

Mayor David Anderson called the employee meeting of September 18, 2012 to order at 6:00 p.m. Present for the meeting were Mayor Anderson, Council President Mike Klaus, Council Members Connie Wells and Tom Mayo, Clerk Kris Larson, City Administrator Stephen Boorman, Clerk's Office Employees Sunny Kimball and Jean Diel, Police Officer Tiffany Murray, Water/Sewer Department Employees Jim Fritzsche, Alan Branson, and John Delaney, Mechanic Keith Fairchild, Street Department Employees Tim English, John Youngwirth, and Eddy Invernon, Power Plant Employee Adam Isaac, Electric Department Employees Cody Reichert, Kevin Cossairt, Dan Rice, and Brian Kerins, Fire Chief Pat Warkentin, and electrician Steve Neumeyer. Also present was Rich Beck. Councilman Rick Alonzo was gone on personal business.

Mayor Anderson welcomed the employees and made introductions. He said the City has gone three years without appreciable raises. He said employees not in the general fund could receive raises but that is not really fair. He informed the employees about the personal property tax reduction that may be coming forth. Other options for additional revenue are being looked at. Benefits verses raises is why we are here and this is a good place to start. Dan Rice said he understands that the general fund operates off of taxes and asked how the county can give a three percent raise. Mayor Anderson said the county does operate similar to the city. He said we are already using the utility to the maximum and spoke of the general fund transfer. He wonders how other cities operate without utility funds. Mayor Anderson spoke of interest income and the parameters we face. He said the general fund transfer was a big piece of the Idaho Forest Group case. He also spoke of the Boise Airport case.

Brian Kerins thanked the Mayor for the information but remembers that there was a meeting a year or so ago where a raise was promised and now it is not being given. Brian asked what has changed. Mayor said it was the revenue stream. Brian said he has had a pay cut since he started since there have not been raises but the cost of living has increased.

Steve Neumeyer asked if electric funds can be manipulated to help pay costs such as the front desk employees and the street department who help on outages. The employees are not working as a team and he would like all departments to work as a team again.

Dan Rice said quite a few cities don't have utility departments such as the City of Bonners Ferry. He is trying to figure out what to do to help out the other departments.

The group briefly discussed the wage and supply split for the payments made by the city.

Dan said the electric employees are concerned about the electric fund having money and the other funds being short.

John Delaney said we don't treat the city like a business and we have to raise rates to make it work correctly. He said the electric fund has been operated properly but the water and sewer departments have not been operated properly and we need to raise the rates.

Brian asked why there has not been anything for the employees in the last four years. He said there have been four years of stagnant water and wants to know why nothing has changed. Mayor Anderson said it is always a guessing game when the fiscal year begins.

Kevin Cossairt asked if the electric rates increase if it helps the general fund. The Mayor said the attorney we had during the lawsuit cautioned us about the size of the reserve of the electric fund and was concerned about court action. He spoke about the fiber project and how we cannot make a profit on that infrastructure. Mayor Anderson said there are laws that generate money and limit the reserves.

Mike Klaus said every year that we don't take into account the cost of living that we are getting behind with raises as well as utility rates. If commitments are made incrementally to the utility rates this helps. Priest River is getting a five percent raise because they have not had a raise for several years. A cost of living allowance is based on inflation but a raise is based on achievement and the historical cost of living is two percent per year. To retain good employees it means paying a cost of living and then give a raise when there is achievement. Mike said it will be difficult because council also has to answer to the citizens. Stephen said taxes are 23 percent of the general fund budget and three percent of that is not much. Mike Klaus said St. Maries follows the Social Security cola system. He thinks it comes down to a commitment to retain good employees. In St. Maries the county law enforcement backs up the city law enforcement. He thinks the levy rates are higher in Priest River than in Bonners Ferry.

Dan Rice gave a comparison of costs in the past and present. He said swim rates must go up to help pay costs and used this as an example. Everything in the city needs to go up to pay for the costs that we are experiencing. We need to keep up with the times. Connie said it is a circle and the two percent raise must come from somewhere so utility rates will be raised and the employees will have to pay higher rates. Dan said the employees are trying to come up with something.

