing water right does not request an increase in quantity and will not affect other approved water rights. There is no scientific evidence to support that this amendment will have any negative impact on the public water resource or adjoining water sources.

Item 3: This section demonstrates that the Coalition is misinformed about the facts. The proposed water right amendment **will not** increase the number of irrigated acres from our approved water right. In fact it reduces the total acreage of irrigation anticipated from the original permit. Our initial surface water right approval allowed irrigation of 668 acres. Through a variety of conservation measures such as drip irrigation for landscaping, naturalized golf course design, we have reduced the irrigated acreages on the original project, which allows us to have capacity to support expansion. Through incorporation of the above measures, state of the art technology and BMP, the design of the new project and design of upgrades to the wastewater treatment facility will produce Class A effluent.

This will allow conservation and reuse of the water for Black Rock North. Through the use of respected consultants we are maximizing the utilization of our existing water right and recycling all of the waste water produced from the two projects. We are not aware of any other projects in this region that are implementing similar conservation measures.

The Coalition in their protest makes the erroneous assumption that increasing the service area automatically equates to additional water usage, which is inaccurate. We have a limited water right, and we have provided a detailed summary of the areas we plan to apply it, which does not exceed the total acreage originally approved. To clarify, we are not asking to irrigate 1213 acres as misstated in the letter submitted. Our maps clearly indicate that we are asking to irrigate 545 acres instead of the originally approved 668 acres. We believe utilizing BMP and technology resulting in a reduction in irrigated acreage, and spreading the existing water right over a larger geographic area, increasing the number of people benefited by the existing water right is in the public's best interest.

We have asked IDWR to reconsider your earlier condition on the surface water right granted for the Club at Black Rock. With conservation in mind, we developed a project with reduced irrigated areas and utilized conservation practices to protect our resources. We should not be penalized because we are able to effectuate a design that conserves resources. The impact to the public resources will be reduced if IDWR allowed conversion of the existing 1.0 cfs to municipal, rather than requiring us to investigate the development of the multiple wells existing on the Black Rock North site to try to supply additional water. We feel that the benefit to the approximate 700 plus Black Rock and Black Rock North members and owners, as well as, the elimination of the groundwater wells on the subject property that would otherwise be used for this purpose, justifies our request for amendment.

Item 4: Our water usage is controlled and limited as permitted by IDWR. We have and will continue to respond and operate as permitted.

Item 5: The comments of the protest express personal beliefs that are not relevant to this permit. Our members and property owners have the same right as the Coalition to be called locals. The fact that the Club at Black Rock is not open to the public does not mean the members have any less right to enjoy the beauty and resources of this region. In fact, our members own or will own property in Rockford Bay as compared to numerous signers on the petition who reside in Athol and Hayden Lake, Idaho. Further, the economic stimulus to the County has been tremendous and the public at large benefits from the dollars available to increased social services.

Item 6: We agree with the coalition's concern and believe that our water resources need to be protected. In this spirit, we are upgrading our WWTP to Class A, allowing for

irrigation of treated effluent. This measure is endorsed as being proactive and environmentally responsible by DEQ and IDWR.

Item 7: We have provided a map and consumptive analysis with the water right amendment submittal. We designed our systems with DEQ approval of the estimated usage rates. It would be difficult to compare two different projects water use without facts such as lot sizes, soil types, exposure, etc.

Item 8: Most of the statements in this paragraph are false and again contain personal beliefs that are not relevant to this amendment. Black Rock Utilities is a non-profit company that does not provide services to the public at large. It provides services to limited members and does not charge for a profit. . . Black Rock North is consistent with the Comprehensive Plan and has been so determined by the County Commissioners when they approved the rezoning of certain acreage to support the PUD application. The County staff and hearing examiner have recently opined that they believe that the PUD is consistent with the Comprehensive Plan and recommend approval.

We have always responded rapidly and thoroughly to any legitimate questions or concerns of neighbors or public officials. The comments made by the Coalition about DEQ violations at the wastewater treatment facility are simply incorrect. The concerns related to the wastewater treatment facility were addressed in detail at the preliminary PUD hearing by the hearing examiner. There is only one violation on file with DEQ in four years of operation. This isolated incident resulted from operator error in irrigation application, and was not cited as serious. Our systems have subsequently been improved to prevent a reoccurrence. We have investigated all concerns about neighboring wells, and met with DEQ to discuss and help resolve the concerns. There has been no evidence that Black Rock is the cause of any of the problems found in neighboring wells, as suggested by the Coalition.

Item 9: This is an existing water right that was already approved with the Coeur d'Alene Tribe's knowledge.

Item 10: We agree with the approach outlined by the Coalition for long term water management planning.

Item 11: If IDWR deems it necessary, we have no problem with the months of approved use remaining the same as the previously approved water right. There is obviously no need for irrigation in the winter, nor could we withdraw it with our pump systems as irrigation lines are blown out for the winter to prevent freezing.

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Item 12: We disagree that our amendment does not comply with I.C. Title 42, Chapter 2, Appropriation of Water.

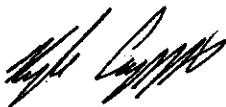
Item 13: Acknowledged.

In summary, Black Rock Utilities is not seeking to withdraw "uncontrolled, virtually unlimited" water from Lake Coeur d' Alene for irrigation. We are seeking to modify an existing water right to maximize the beneficial use. The Coalition's comments and attitudes appear to come from lack of knowledge about our irrigation practices. Irrigation application at the Club at Black Rock is state of the art. We have an on site weather station and moisture sensors that provide information on water needs. Each of the 1200+ sprinkler heads on the golf course are individually computer controlled, and can be adjusted up or down to compensate for slope, exposure, or other factors that affect water needs of the area covered. The golf course is monitored daily for dry or wet areas, and tens of thousands of dollars are spent annually hand applying water to localized dry areas, rather than turning on irrigation and watering the entire area. Over watering of the golf course is not acceptable and our membership and management would not tolerate a soggy golf course. We also continue to manage the development and the Homeowner's Association to stop over irrigation of residential landscaping and common area landscaping. We are upgrading our wastewater treatment system to Class A. This will exceed the classification currently used by the cities of Post Falls, Hayden, and Coeur d' Alene. The improved system will allow us to recycle all wastewater and reduce irrigation water needs. The system will also provide greater protection to the environment in case of a spill.

The ownership and management of Black Rock is environmentally responsible and we are pro-actively planning to maximize the use of our resources.

Thank you very much for your time and consideration. Please contact me if you need any additional information.

Sincerely,



Kyle Capps