

Mayor David Anderson called the regularly scheduled council meeting of November 16, 2010 to order at 6:00 p.m. Present for the meeting were Mayor Anderson, Council President Chris Clark, Council Members Mike Klaus, Connie Wells, and Tom Mayo, Clerk Kris Larson, City Administrator Stephen Boorman, Assistant City Administrator David Sims, Police Chief Rick Alonzo, Water/Sewer Department Supervisor Jim Fritzsche, Fire Chief Pat Warkentin, and Economic Development Coordinator Mike Sloan. Also present were Jim Deffenbaugh from Panhandle Area Council (PAC), Karl Dye from Bonner County Economic Development, Mike Cox, Tina Wilson, Walt Kirby, Bob and Darlene Young, Steve Economu, Joalie Breaux, Rick Philbrook, Dave Darrow, Terry Johnson, Dave Gray, Dave Walters, Eric Lederhos, Carolyn Testa, Dan Dinning, Collette Allen, and Darrell Kerby.

Karl Dye gave a presentation on broadband. He said a stimulus grant had been applied for the funding of a broadband project for Bonner and Boundary Counties but this was denied. Bonner County went ahead with their project and it is called the North Shore Fiber Optic Alliance. It involves Sandpoint, Ponderay, Dover, and Kootenai. There is a yearly appropriation lease-back between the cities and Panhandle Area Council. The service area is density driven in the project area. It is a \$14 million project. There are over 6,000 residences and about 700 businesses in the project area. The bonds are sold and this pays for the broadband network and then the service provider pays the debt back to PAC. The company has to guarantee the repayment of the bonds. The key to this hybrid system is that the service provider has the ability to pay back the bonds. U.S. Metronet has asked for \$50,000 from the key players to pay the costs of a consultant to do the work. Once the bonds are sold the funding will be returned to the key players. Metronets is meeting with a Seattle company called 360 Networks. There is a possibility to loop in Bonners Ferry and Moyie with the 360 Networks system. The Bonner County project is set for ground breaking in spring 2011. The benefits of the system will be cloud computing, virtual meetings, healthcare, education, public safety, and cost savings. The speed will be expeditiously higher than what residents are now paying for and with the bundling of services the residents will save money each month. The Bonner County project needs 30 percent penetration to make the debt service work out. Once the debt service is paid off, there is free cash flow and in the Bonner County model 50 percent of this goes to the service provider and the other 50 percent goes to the cities.

Mike Sloan said he spoke with the City Administrator of Powell, Wyoming and their broadband project has been very successful. He said he will get the council members a copy of the Community Review when it is available and it speaks to the need for fiber optics. Mike said the amount Boundary County would have to come up with for the penetration study to see if we have a dense enough population for the broadband project would be \$12,500.

Jim Deffenbaugh said the ability for PAC to access municipal bonds is unique. PAC also partially guarantees the payment of the bonds so this is looked at favorably by bonding institutions. The equipment and lines of the broadband project will belong to PAC according to current law and recent judicial decisions. At the bond maturity the PAC Board will decide what they want to do with the equipment. PAC was the coordinator for this project. Mike Sloan asked about the bonding process. Jim said the bonds are industrial revenue bonds that will be sold. Legal review has been done on this fiber optic project. Tina Wilson clarified that Boundary Community Hospital has high speed connections between Bonners Ferry and Kootenai Medical. Boundary Community Hospital is on track to go live with electronic medical records

by April, 2011. The telemedicine is for residents to the hospital. She clarified that the broadband project would enhance what the residents could do.

Sandy Ashworth, Jerry Higgs, and Roger Frasier joined the meeting.

Stephen asked if a main fiber line was run in our area if there would be the full point of presence (POP). Karl said the cost of a POP in Sandpoint is about \$500,000. Karl said the estimated figure for the Bonners Ferry area is \$4 million dollars to join into this project and Bonners Ferry would have an agreement with PAC. Stephen asked if the fiber backbone would be owned by PAC. Karl said it would be. David Sims asked what the bandwidth would cost. Karl estimated \$5 to \$10 per megabit when buying a big chunk at wholesale rate.

