

Mayor David Anderson called the regularly scheduled council meeting of March 24, 2009 to order at 7:00 p.m. at the visitor center. Present for the meeting were Mayor Anderson, Council Members Dave Gray, Connie Wells, and Chris Clark, City Administrator Stephen Boorman, Assistant City Administrator David Sims, Clerk Kris Larson, Fire Chief Pat Warkentin, Economic Development Coordinator Mike Sloan, Police Chief Rick Alonzo, Water/Sewer Department Supervisor Jim Fritzsche, Attorney Tim Wilson, and Student Representative Riley Boorman. Also present were Bruce and Deana Merrifield, Julie Golder, Ross McCall, Mike Hanson, Bob Eby, Sharlene Mullis, George Hopkins, Jim Eldridge, Allan Nicholson, Elsie Hollenbeck, Tremain Albright, Bob Mastre, and Steve Winey. Councilman John Langs was absent due to illness.

Mayor Anderson opened the water/sewer rate hearing. Stephen Boorman gave a review of the water and sewer utility rates through a power point presentation. Elsie Hollenbeck inquired about water usage and growth. Stephen explained. Deana Merrifield inquired what the cost of installing a meter was. Stephen said the cost was approximately \$600 per residential service and that the meter installation project was paid by a grant with a 25 percent match from the city. He also explained the hook on fees.

Jim Eldridge asked if the cost of increased infrastructure is covered by the hook on fees. Stephen explained capitalization fees and said in this rate proposal we did not address capitalization fees. Mr. Eldridge also inquired about developer costs and sewer capitalization fees. Stephen said if the line sizes are big enough then the cost to the system is neutral but if the infrastructure is inadequate then the developer should bear the costs. Mr. Eldridge also commented on the water increases he experienced in November, 2006 as he was a resident of North Water and Sewer District. He asked about what may happen in two years with rate increases. He wanted to know if we would pay more for less water like what took place in 2006. Stephen explained that at the end of the year the revenues must cover the expenses. Mr. Eldridge commented about the water notices that he received and asked about the safety of the water. Stephen explained the rigid rules of DEQ. He said we cannot guarantee perfectly clean and safe water but the post chlorination project reduces the byproducts and the tests are based on an annual level. He said there is an increased risk of a bug getting through in the current process we are using but it doesn't mean the water is unsafe to drink. He further explained the strict rules that must be followed. Dave Sims said it means that we are still chlorinating and the water is safe but we must send out the notices to meet the DEQ rules. Bob Eby said there is so much chlorine in the water that it does not taste good.

Tremain Albright said he is on a fixed income and asked that some of the costs be garnered from the developments coming into the city. He said many people are on fixed income and living in substandard housing and asked the city to look at alternatives to raising rates. He spoke of the stressed economy and asked City Council to look at alternatives. Allan Nicholson asked if the council has looked through the city budget carefully. He gave the example of hiring a city manager and asked if that was necessary. He spoke of costs rising but does not see expenses

being cut. Stephen said the number of employees in public works has not increased since he was hired in 2001. Dave Sims said the utility billing done in-house saves the city quite a bit of money each month. Elsie Hollenbeck said there are quite a few low income residents in our city and asked that Council reconsider such a large raise at this time. Stephen said we hired an outside consultant to review the rates based on our data. Dave Sims said there is grant funding that will come to the city if the rate requirements are met through USDA Rural Development.

Will Hedrick spoke regarding the rate increase and the economy. He would like the water usage to go down for the base rate and charge the overage to the people who are using the system most. He asked that the rate increase be done in increments. Dave Sims said the public did vote for the water bond in a public election and the costs are being driven by the bond. The work has been done through interim loans and it is now time to pay it back. Tremain asked that city council asked for extensions on the debt that the city has because he thinks the break will be granted. He also encouraged that developers be charged more for their developments coming into the city. Mr. Albright also asked that the city phase in the rate increases.