Adam Isaac said he received his PERSI retirement statement and if he does not receive a raise that his PERSI payment will be less than what he is currently making when he retires. Mayor Anderson said he understands that and it is important.

Mayor Anderson said he is not trying to be combative because he is on the employee's side. He said the city will not be able to make up the six percent that may have been lost since the last cost of living. Dan Rice said employees want to live in this area and have a pride for living in Bonners Ferry. The only thing holding the employees together is that they want to be here. The city has tried to keep to 90 percent of the electric scale of Northern Lights and we are not keeping up. He said he likes to answer the public's questions about the electric blinks and outages. He said times are getting tighter and asked what the employees can do to help. Tom Mayo suggested that the employees get involved in the budget. He said it is a balance between revenue and expenditures and maybe employees will see something that can be trimmed. Kevin

Cossairt does not understand why we cannot raise the rates to help with this. Mayor Anderson has the goal of giving a raise to every employee.

Jim Fritzsche said it has been said that mid-term we will address financial issues but it is not addressed so there is frustration among the employees. Jim said the poverty level is quite significant and there may be some employees with families that are at the poverty level so this needs to be looked at.

Tiffany Murray said she understands that there are problems with the general fund and if the citizens don't get the services they need or expect then they will be upset. Connie said council gets it from both sides – from the employees that are not happy and also from the citizens when rates are raised. Tom said the employees are important and council would like to give raises but we need money to do it.

Tiffany spoke of other cities that charge. She said there are tons of bogus 911 calls and this may be a revenue source. Tom encouraged the group to come up with ideas and solutions. Steve Neumeyer said there has to be a way to make this work better for the general fund. He suggested that the street department may be working in the ditches on a daily basis and there should be a way that this work may be partially electric work. Kevin asked if there is a way to allot an amount on an hourly or yearly basis from the electric to the street fund for daily work such as patrolling the electric lines or looking at the street lights.

Mike Klaus said he sees incremental cost of living allowances and this would take a commitment on raising rates each year. The problem will be with the general fund and the levy rate that we can garner.

Adam Isaac said there is fuel tax for the highways.

Mayor Anderson thanked all employees for attending.

The council took a brief recess.

At 7:05 p.m. the regular meeting convened. Present for the regular meeting were Mayor Anderson, Council President Mike Klaus, Council Members Connie Wells and Tom Mayo, Clerk Kris Larson, City Administrator Stephen Boorman, Deputy Police Chief Joel Minor, Fire Chief Pat Warkentin, Water/Sewer Department Supervisor Jim Fritzsche, Jean Diel, and Economic Development Coordinator David Sims. Also present were Mike Sloan, Rich Beck, Marcia Cossette, Carolyn Testa, Doug Ladely, Sr., Ron Frederickson, Toni Hackwith, Adam Arthur, Elaine Marcotte, Jessica Tingley, Dale Simpson, and Ruth Sutton.

Toni Hackwith from Magnuson, McHugh and Company presented the fiscal year 2011 audit. The City had a clean opinion on the audit and Toni said this is the best that we could have. She said there was an additional management letter with recommendations that would be good for strengthening controls. In the general fund the revenues are short of expenditures and this has

been happening the past five years. She qualified that the transfers from the utility funds were not represented here. Toni explained fund balance to be the total of income/expense over the time period since we opened our doors. She said fund balance is not cash. Part of it is receivables and liabilities. If we were to shut the door at September 30, 2011 and pay off all liabilities and receive all receivables the city would have about \$400,000. Fund balance is important because we don't have a consistent revenue stream throughout the year and there are expenses each month that must be met. She said there is no correct answer as to how much fund balance should be maintained. We don't want to have less than five to 15 percent of general fund operating budget. We had 92 days worth of expenses in our fund balance for 2011 and the bare minimum is 60 days. The enterprise funds should be self supporting and there should be a cushion for system improvements. Stephen said there are variables that can swing the numbers in the electric and water fund particularly the water generation at the power plant and also the dry summer months for water usage. Toni said the water revenues in the past have not been meeting expenses but in 2011 with the rate increase we had turned this around.