Mike Klaus asked about density and if it would be cost effective to serve some but not all. Karl said the community's need to be looked at for connections. Chris Clark asked if Bonners Ferry makes economic sense for the supplier. Karl said to add Bonners Ferry to the project would be about \$4 million dollars and we would need a 30 percent penetration rate. Each agreement would be between PAC, the City, and the provider so the projects would be independent. There is a dark line already in Moyie that was run some time ago by a company that went bankrupt. Fiber optics are the pipe that enables connection with the electronics and this can be updated. David asked if there have been conversations with Frontier. Karl said Frontier will be given a legal notice to participate if they are interested. Stephen said the technology for the amount of data that can be put on the fiber line keeps growing.

Dave Darrow, Darrell Kerby, Bob and Darlene Young left the meeting.

Jim Deffenbaugh spoke regarding urban renewal districts (URD). The URD cannot exceed ten percent of the valuation of the city. The taxes are fixed at the end of the year when the URD is established and the tax increment on anything built within the URD will go to the URD. The School District is exempt from the URD. Agreements can be made with other taxing districts and the URD for funding or they are fixed if there is no agreement. The board members of the URD are appointed by the city. The life of the URD can go up to 27 years. The URD can sell municipal bonds to get the work done and the tax increment financing can pay this. Expenditures made by the URD must be within the URD boundaries unless there is impact on something outside the district such as a sewer plant. Improvements can be made to non-assessed areas such as the fairgrounds or streets. Jim spoke of shoe stringing. He gave the example of the City of Dover and the improvements that were made. Rick Philbrook asked about the loan being guaranteed. Jim said the developer guarantees it and he also pays the tax on the facility. Dan Dinning asked about the increase in value to residential properties and the tax. Jim said it goes to the taxing entities. The increment is based on improvements. Chris Clark asked about the tax on improvements. Jim clarified that the taxes go to the URD. Sandy Ashworth said the Library works on a shoestring and the new construction is counted on. Stephen said URDs sometimes make development happen that may not otherwise happen. It is limited to 10 percent of the value of the city, 90 percent of the value still continues as it always did. Rick Philbrook asked about when it is advantageous to bond rather than get a loan. Jim said it is about one million dollars. The developer guarantees the loan and the increment is the cash flow according to Jim. The loan is to the district. Tom Mayo asked about the levy rate and the URD. Jim said the increment stands alone and it is not applied to the overall assessment. David Sims clarified that the fee amount of \$10,000 is needed to pay PAC for the paperwork to establish the URD. Jim

said it is about the correct amount and it can be paid back by the URD. Chris Clark thinks it is time to be proactive and stimulate the economy.

John and Michael Youngwirth joined the meeting.

Mayor Anderson recessed the meeting at 7:19 p.m.

Rick Philbrook, Joalie Breaux, Mike Cox, Terry Johnson, Dave Darrow, Jim Deffenbaugh, Karl Dye, Tina Wilson, Dave Walters, Collette Allen, Sandy Ashworth, Walt Kirby, and Steve Economu left the meeting.

At 7:30 the meeting reconvened.

Jerry Higgs spoke to council regarding the Four Loko which is a caffeinated alcoholic beverage. He said these beverages work basically the same way a date rape drug does. He said there are other brands on the market that do the same as Four Loko. He said the person drinking this type of beverage does not realize the effects because there is a stimulant as well as a depressant in the beverage. Jerry suggested that the city contact the retailers in our area and ask that they pull the beverages from their shelves.

Police Chief Rick Alonzo gave the police report. There have been three drug arrests, one shoplifter, two vehicle crashes, a felony telephone harassment charge, a DUI, disturbing the peace, three thefts, two driving without privileges, and recovery of a stolen vehicle. He said the Police Chief is still out due to his back injury but is checking in and thought he should come to council this evening.

Fire Chief Pat Warkentin gave the fire report. He said it has been fairly slow lately. There was a fire in an apartment last night that did not amount to much.

