

Welcome to tonight's City Council meeting!

The elected officials of the City of Bonners Ferry are appreciative of an involved constituency. Testimony from the public is encouraged concerning issues when addressed under the Public Hearing portion of the agenda. Any individual who wishes may address the council on any issue, whether on the agenda or not, during the Public Comments period. Normal business will preclude public participation during the business portion of the meeting with the discretion left to the Mayor and Council. Special accommodations to see, hear, or participate in the public meeting should be made at City Hall within two days of the public meeting.

Vision Statement

Bonners Ferry, "The Friendliest City", strives to achieve balanced growth, builds on community strengths, respects natural resources, promotes excellence in Government, and values quality of life. We are a city that welcomes all people.

AGENDA
CITY COUNCIL MEETING
Bonners Ferry City Hall
7232 Main Street
267-3105
November 16, 2021
6:00 pm

Join video Zoom meeting: <https://zoom.us/j/17672764>

Meeting ID: 176727634

Join by phone: 253-215-8782

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

Each speaker will be allowed a maximum of three minutes, unless repeat testimony is requested by the Mayor/Council.

REPORTS

Police/Fire/City Administrator/City Engineer/Economic Development Coordinator/Urban Renewal District/SPOT/Golf

CONSENT AGENDA – {action item}

1. Call to Order/Roll Call
2. Approval of Bills and Payroll
3. Approval of the November 2, 2021 Council meeting minutes
4. Treasurer's Report

OLD BUSINESS

5. **Electric** – Consider authorizing the Mayor to sign the contract with Palouse Power for underground work for the Riverside Project (attachment) {action item}

NEW BUSINESS

6. **City** – Consider the November 2, 2021 canvassed election results by precinct (attachment) {action item}
7. **Water/Sewer** – Consider authorizing the Mayor to sign the contract with FCS for a Cost of Service Analysis (attachment) {action item}

ADJOURNMENT

**MINUTES
CITY COUNCIL MEETING
Bonners Ferry City Hall
7232 Main Street
267-3105
November 2, 2021
6:00 pm**

Mayor Dick Staples called the Council meeting of November 2, 2021, to order at 6:00 pm. Present for the meeting were: Council Members Adam Arthur, Valerie Thompson, Rick Alonzo and Ron Smith. Also, present were: City Engineer Mike Klaus, City Clerk/Treasurer Christine McNair, City Administrator Lisa Ailport and Brian Zimmerman. Members of the public present were: Carolyn Testa, John Birrell, Denise Crichton, David Clark, Brion Poston, Fay Almond, Emily Bonsant.

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

David Clark spoke regarding the rate increase.

REPORTS

Economic Development Coordinator Dennis Weed said the border will open soon.

Urban Renewal District Dennis Weed said there is an informational letter in the packet. Dennis said Boundary County is the only county that uses self-reported data instead of MLS data for commercial property values. Rick asked who makes the decision not to use MLS. Dennis said it is the County Assessor's decision. Lisa said the only properties that saw an increase were: Super 1, Grocery Outlet, Auto Zone and Conoco.

CONSENT AGENDA – {action item}

1. Call to Order/Roll Call
 2. Approval of Bills and Payroll
 3. Approval of the October 19, 2021 Council meeting minutes, October 20, 2021 Special Council meeting minutes
 4. Consider Pay Request #1 from Wink Inc for the Highway 95 Water Relocation Project (attachment) {action item}
- Adam Arthur moved to approve the consent agenda. Valerie Thompson seconded the motion. The motion passed. Adam Arthur – yes, Valerie Thompson – yes, Rick Alonzo – yes, Ron Smith – yes

OLD BUSINESS

NEW BUSINESS

5. **Electric** – Consider authorizing the Mayor to sign Change Order #2 from S & L Underground for the Moyie Dam Concrete Rehabilitation Project (attachment) {action item}
Mike said they are still applying concrete on the Spillway. Mayor Staples asked if this is change order for time only. Mike said that is correct. Valerie Thompson moved to authorize the Mayor to sign Change Order #2 from S & L Underground for the Moyie Dam Concrete Rehabilitation Project to extend the substantial completion date to November 15, 2021. Rick Alonzo seconded the motion. The motion passed. Adam Arthur – yes, Valerie Thompson – yes, Rick Alonzo – yes, Ron Smith – yes
6. **City** – Consider a three percent increase to Electric, Water, Sewer and Golf rates (attachment) {action item}
Lisa said there is no directive under State Law that says how often rates can be increased. The increases are to help offset a portion of inflation. Rick feels it is wise to do smaller incremental increases instead of a large increase. Valerie Thompson moved to increase Electric, Water and Sewer rates by three percent and Golf rates between three and five percent as provided by staff. Adam Arthur seconded the motion. The motion passed. Adam Arthur – yes, Valerie Thompson – yes, Rick Alonzo – yes, Ron Smith – yes
7. **City** – Consider authorizing the Mayor to sign Resolution #2021-11-02 for the three percent increase to Electric, Water, Sewer and Golf rates (attachment) {action item}
Rick Alonzo moved to authorize the Mayor to sign Resolution #2021-11-02 for the three percent increase to Electric, Water and Sewer and Golf rates less than five percent and amend the last paragraph to say "into the City fee schedule". Adam Arthur seconded the motion. The motion passed. Adam Arthur – yes, Valerie Thompson – yes, Rick Alonzo – yes, Ron Smith – yes

ADJOURNMENT

The meeting adjourned at 6:21 pm.



