

Mayor David Anderson called the regularly scheduled meeting of August 21, 2012 to order at 7:00 p.m. Present for the meeting were Mayor Anderson, Council President Mike Klaus, Council Members Rick Alonzo, Connie Wells, and Tom Mayo, Clerk Kris Larson, City Administrator Stephen Boorman, Assistant City Administrator David Sims, Fire Chief Pat Warkentin, Police Chief Steve Benkula, Water/Sewer Department Superintendent Jim Fritzsche, Economic Development Coordinator Mike Sloan, and Attorney Tim Wilson. Also present were Bob Case, Tremain Albright, Al Brown, Jerry Higgs, Dave Gray, Marcia Cossette, Kody Rice, Evan Moe, Makayla Fairchild, Luke Omodt, John O'Connor, Bob Spalding, Doug Ladely, Sr., Ruth Sutton, Dale Simpson, and Necia Maiani from Welch Comer.

Tremain Albright told council he was up on his levee with two neighbors when Mr. Merritt and another man came up on the levee. He said he took the men to the tree house to show it to them and gave them an email with a note for contractors to read the notice. He showed the men the stairway and asked them not to damage the stairs. He went to the Three Mile and returned to find out his attorney had called Adarah (his wife) and told her that the city had called Tim Wilson and he phoned and told Attorney Jovick that Tremain was up to his old tricks. Tremain gave a recap of events concerning the tree house issue. Tremain said half of the tree house is on private property. Tremain said Steve Boorman is causing a problem for the city and the council should talk to the businesses. He wants the city to take care of the problem and he wants something done. Attorney Wilson told Tremain that his five minutes were up.

Kody Rice asked council to approve the homecoming parade on September 21, 2012 at noon and extend the curfew until 1:00 a.m. for the homecoming dance on September 22, 2012. Mayor Anderson said the issue is agendized and action will be taken tonight.

John O'Connor said he was contacted by the Bonners Ferry Herald last week concerning a block party downtown where part of the street will be closed. He said street closures cause loss of business for him. He contributes to the Swish Tournament and the Car Show but the Swish Tournament particularly causes him business loss. The basketballs hit his windows and also balls come in his front door and down the bookstore isle. He does not think Main Street is the place for these types of activities. John said no one from the events or the city council comes around and asks him how this affects his business. He said Swish is not helping businesses in an economic way. John said if a permit for the downtown block party is allowed it will cause him to lose business. He said if the Car Show and Swish are being proposed to help businesses in town it is not happening. John would like other streets to be considered rather than Main Street. The noise level of events on Main Street is also a concern to John. He said the decibel level is very high. Mayor Anderson thanked John.

Loretta Hunsaker joined the meeting.

Police Chief Steve Benkula said the prescription drug drop off program is being worked on. The police have just received a mobile drop off receptacle for easy placement at scheduled drop off locations and it will be manned during placement. He said there have been 11 reports taken that include ten arrests with one warrant arrest. Arrests include two driving without privileges, three DUIs, one possession of a controlled substance, and two petit thefts. There were a couple minor issues at the fair but nothing too bad.

Fire Chief Pat Warkentin said they have had 12 fire calls this month.

City Administrator Stephen Boorman said there were electric load transfers between substations last week due to work Bonneville Power was doing. The Deep Creek line project bid is progressing. Stephen said David Sims rattled some cages at Frontier and that has paid off in spades so accolades are due to Dave. The scada system in the water treatment plant was looked at by Frontier who made adjustments and the line is much better. There was a fire under the Moyie Bridge that was extinguished but it could have caused huge damage to the power plant. The Meeker parking lot is scheduled to be seal coated this year and it will cost about \$2,600. David said algacide for the lagoon was purchased directly from a manufacturer at a huge savings. Previously we paid \$1.72 per pound and now we are paying \$.55 per pound. It will finish this year and there is enough for next year. It came directly from China.

Mike Sloan said we were expecting documents for the fiber to the home project but they have not yet arrived. He said as soon as the documents arrive we need to have them reviewed by an attorney.