Stephen Boorman gave the administrator report. There was a traffic blockage on highway 95 last night due to the sewer main being plugged. ITD assisted the city with traffic control. The week of Thanksgiving is the week that the city decorates for Christmas. He said the Christmas trees that are traditionally hung on the south hill are in need of repairs so they will not be hung this year. He asked council to let him know if they know of a service organization that may want to assist with rebuilding the decorations.

David Sims spoke regarding the discharge permit. He said our permit expired last spring and we are running under an extension. We are in the comment period now for the draft permit and after that the final permit will be established. The main effluent has not changed but there is a new requirement for monitoring ammonia and temperature. He gave information to council regarding the permit and said it will be on the agenda for the next meeting. Stephen said when EPA puts testing or monitoring requirements in then they are thinking of putting permit limits in and this is a flag. Stephen said TMDL will be difficult on the Kootenai River. David said the temperature can be dictated by what EPA thinks it should be. Dan Dinning spoke regarding the temperature of Long Canyon and how an exemption was garnered from EPA due to percentage of natural shade. Stephen said the TMDL issue was first brought to the City by Patty Perry from the Kootenai Tribe.

Mike Sloan said hard copies of the Community Review will be available hopefully by the end of the week.

Connie Wells moved to add the late agenda item of purchasing wicket gate for unit 1. Tom Mayo seconded the motion. The motion passed – Mike Klaus “yes”, Chris Clark “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Tom Mayo moved to approve the consent agenda. Mike Klaus seconded the motion. The motion passed, all in favor. The consent agenda contained the following: roll call; approval of bills and payroll; and approval of November 2, 2010 council meeting minutes.

Mike Klaus said moving forward with the broadband project and urban renewal districts are worthwhile. He thinks the \$12,500 would be money well spent to determine the penetration for the broadband project. Mike thinks the URD is good. Chris Clark, Connie Wells, and Tom Mayo agree with Mike’s comments. Stephen explained that a POP is the point where you gain access to the World Wide Web. He said there would not be a POP in Bonners Ferry under the Sandpoint model.

Eric Lederhos said he did not want to wait for the grant to go through so he started his own business. He has dealt with Verizon Business and Frontier to put fiber to his towers. He said if he could purchase bandwidth for \$5 to \$10 per meg then he could provide service for about \$20 per customer per month. He said the biggest cost to him is the bandwidth that he gets from Verizon Business who is cheaper than Frontier. Eric looks at the entire county and there is very low density and he can get streaming video from any of his towers but the biggest cost is bandwidth. Eric said if he could get a POP here then he could offer fiber to the entire county. David Sims questioned the exclusiveness that was spoken of by Karl Dye earlier this evening. Roger Frasier commented that he endorses the point of presence that Eric spoke of. He thinks for business purposes that we could easily exceed 10 megabits. He thinks we should consider a POP here for an attraction to business. Stephen explained that dedicated fiber is needed to carry the bandwidth. Eric spoke of the speed of his signal and the cost of bandwidth. Eric said the whole purpose is to reduce the cost and a point of presence here would help that. Eric’s biggest cost is the bandwidth.

Connie said she has an issue with standby time and she thinks this should be addressed before the personnel policy is passed. She said in 1999 when the council passed the standby time there were no cell phones and the person was stuck at home. She said now employees have cell phones and can be reached easier but the only requirement is that the employee not drink. She thinks two hours of standby time as suggested by Stephen is enough. She said the State does not pay standby time for their departments. Stephen said the State hires temporary employees to help out with this in the winter. He said if standby time is changed that we need to look at the big picture and consider the pay package as this is part of the pay structure now.

Jim Fritzsche said the city policy works against itself by having the requirement of not reporting to duty if there has been any alcohol consumption and one beer generally does not affect the men. He said there could be a problem and there be no one from the city available to respond. Jim explained that the water/sewer department does not have standby time and explained how they handle weekend duty. The water plant must be checked on off days so an employee comes

in and works four hour shifts at overtime rate. He said at present the water department is content with how they handle the weekend duty.