Toni Hackwith left the meeting.

Ron Frederickson gave a handout to the council for household recycling participation in Bonners Ferry. Households are averaging 12 pounds of recycling per week. Participation rates average 41.4 percent. He said they receive calls about which weeks are for the recycle pickup as there is confusion at times. Mayor Anderson asked about the wet season and the water that will go into the truck when this occurs. Eileen Marcotte asked if there is a plan to include businesses in the recycle program as she has been told there would be a cost for an extra dumpster of \$40. Ron explained the cost to an apartment complex or a business for recycling. Ron said it is working out for his business.

Rich Beck and Ron Frederickson left the meeting at 7:35 p.m.

Deputy Police Chief Joel Minor gave the police report. There have been three warrant arrests, one assault, one fraud, one DUI, one unlawful entry, one malicious injury to property, two thefts, two investigations of suspicious activity, three child protective order violations, one unattended death, two possession of drugs/paraphernalia. The School Resource Office has two school bus complaints, one theft, two child abuse allegations, and two threats.

Fire Chief Pat Warkentin gave the fire report. There was a truck that ran out of diesel on the highway between Madison and Monroe Streets and the city helped by bringing fuel to get him going to alleviate the problem.

City Administrator Stephen Boorman said there is information in the council packet on prepay for electricity. He said the utilities that are using this are finding that the customers like this service. The Deep Creek bore is in the ground and the job has gone well. The pipe is two inches thick and 18 inches wide. The Moyie Substation is being worked on. The penstock inspection is also being worked on.

David Sims said the fiber network is the hot topic. There was a conference with the attorneys and there have been many questions coming out of that conference. One of the topics is the risk that the cities may be taking. Bonners Ferry has been treated separately from the other entities but now the project costs are too high so Blackfoot is not interested in funding the portion of the line from Sandpoint to Bonners Ferry as was what was talked about previously. There may be a meeting on September 25 or 26 to discuss the fiber project. David will keep the council updated.

There is an urban renewal agency meeting on October 8, 2012 and there is some work to be done at that meeting.

Connie wells moved to add the agenda item for the Mayor to sign an agreement with Otis Elevator for elevator repair. Tom Mayo seconded the motion. The motion passed – Mike Klaus “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Connie Wells moved to approve the consent agenda. Tom Mayo seconded the motion. The motion passed – Mike Klaus “yes”, Connie Wells “yes”, Tom Mayo “yes”. The consent agenda contained the following: roll call; approval of accounts payable and payroll; approval of September 4, 2012 council meeting minutes; and approval for John Youngwirth to attend the surplus property auction in Boise on October 10, 2012.

Tom Mayo moved to approve the wage increase of \$100.00 per month for the fire chief. Mike Klaus seconded the motion. The motion passed – Mike Klaus “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Mike Klaus moved to table the job reclassification for Steve Neumeyer. Tom Mayo seconded the motion. The motion passed, all in favor.

Connie Wells moved to authorize the mayor to sign the agreement with Health and Welfare for Low Income Energy Assistance Program. Tom seconded the motion. The motion passed – Mike Klaus “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Connie wells moved to approve the catering permit for Kootenai River Inn for the NRA Banquet at the fairgrounds on September 22, 2012. Tom Mayo seconded the motion and it passed – Mike Klaus “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Mike Klaus moved to suspend three readings and read Ordinance 532 by title only. Tom Mayo seconded the motion. The motion passed – Mike Klaus “yes”, Connie Wells “yes”, Tom Mayo “yes”. Attorney Tim Wilson read Ordinance 532 by title only. Connie Wells moved to adopt Ordinance 532. Tom Mayo seconded the motion. The motion passed – Mike Klaus “yes”, Connie Wells “yes”, Tom Mayo “yes”. Ordinance 532 reads as follows:

