

Mayor Darrell Kerby called the special meeting of October 11, 2005 to order at 7:00 p.m. Present for the meeting were Mayor Kerby, Council President Mick Mellett, Council Members Russ Docherty and Leslie Falcon, Clerk Kris Larson, City Administrator Stephen Boorman, Water Department Supervisor Chuck Lycans, and Water Department Foreman Jim Fritzsche. Also present were Phil Boyd from Welch Comer, Dave Gray, and Elizabeth Ciepiela from the Bonners Ferry Herald.

The purpose of the special council meeting was to discuss water issues concerning finances and upcoming projects.

The water fund finances and projected costs were reviewed. Mayor Kerby explained there is the project for the District 1 waterline extension to the untreated water customers in the valley, primarily funded by USDA Rural Development. There is an additional project with the Army Corps of Engineers for installing meters for the residential customers of the City.

The group reviewed a proposed water rate schedule. Russ Docherty inquired about the funding needed for the upcoming projects and the water bond. Stephen Boorman replied that the borrowing will be done in increments for upcoming projects. The anticipated cash balance at the end of next fiscal year is \$169,000 before the rate increase which will generate about \$112,000.

Phil Boyd spoke regarding the purchase of pipe for the District 1 waterline and the anticipated pipe cost increase is now \$65,000. The City has the authority to borrow the needed funds for this project under the water bond.

Phil explained the handout regarding the water meter project scenarios. Stephen said there are significantly more costs estimated in the project so we are looking at the worst case scenario. Phil gave the example of unemployment and the maximum liability exposure to the City being incorporated. Chuck Lycans commented that in-house installation of the meters will be taxing on his department. He estimates that two water department employees will be dedicated to the water meter project and it is currently taking two employees to operate the plant on the treatment side. He also said there will be more One-Calls that will need to be marked. Stephen spoke about contractors that may be contacted for working on the in-house water meter installation project hired as temporary employees.

Mick Mellett inquired about the federal budget appropriation. Mayor Kerby said it is not likely to go beyond December for the appropriation. The \$350,000 being used on the first phase of the project is committed to the City. The second phase federal appropriation is the unknown factor at this time. Mayor Kerby commented on the good return we are making on the City's investment because the Corps is paying 75 percent of the project costs.

The group discussed amending the policy of the City to include new hook-ons and that the customer will pay for the hook on fee plus additional costs for time and material including the meter and the vaults installed.

Mayor Kerby expressed concern about the merging of the City with the Districts and stated that the issue will have to go before a judge for final approval.

Russ Docherty moved to have a rate hearing as soon as Idaho Code allows to consider increasing residential water rates to \$37.48 per month and to consider other water fees as outlined on the rate proposal submitted tonight. Leslie Falcon seconded the motion. The motion passed – Mick Mellett “yes”, Russ Docherty “yes”, Leslie Falcon “yes”.

Mick Mellett moved to authorize the Mayor to sign the BNSF Railway license. Leslie Falcon seconded the motion. The motion passed – Mick Mellett “yes”, Russ Docherty “yes”, Leslie Falcon “yes”.

Leslie Falcon moved to reject the water meter installation bids. Russ Docherty seconded the motion. Leslie said if there are problems with the meter installation in-house then the Council needs to be notified. The motion passed – Mick Mellett “yes”, Russ Docherty “yes”, Leslie Falcon “yes”.

The water meter installation project will be done in-house rather than through a contractor.

Russ Docherty moved to approve a change order in an amount up to \$65,000 for the additional costs for pipe associated with the District 1 waterline project. Leslie Falcon seconded the motion. The motion passed – Mick Mellett “yes”, Russ Docherty “yes”, Leslie Falcon “yes”.

Russ Docherty moved to table item 5, approving a resolution for short term borrowing from the electric fund until the next council meeting. Leslie Falcon seconded the motion. The motion passed, all in favor.

Mick Mellett moved to go into executive session per Idaho Code 67-2345 at 8:00 p.m. to discuss legal issues. Russ Docherty seconded the motion. The motion passed – Mick Mellett “yes”, Russ Docherty “yes”, Leslie Falcon “yes”. At 8:43 p.m. Leslie Falcon moved to go out of executive session. Russ Docherty seconded the motion. The motion passed, all in favor. No action was taken.

There being no further business, the meeting adjourned at 8:44 p.m.

Darrell Kerby, Mayor

Attest:

Kris Larson, City Clerk