Steve Winey asked that more water for the base rate be given to the customers. Stephen explained that many of the costs are fixed and we must cover these costs. He said in this rate increase we did not increase the usage allotted in the base rate. Mayor Anderson said with consultant's help this is the projected overage use that the prior council worked on. They knew that the rate of \$34 had to be met and with the overage usage and our base rate we would be able to reach the \$34 figure. People conserved and we did not meet the projection minimum that we were committed to. He said the time to pay the dues has arrived. He said granting agencies may be more conciliatory in these times. He spoke of impact fees for the developers coming to the community to pay for growth. Mayor Anderson said if we have to expand the treatment plant for water it will be a huge cost. He also said there is substantially more expense for sewer treatment plants than what we have in our lagoon system but we are looking at more costs this year to meet the testing requirements. Mayor Anderson spoke of the budgeting process and the cash flows that the city has. Tremain Albright spoke about the sewer system and asked that council look at alternatives and extensions to get residents out of paying more costs as they are being hit from all sides including food. Dave Sims said the city has looked at land applications at the sewer lagoon and said the soils are unique in that area. Tremain said there may be farmers that want to lease their farm ground for such a purpose. Tremain wants to keep the system from being overloaded. David said we have even looked at planting trees because there is such a high nutrient value.

Michael Breazell joined the meeting.

Mayor Anderson recessed the public hearing.

Elsie Hollenbeck said the Phoenix Teens at Risk Group will be holding another event for the troubled youth. There were 85 teenagers that spent the night at the last overnight event that was held and many of the youth were counseled during the event. A spaghetti feed will be held this

week at the fire hall. She said the Grow Committee is also progressing with the community garden project.

Rick Alonzo gave the police report and said there were two domestic situations, one arrest for trespass for a previous domestic, two DUI arrests, two minor in possession (MIP) charges, two warrant arrests, one burglary, one suicide threat and the person is still living, one unattended death, and six driving without privileges. Police are getting ready to send Heiko to POST Academy in Coeur d'Alene. Attorney Tim Wilson said police enforcement of minor in possessions has increased in the last few months. He said the minor's license privileges have been revoked and since that has happened the MIPs have decreased.

Pat Warkentin said there was a fire at Jackson Street at a residence. He explained that the fire report was given to council this evening and asked if they would like these reports when an incident occurs. Pat spoke of the mutual aid with Paradise Valley and four of our firemen assisted at a fire in the Cow Creek area. Pat said we do not take fire equipment or manpower out of the city limits unless we are covered in the city. He said there was a fire alarm malfunction at Valley View that was responded to. Pat said the new fire unit was not quite ready for council to look at this evening. He said we paid \$7,500 and he has learned that it could have been sold for \$95,000 so Kootenai Fire and Rescue did the City of Bonners Ferry a huge favor.

Stephen Boorman gave the administrator's report. He encouraged council to attend the NWPPA meeting in Boise. The conservation funding and commercial lighting projects are popping up and it is good. Sewer testing is moving forward and quite a bit will be done in-house. Dave Gray commended the city manager on the recycling efforts that are happening and thanked him.

Connie Wells moved to approve the consent agenda with the exception of item #4, fire academy. Dave Gray seconded the motion. The motion passed, all in favor. Connie moved to approve the consent agenda. Chris Clark seconded the motion. The motion passed, all in favor. The consent agenda contained the following: roll call; approval of bills and payroll; treasurer's report; and approval of March 10, 2009 Council meeting minutes.

The contract for sewer line replacement at Montana Street was discussed. Dave Gray said the estimated costs were about \$20,000 and it came in at about \$12,000. Chris Clark moved to award the contract to KGT Septic for the Montana Street line replacement. Connie Wells seconded the motion. The motion passed – Dave Gray “yes”, Chris Clark “yes”, Connie Wells “yes”.