ORDINANCE NO. 532  
REZONE OF 6291 and 6299 ARIZONA STREET  
FROM RESIDENTIAL A TO COMMERCIAL

AN ORDINANCE OF THE CITY OF BONNER FERRY, BOUNDARY COUNTY, IDAHO, A MUNICIPAL CORPORATION OF THE STATE OF IDAHO; REZONING THE PROPERTY LOCATED AT 6291 and 6299 ARIZONA STREET, BONNERS FERRY, IDAHO,

CHANGING THE PROPERTY SET FORTH BELOW FROM RESIDENTIAL A ZONING TO COMMERCIAL ZONING AND PROVIDING FOR PUBLICATION AND AN EFFECTIVE DATE HEREOF.

WHEREAS, the Application for Rezoning having been considered by the Planning and Zoning Commission and the Commission having recommended to the City Council that it is in the best interest of the City for said rezone to the property legally described as follows:

Blocks 11, 14, and 15 of Eaton Addition in Sections 26 and 27,  
Township 62N, Range 1 East according to the plat on file with  
the Boundary County Idaho Recorder.

NOW THEREFORE, BE IT ORDAINED by the Mayor and the City Council of Bonners Ferry, Idaho that the following be and is hereby adopted as an ordinance for the City of Bonners Ferry, Idaho:

Section 1.00: AUTHORITY

This ordinance is adopted pursuant to Idaho code Section 50-901.

Section 2.00: REZONE

The property in Blocks 11, 14, and 15 of Eaton Addition, including 6291 and 6299 Arizona Street, Bonners Ferry, Idaho is hereby rezoned from Residential A to Commercial.

Any prior ordinance, section of any ordinance, or part of any ordinance in conflict with this ordinance is hereby repealed to the extent of such conflict, as necessary.

Section 3.00: EFFECTIVE DATE

This Ordinance shall take effect on, and be in full effect on September 27, 2012.

Section 4.00: PUBLICATION

This Ordinance shall be published according to law in the Bonners Ferry Herald, a newspaper of general circulation published in the City of Bonners Ferry and the official newspaper of the City of Bonners Ferry, and hereby declared the official newspaper for the publication of this Ordinance.

Adopted as an Ordinance of the City of Bonners Ferry this 18<sup>th</sup> day of September, 2012. CITY OF BONNERS FERRY, IDAHO  
By: /s/ David K. Anderson, Mayor ATTEST: /s/ Kris Larson, Clerk, City of Bonners Ferry

Tom Mayo said water rates need to be addressed and he would like to see us look into some possibilities. Maybe raise the minimum usage when the next rate increase is implemented. Stephen thinks we should run these numbers over a three year period. Cabinet Mountain allows 12,000 gallons in the base rate and Three Mile allows 20,000 gallons in the base rate according to Mike Klaus. Stephen said when the time comes that we have to add additional treatment capacity to our system that will be a huge cost. Council has heard more complaints about the amount of water allowed than the actual cost of the base rate. David Sims said we have had a few base rate increases more than overage rates so the commercial rates need to be looked at so this does not get shifted to the residential customer. Stephen said if the rates are adjusted incrementally it is easier than hitting the customer all at once. Mike Klaus asked about a tiered rate.

The cost of the visitor center elevator repair is \$225 per hour by Otis Elevator. Connie wells moved to authorize the Mayor to sign the agreement with Otis Elevator for elevator repair. Tom Wells seconded the motion. The motion passed – Mike Klaus “yes”, Connie Wells “yes”, Tom Mayo “yes”.

At 8:02 p.m. Connie Wells moved to go into executive session per Idaho Code 67-2345 (1) (b). Tom Wells seconded the motion. The motion passed – Mike Klaus “yes”, Connie Wells “yes”, Tom Mayo “yes”. Executive session ended at 8:30 p.m. No action was taken.

There being no further business, the meeting adjourned at 8:30 p.m.

\_\_\_\_\_  
David K. Anderson, Mayor

Attest: \_\_\_\_\_  
Kris Larson, City Clerk