Mike Klaus did not have a report for the urban renewal district.

Connie Wells moved to add two late agenda items: (1) authorize the Mayor to sign contract with Allwest Testing and Engineering for testing and inspection of the Moyie Hydro penstock; and (2) authorize the Mayor to sign a release and settlement agreement with Tremain Albright and Adarah Dancer. Tom Mayo seconded the motion. The motion passed – Mike Klaus “yes”, Rick Alonzo “yes”, Tom Mayo “yes”, Connie Wells “yes”.

Connie Wells moved to approve the consent agenda. Tom Mayo seconded the motion. The motion passed – Mike Klaus “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”. The consent agenda contained the following: roll call; approval of accounts payable and payroll; approval of the Treasurer’s Report; Approve the August 7, 2012 council meeting minutes; and approval for Kris Larson to attend the ICCTFOA Conference in Coeur d’Alene from September 19-21, 2012.

Homecoming activities were discussed. Police Chief Steve Benkula does not have a problem with the parade or curfew extension. Rick Alonzo moved to approve the homecoming activities

and extend the curfew for the homecoming dance. Mike Klaus seconded the motion. The motion passed – Mike Klaus “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Kody Rice, Evan Moe, Makayla Fairchild, Luke Omodt, and John O’Connor left the meeting.

Necia Maiani gave a presentation on municipal water rates and cap fees. She said Welch Comer uses a nationwide methodology. Capitalization (cap) fees are charged to assign future customers the capital cost responsibility of system capacity that is or will be available for future customers. Cap fees are not hookup fees. Hookup fees cover labor and material cost for the physical installation and inspection of service/meter. There is an equity buy in method and considerations of this method are: must have capacity to sell and cannot over sell; funds collected are allocated to replacement of system components; basis of system value calculation are original system value or cost or book value, or the net system replacement value which is original cost less depreciation. The capitalization fee calculation is the net system replacement value divided by the number of EDUs supported by existing system. The incremental cost method is a system where the system does not have infrastructure to serve a new development. Stephen said capitalization fees are based on equivalent dwelling units of the system. Necia said due to changing regulations sometimes cap fees can be used to upgrade the system. David Sims asked how cities are accounting for cap fees. Necia said it is kept separately and it is in its own account and used for upgrades or kept in a depreciation fund.

Necia gave an overview of expenses covered by water rates to include operations and maintenance plus water system debt service plus capital improvements and depreciation funding. Necia explained active funding of depreciation to be replacement or upgrades of existing lines. She said rate structure could be set on service class and service capacity based on the service size or capacity access to the system. It could also be set on charges outside city limits as these rates reflect risk associated with non-owner customers to include appropriate return on the value of property devoted to serving them. If depreciation is not funded through rates it will be funded in the future by debt service obligations. Tiered usage charges to reduce excessive consumption promotes conservation and this may be coming in the future. Stephen said in the past we gave out low flow shower heads as a conservation method.

Necia said if we don’t start funding depreciation the gap between depreciation costs and replacement costs will continue to grow and we will have to look at borrowing funds for future replacement costs. Mike Klaus asked if Necia had ever seen different base rates charged based on the difficulty of service to different areas. Necia had not seen this other than in city limits verses out of city limits customers. Mike said some cities set a tiered rate to increase over time. Necia said this is done and sometimes the increase is not noticeable to the customers. Mike is fearful if we do not take a step approach that we will be in trouble in a few years and we may already be in trouble. Jim Fritzsche said if systems are not addressed then customers will have to pay. We passed a bond a few years ago to take care of needed improvements and we are not

funding depreciation of the new improvements so we are going to be in the same place we were, where the burden is put on the current generation for the past generation. Mike said a recommended rate structure would be helpful for council to decide upon as he is fearful of another big bump in the road. Stephen said our rates have been adjusted recently but the capitalization fees are low. Mike said it may not take many connections to pay for the study and it would help the customers as there would not have to be a large jump in rates. Jim said the cost of materials and regulation expenses are increasing and that has to be considered. Necia said we are not recovering what we need for replacements so it reduces our services and how adaptable we are to new regulations or emergencies.