Mike Klaus suggested a flat rate for standby rather than having it tied to hourly rates because all employees free time is equal. Stephen cautioned that a change in standby time is a change in the employee's overall compensation at this time and that needs to be a consideration. Mike Klaus understands what Stephen is saying and sees that an adjustment is needed. Mike would like to look at finances and give employees a raise. He thinks this would be the time to make adjustments. Stephen said all employees have the same value so there is not a question as to who is worth more but different jobs have different values.

Connie asked about how often there are call outs. Stephen said there are many times. Connie asked if the employees are also paid for time worked when called out. Stephen said they are. Tom said we could schedule our employees so we have seven day a week coverage. Stephen said this would cause problems as we would have trouble scheduling work projects. Chris and Connie think the payment of standby and then if there is a call out that the time and a half on top of this is excessive. Connie wants the employees to be made whole but the standby time change should go forward from adoption of the policy. Connie thinks the people should be compensated but the policy should be written to be right and she is not against adjusting the wages to be correct. She thinks the personnel policy needs to be correct. Mayor Anderson said everyone should be kept whole and commented on the restrictions placed on people on standby duty. He would entertain the changes to standby time. Tom would like to see two hours. Chris said we need to straighten out this portion of the policy but we also need to make the current employees whole and make that adjustment. Mike asked how this would apply to all departments. Stephen said whether a department receives standby comes before council and that is why the electric department and street department receive it. Connie thinks the employees are getting double paid when they are called out due to them receiving standby and overtime for the time worked. Stephen said there are utilities that receive double time for overtime and we pay time and a half. Connie said we need to look at the area we live in. Tom agreed and said we need to consider the area and the economy. Chris Clark moved to direct staff to write a policy from four hours on weekends to two hours and language to say if they are called out that they are paid for every hour over two and at the same time staff should come up with wage figures to make the employees whole. Mayor Anderson said we are looking at a fairness issue. Chris Clark moved to table the decision on adoption of the personnel policy subject to further data on standby to be presented at the next meeting. Connie Wells seconded the motion. Mike Klaus said he would like to get the employees involved and look at a flat rate for standby time because he feels that all employees off time is of equal value. Chris Clark agreed to the amendment by Mike. Connie agreed. The motion passed, all in favor.

Stephen said the building use policy needs amended especially for entertainment performances at the fire hall. It is a great space for classes but has its limitations for dances and entertainment type functions. John Youngwirth said it was decided in the 1980's that no dances should be held at the fire hall due to the bouncing of the floor. Tim Wilson said our policy says it is only open to non-profit organizations and he thinks we should change the fire hall to match the visitor center rules in case there is a business that may need a meeting space and that would be a revenue source for the city to help with maintenance and upkeep. Tim also said a group needs to prove their non-profit status to the city when they apply for use of our buildings. Stephen said

the firemen have quite a few antiques and equipment in the meeting room that should not be available for public to mess with. Pat said the visitor center has an employee to clean up the visitor center but the fire hall is to be cleaned by the people using it but when this does not get done cleaning is done by the firemen and the firemen do not have time to clean on training nights. Tim Wilson said the Legion now has a \$100 deposit for cleaning due to the problems they have had. Stephen said the problem is that the city does not have someone to check the building each time it is used. Connie Wells moved to add no entertainment functions at the fire hall. Chris Clark seconded the motion. The motion passed – Mike Klaus “yes”, Chris Clark “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Stephen commented that there is a church group that wants to use the visitor center.