Dave Sims said an algae problem at the sewer lagoons during the summer months is causing violations on the permitting process. We need to test the wastewater at the lagoon weekly at six different test points. These tests will give a better understanding of the efficiency of the lagoons and help us to make improvements. Before we can do this we need to prove to DEQ that our processes work. We need to do testing for total suspended solids and oxygen demand. He said testing sent out will cost about \$10,000. We can do some of this testing in house but we need to

have the equipment to do the testing. The testing equipment would cost about \$2,000 resulting in a savings of over \$8,000. David said the monthly testing would still have to be sent to the lab but this would fine tune our processes. David explained the testing process to council. Biological oxygen dioxide (BOD) testing is what is needed according to Stephen. Chris Clark commented that if we test in pond two and find that we meet the requirements that we would not have to use the chemicals on pond three and this would save the costs. Chris Clark moved to purchase the testing equipment for the sewer department. Dave Gray seconded the motion. The motion passed, all in favor.

Mayor Anderson asked about the computer for the water scada. Dave said the computer that we currently have has an inadequate drive controller and the computer that we are looking at has a much more sophisticated drive controller. He also said there are data corruption problems on the current computer. Dave said this computer is the interface to all the controller equipment. Stephen explained how the programmable logic controllers (PLCs) work with the computer. David said when the clarifier project goes online that this computer will also control the backwash. David said if the computer fails that we can still operate manually but it reduces the efficiency. The new system will spread the data over several drives and not save corrupted data over the good data. Connie moved to update the computer system at a cost not to exceed \$2,100. Chris Clark seconded the motion. The motion passed – Dave Gray “yes”, Connie Wells “yes”, Chris Clark “yes”.

Stephen Boorman recommended that we hire Olivia Drake for the temporary position. Dave Gray moved to hire Olivia Drake for \$10.00 per hour for map and drawing indexing as a temporary position. Connie Wells seconded the motion. The motion passed, all in favor.

Attorney Tim Wilson asked that the joint pole use agreement and franchise ordinance issue be tabled this evening. Dave Gray moved to table the Windjammer pole use agreement and franchise ordinance until a later meeting. Connie Wells seconded the motion. Stephen explained the franchise ordinance and the pole use agreement and why they are two separate functions. The motion passed, all in favor.

Mayor Anderson reopened the rate increase hearing and asked for council comments. Chris Clark said the rate increase affects all the members of the council as well as the residents of the city. He said the bond issue is coming due and revenue needs to be raised to pay for it. Connie Wells said she wants to keep the rates down and knows that it is time to pay the bond and we need to meet our obligation of \$34 per equivalent dwelling unit and she does not want to jeopardize the \$1,000,000 grant funding that we have. She said we do not want to give back the grant funding. Dave Gray said this happened before the current council was elected and people do not understand about borrowing and paying the debt back. We made the debt when times were good and it is unfortunate that we have to pay back the loan when the economy is bad. Mayor Anderson said we have not been meeting the requirements to pay back the debt. He said we stuck with the water usage amount that we currently have to help meet the resident’s basic

life function. He said we have sharpened our pencils and are trying to save money but we cannot pare it down anymore. Mayor Anderson said the sewer system infrastructure is declining and we have the fear one of the pump stations failing anytime. He said his personal business is tied to the building trade and understands people's fears. He said the sewer rates are very low and the \$5.00 raise in the sewer helps maintain an antiquated system and meet the DEQ and EPA requirements. He said it is bad timing and a couple bad guesses have helped cause the problem so he supports both rate increases begrudgingly.

Elsie Hollenbeck thought the bond would be paid through taxes and did not understand that it would be paid through rates. Mayor Anderson said we are experiencing the lowered rates for city customers before consolidation but the outside districts that came into the city had lower rates and much of that was caused by the good working efforts of a few people that kept the systems operating.

Dave Gray spoke regarding the clarifier project and the requirements that now have to be met and said the city is doing its best to meet the requirements. He also gave the example of the increased testing at the sewer lagoons. He said the city employees are doing a wonderful job in maintaining our current systems.