Stephen ran a video on River Partners advertisement promoting dams.

Fire Chief Pat Warkentin said both Todd Savage and Richard Beau Armstrong are EMT certified. Pat said volunteerism is waning and retention and recruitment are important. The goal is to get younger people involved in the fire department as many of the members are getting old. He said he has 19 employees with one probationary employee. Rick Alonzo moved to appoint Todd Savage and Richard Beau Armstrong to the fire department. Tom Mayo seconded the motion and it passed – Mike Klaus “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Connie Wells moved to accept Attorney Wilson’s termination of his contract. Mike Klaus seconded the motion. The motion passed – Mike Klaus “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Rick Alonzo moved to send a letter to John Griffin to advance his hire date. Mike Klaus seconded the motion. The motion passed, all in favor.

Connie Wells moved to approve advertisement for head lifeguard. Tom Mayo seconded the motion and it passed, all in favor.

Tom Mayo moved to authorize the Mayor to sign a contract with Northwest Dynamics Inspection services for aerial apparatus inspection. Connie Wells seconded the motion. The motion passed – Mike Klaus “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Stephen spoke regarding an inundation study to help with an evacuation plan if there was a catastrophic failure at the Moyie Dam. This will tell how fast the water would reach certain areas if a failure should occur and what the consequences would be. Laser radar will be used for the inundation study. It is a mile and a half from the Kootenai to the Moyie Dam. Rick Alonzo asked how long it would take for the water to reach Twin Rivers if there were a catastrophic failure. If there was a catastrophic failure it would take about ten minutes for the water to reach the Twin Rivers Camp Ground. Stephen said our dam is a solid concrete structure wedged in a rock canyon and the rock strata makes the dam tighter so it would be extremely remote for our

dam to have a failure. Our dam is also stable for over topping. This inundation study is a requirement of the FERC Part 12 inspection. The inundation study was tabled until we get a firm price.

Mike Klaus moved to authorize the Mayor to sign Bonneville Power Administration Transmission Service Agreement Revision #7 as presented. Connie Wells seconded the motion. The motion passed – Mike Klaus “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Mike Klaus moved to hire Nancy Strickland for fiber to the home project contract review. Tom Mayo seconded the motion. The motion passed – Mike Klaus “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

David said the contract with Inland vegetation Management for dike maintenance is for the tree house removal. Mike Klaus moved to authorize the mayor to sign the contract with Inland Vegetation Management for dike maintenance. Connie Wells seconded the motion. The motion passed – Mike Klaus “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

The sidewalk issue was tabled.

Stephen spoke of the penstock inspection that is needed at the Moyie Power Plant. He said this is a difficult inspection that is needed. A horizontal rock line inspection is done each year. A full penstock inspection was last done in 1979. There is about 40 feet of vertical pipe that is difficult to inspect. The thickness of the pipe will be inspected for corrosion. All the joints are welded steel in the penstock and they will be looked at also. The plan is for the contractor to come on the 30th of August for a review and then the inspection would be done the 27th of September. Stephen said the steel is half inch in the penstock. The group briefly discussed repairs that may be needed. Lost generation is figured at \$3,000 per day. David said this test will give us a baseline to go by. Tom Mayo moved to authorize the Mayor to sign a contract with Allwest Testing and Engineering for penstock inspection. Connie Wells seconded the motion. The motion passed – Mike Klaus “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Attorney Tim Wilson said a final agreement concerning the settlement with Tremain Albright and Adarah Dancer did not come in from their Attorney. No final terms have been agreed to from both sides. He said from the staff’s standpoint we are not recommending the signing of the agreement now and if something changes we can address council at that time.

Connie Wells moved to go into executive session per Idaho Code 67-2345 (1) (f) at 8:38 p.m. Tom Mayo seconded the motion. The motion passed – Mike Klaus “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”. At 8:57 p.m. executive session ended. No action was taken.

There being no further business, the meeting adjourned at 8:57 p.m.

David K. Anderson, Mayor

Attest:

Kris Larson, City Clerk