Rick said there is a certified officer named Dave Williams that interviewed for police officer and we would like to hire him. Mike Klaus asked who Dave Williams will be replacing. Rick said he will replace a patrolman when we replace the task force officer. Rick said the new person would lose his job if the task force is no longer funded. Rick said Dave would come in at approximately 80 cents per hour higher than a patrolman because he is a lateral hire with his certifications. Chris Clark moved to hire Dave Williams as a new officer. Tom Mayo seconded the motion. The motion passed – Mike Klaus “yes”, Chris Clark “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Rick spoke to council about purchasing a new DARE vehicle. He said we are still waiting for the State bid to come in before we make a decision and we will go with the lowest cost to the city. It will be paid by DARE funds. Rick said we have \$40,000 budgeted in 2011 budget. The cost at Taylor Parker is about \$29,000. Connie moved to authorize the purchase of a DARE vehicle at a cost up to \$40,000. Tom Mayo seconded the motion. The motion passed – Mike Klaus “yes”, Chris Clark “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Rick said the old DARE vehicle died so we have outfitted the Expedition we received from Meridian and this is being used until the new vehicle is purchased. The Expedition will then be given to Don Moore as a canine unit.

Dave Sims said the Local Rural Highway Improvement Project (LRHIP) grant application is for Augusta Street storm drainage, curbs and sidewalks, and chip seal the road surface. This is not federal money so we can take care of the cost between the grant and street funds. Mike Klaus asked about the project and suggested that lighting be considered at the crosswalk at highway 95 and Augusta. Stephen said there are improvements that need to be made in this area for visibility for motorists such as paint on the highway. David said there is another option that is the Safe Routes to Schools but this is federal money and there are many requirements with that. Chris Clark moved to authorize the Mayor to sign the LRHIP grant application for Augusta Street. Connie Wells seconded the motion. The motion passed – Mike Klaus “yes”, Chris Clark “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Change order for unit 1 rebuild was discussed. David said the total is \$24,641 and the reason is that the parts are out of spec and replacements need to be manufactured. Stephen said there will be another change order for the exciter and we have found that the wicket gates need to be replaced. Mike Klaus moved to approve change order #1 for \$24,641 for unit one rebuild. Tom

Mayo seconded the motion. The motion passed – Mike Klaus “yes”, Chris Clark “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Chris, Tom, and Connie will get together with the Clerk’s Office to work on the Christmas/holiday party.

David Sims said the city’s cross connection ordinance requirements are out of date and don’t meet Idaho Code so the ordinance is in need of rewrite. Stephen gave examples of problems that can occur. David said the cost to the people for the backflow devices and testing will be significant. He said we will first identify the commercial establishments that need to comply and put out mailers and surveys to residents. Stephen said new construction will comply but the older homes may need it. The testing compliance is quite extensive. The city also has devices that need to be checked to keep in compliance. David said there will be a clerical component involved so we can track this. The group discussed South Hill Water having cross connection testing. Stephen said it is a tough issue because the city will need to enforce someone else’s rules and this is complicated as it falls under the plumbing code and is not a utility issue. He said we do not want to do the testing as this could be a liability for the city. David thinks local plumbers will get certified to test. Mike Klaus said DEQ has a lot of rules and if they feel that we are not doing what they think we should then we are under their microscope so we need to set up a program. Connie agreed that we should proceed. It would be for residents that have a boiler or irrigation system. Connie Wells moved to proceed with the cross connection control ordinance. Mike Klaus seconded the motion. The motion passed, all in favor.

David said the wicket gates need to be replaced for unit one. The problem is the time of delivery for the manufacture. There is a company in China that can provide a delivery date of 70 days at a cost of \$17,400. The refurbish cost is higher than having new ones built. Mike Klaus moved to purchase 14 wicket gates at a price not to exceed \$17,400. Tom Mayo seconded the motion. The motion passed – Chris Clark “no”, Mike Klaus “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Connie Wells moved to vote for Garrett Nancolas for ICRMP Representative. Tom Mayo seconded the motion. Mike Klaus “abstained”, Chris Clark “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Connie Wells moved to go into executive session per Idaho Code 67-2345 (1) (f) at 9:13 p.m. Tom Mayo seconded the motion. The motion passed – Mike Klaus “yes”, Chris Clark “yes”, Connie Wells “yes”, Tom Mayo “yes”. At 9:36 p.m. executive session ended. No action was taken.

There being no further business, the meeting adjourned at 9:36 p.m.

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David K. Anderson, Mayor

Attest:

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Kris Larson, Clerk/Treasurer