Tremain asked why comments are taken or suggestions are received when a rate increase will be voted on this evening. Mayor Anderson said the hearing is mandated by State law. Tremain asked if the extensions or alternatives can be looked at before the rate increase is decided on. He spoke of conservation occurring when the meters were installed. Stephen explained that if we have funding come in then we could lower the rates. Connie explained that Rural Development has given some leniency to the city because they were first requiring \$34 base fee and now they are allowing us to use a portion of the water overage charges in computing the base fee. Allan asked why the public comments were received this evening if the rates were planned to be raised. Mayor Anderson explained that the comments were appreciated that were given this evening but we are behind the eight ball in the water rate increases. Michael Brazell asked if stimulus funding can be applied for to pay off the bonds. Dave Sims explained that we have applied for some projects but what we are paying the bonds for is work that we have already completed. Mayor Anderson said the city is not opposed to lowering rates if the time comes. He explained that the city is not malicious in raising the rates but we need the funding. Mike Sloan inquired if stimulus funding was received then could the rates be lowered. Chris Clark explained to the group that during a public hearing we also have the opportunity to explain to the citizens our need for the funding.

Mayor Anderson closed the water/sewer rate increase hearing at 8:52 p.m.

Connie Wells moved to set the water base rate at \$29.00 for residential metered customers and as proposed in the detail provided by the city, effective the first billing cycle in April, 2009. Chris Clark seconded the motion. The motion passed, all in favor.

Connie asked if the sewer rate could wait for a decision at a later date. Tim Wilson said the sewer rate decision could be tabled until further investigation is had. Chris Clark moved to table the decision on the sewer rate increase until a later date to do more research. Dave Gray seconded the motion. The motion passed, all in favor.

Mayor Anderson said on March 30, 2009 the Commissioners have invited city council to attend a public meeting to deal with mutual issues. He said the meeting is scheduled to be at the courthouse. Dave Gray said the meeting is at 6:00 p.m. at the Extension Office. Connie may be available by phone conference if necessary.

The firemen academy was discussed. Connie asked if there was a way to save costs or if it is a required course. Pat said he would address this issue. He said there are mandates that are required and the volunteer departments cannot meet the unfunded mandates but as long as we are making an honest effort that we can get by. He said this is a two day academy and it helps boost the learning and training of the department and this has a trickledown effect to the people that have a house fire or an automobile accident. He said the fire ratings affect the homeowner through their insurance rates. He said the city has a fire rating of four and that is due to the good fire department that we have. We have the best fire department in the county because we have the best firemen in the county. He said Georgia Mae Plaza should be a block long and wide but the firemen were well trained and they kept that fire to the size of the current Georgia Mae Plaza. Pat also said there is a car pool organized and that rooms can be shared without a problem by the firemen. Dave Gray commented on the details for the trainings not being included in the packet. He understands the value of the firemen but he wants to see more information on the trainings and the people attending. Dave Gray also asked that the firemen come before council and recap what they have learned at the training. He said lodging and mileage may be able to be cut back. Pat apologized for not providing more training information to council. He will get the information in the council boxes. Dave Gray commended the fire department for their good work. Dave Gray moved to approve the training for the firemen but to look for cost savings on the lodging and mileage. Chris Clark seconded the motion. The motion passed, all in favor.

The change order for the clarifier project was discussed. There was soggy material that had to be removed before the building could be set and there was also an insulation type change. Dave Gray moved to approve Change Order #1 for the clarifier project. Connie Wells seconded the motion. The motion passed – Dave Gray “yes”, Connie Wells “yes”, Chris Clark “yes”.

The beverage licenses for Alberto’s and Lane 9 were discussed. Connie Wells moved to approve Alberto’s beverage license application. Dave Gray seconded the motion. The motion passed, all in favor.

Connie Wells moved to go into executive session per Idaho Code 67-2345 section (f) at 9:19 p.m. Dave Gray seconded the motion. The motion passed – Dave Gray “yes”, Connie Wells “yes”, Chris Clark “yes”. Executive session ended at 8:27 p.m.

Chris Clark moved to table approval of the Lane 9 beverage license until the April 7th meeting. Connie Wells seconded the motion. The motion passed, all in favor.

There being no further business, the meeting adjourned at 8:29 p.m.

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David K. Anderson, Mayor

Attest:

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Kris Larson, City Clerk