MEMO

CITY OF BONNERS FERRY
CITY ENGINEER

TO: Mayor and City Council
FROM: Mike Klaus, City Engineer
DATE: November 10, 2021
RE: Electric – Riverside Underground Work at Davidsons and Walters – Revised

Attached with this memo is a contract signed by Palouse Power to convert sections of overhead power to underground, adjacent to the Davidson and Walter residences on Riverside road. This work was proposed to Council in October for a price of \$110,272.80, by Palouse Power, who was the only bidder. Since that time, Palouse Power has had a change in work load this fall and is able to complete the work at a lower price. Palouse Power has provided a revised quote of \$98,161.72, as shown in the attached documents.

I recommend approval of the attached contract with Palouse Power for the conversion of overhead power to underground adjacent to the Davidson and Walter residences for \$98,161.72.

Please let me know if you have any questions.

Thank you,

A handwritten signature in blue ink that reads "Mike Klaus".

Mike

INDEPENDENT CONTRACTOR AGREEMENT

AGREEMENT made between City of Bonners Ferry, a political subdivision of the state of Idaho, herein "ENTITY" and Palouse Power herein "CONTRACTOR",

THE PARTIES AGREE AS FOLLOWS:

1. **CONTRACT:** ENTITY hereby employs CONTRACTOR as an independent contractor to complete and perform the following project and work:

Perform electrical work required to convert overhead power to underground on Riverside Road as depicted in the project Plans and Scope attached in Appendix A.

CONTRACTOR agrees to provide all materials and services for the project in accordance with the attached written specifications.

2. **TIME OF PERFORMANCE AND TERMINATION:** Parties agree that:

[x] CONTRACTOR shall complete the project by December 31, 2021.

3. **COMPENSATION:** ENTITY agrees to pay CONTRACTOR as compensation:

[X] Total not to exceed \$98,161.72

4. **INDEPENDENT CONTRACTOR:** The parties agree that CONTRACTOR is the independent contractor of ENTITY and in no way an employee or agent of ENTITY and is not entitled to workers compensation or any benefit of employment with the ENTITY. ENTITY shall have no control over the performance of this Agreement by CONTRACTOR or its employees, except to specify the time and place of performance, and the results to be achieved. ENTITY shall have no responsibility for security or protection of CONTRACTOR'S supplies or equipment. CONTRACTOR agrees to pay and be responsible for all taxes due from the compensation received under this contract.

5. **WARRANTY:** CONTRACTOR warrants that all materials and goods supplied under this Agreement shall be of good merchantable quality and that all services will be performed in a good workmanlike manner. CONTRACTOR acknowledges that it will be liable for any breach of this warranty.

6. **INDEMNIFICATION:** CONTRACTOR agrees to indemnify, defend, and hold harmless ENTITY, and its officers, agents and employees, from and against any and all claims, losses, actions, or judgments for damages or injury to persons or property arising out of or in connection with the acts and/or any performances or activities of CONTRACTOR, CONTRACTOR'S agents, employees, or representative under this agreement.

7. **INSURANCE:** CONTRACTOR agrees to obtain and keep in force during its acts under this agreement a comprehensive general liability insurance policy in the minimum amount of \$1,000,000 which shall name and protect CONTRACTOR, all CONTRACTOR'S employees, ENTITY and its officers, agents and employees, from and against any and all claims, losses, actions, and judgments for damages or injury to persons or property arising out of or in connection with the CONTRACTOR'S acts. CONTRACTOR shall provide proof of liability coverage as set forth above to ENTITY prior to commencing its performance as herein provided, and require insurer to notify ENTITY ten (10) days prior to cancellation of said policy.

8. **WORKER'S COMPENSATION:** CONTRACTOR shall maintain in full force and effect worker's compensation for CONTRACTOR and any agents, employees, and staff that the CONTRACTOR may employ, and provide proof to ENTITY of such coverage or that such worker's compensation insurance is not required under the circumstances.

9. **COMPLIANCE WITH LAWS:** CONTRACTOR agrees to comply with all federal, state, city, and local laws, rules and regulations.

10. **CERTIFICATION CONCERNING BOYCOTT OF ISRAEL:** Pursuant to Idaho Code section 67-2346, if payments under the Contract exceed one hundred thousand dollars (\$100,000) and Contractor employs ten

(10) or more persons, Contractor certifies that it is not currently engaged in, and will not for the duration of the Contract engage in, a boycott of goods or services from Israel or territories under its control. The terms in this section defined in Idaho Code section 67-2346 shall have the meaning defined therein.

11. **ENTIRE AGREEMENT:** This is the entire agreement of the parties and can only be modified or amended in writing by the parties.

12. **ATTORNEY FEES:** Reasonable attorney fees shall be awarded to the prevailing party in any action to enforce this Agreement or to declare forfeiture or termination of this Agreement.

DATED this 10th day of November, 2021.

ENTITY:

CITY OF BONNERS FERRY
(Governmental Entity)

CONTRACTOR:

By [Signature]
JEFF ZIMMER (Name)

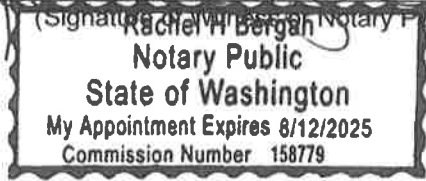
By _____
James R. Staples, Mayor

Its PRINCIPAL
(Title or Office)

ATTEST:

Christine McNair, Clerk

WITNESS:
[Signature]
(Signature of Rachel H. Bergan, Notary Public)



Form and content approved by Andrakay Pluid as attorney for City of Bonners Ferry

2021 Riverside Electrical Underground Project - Quote Form

Item	Unit	Estimated Units	Price per Unit	Total Item Price
#1 Mob/Admin	Lump Sum	1	\$8,889.85	\$8,889.85
Walters Section	Lump Sum	1	\$43,548.59	\$43,548.59
Davidson Section	Lump Sum	1	\$45,723.28	\$45,723.28
			Quote Grand Total	\$98,161.72

Understanding that this lump sum price and per unit prices includes all permit fees, sales and consumer use taxes, etc. required by law or regulation.

Signed

Name and Title


JEFF ZIMMER - PRINCIPAL

Date

October 28, 2021

Company Name

PALOUSE POWER

Company Address

4745 HWY 281 N
QUINCY, WA 98848

Idaho Public Works License # RCE-52333

Phone Number

(509) 237-8817

Fax Number

(888) 344-5795

Glenda Poston
Clerk/Auditor/Recorder
Boundary County Courthouse
E-mail: gposton@boundarycountyid.org



Court 208-267-5504
Auditor 208-267-2242
Fax 208-267-7814

BOUNDARY COUNTY
P. O. Box 419
Bonners Ferry, ID 83805

STATE OF IDAHO

} ss.

COUNTY OF BOUNDARY

We, the commissioners of the county and state aforesaid, acting as a Board of Canvassers of Election, do hereby state that the attached is a true and complete abstract of all votes cast within this county for the candidates and/or questions as they appeared at the election held on November 2, 2021 as shown by the records now on file in the County Clerk's office.

Boundary County Board of Canvassers





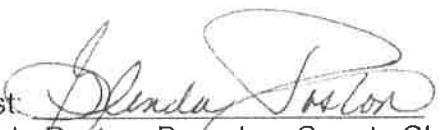
Dan R. Dinning, Chair



Wally Cossairt



Tim Bertling

Attest: 

Glenda Poston, Boundary County Clerk

BOUNDARY COUNTY RESULTS
November 2, 2021 City of Bonners Ferry

	BONNERS FERRY COUNCIL MEMBER vote for two (2)		
Precinct	Robert Lavaia	Brion Poston	Ron Smith
BF-Kootenai	49	78	73
North Bonners Ferry	67	78	73
Valley View	29	73	56
Absentee	38	91	81
Total Votes for City 445			
CITY TOTAL	183	320	283

**BOUNDARY COUNTY RESULTS
2-Nov-21**

		BALLOT QUESTIONS/CANDIDATES					
		School Trustee Zone 2 - Zone 5					
Precinct	Ambulance		Mary Fioravanti, Zone 2	Michael Underhill Zone 2	Susan Weed, Zone 2	Teresa L. Rae Zone 5	David Wilson, Zone 5
	YES	NO					
BF/Kootenai	122	77				12	4
Copeland	37	74	5	1	1		
Naples	133	109				150	92
North BF	98	111	2	0	2		
Valley View	93	103				25	12
Moyie Springs	168	185	182	36	102		
Absentee	199	144	24	8	25	52	7
TOTAL	850	803	213	45	130	239	115
Total Votes Cast		1,653					
Percentage		51.42%	48.58%				



MEMO

CITY OF BONNERS FERRY
OFFICE OF THE CITY ADMINISTRATOR

TO: Mayor and City Council
FROM: Lisa Ailport, City Administrator
DATE: November 12, 2021
RE: Water and Sewer Cost of Service Analysis

The attached proposal by FCS is to provide the city with a Cost of Service Analysis (COSA) for both the water and sewer department. The last cost and rate analysis was done in 2015 and recommended five years of rate adjustments to cover the then planned expenditures and capital improvements.

In an effort to keep up with our revenue needs and to plan for future capital expenses, it is recommended that we complete another COSA and the attached scope of service has been provided to the city by FCS to complete it.

The city has used FCS in the recent past to look at our revenue needs in the electric department when we looked at whether to bond or cover the cost of the hydro improvements through rates. We are now under contract to look at a full COSA with FCS for the electric department and are wrapping that project up in the next few months.

FISCAL IMPACT STATEMENT

The total estimated cost proposed by FCS to complete the COSA is just under \$50,000.00 and it is anticipated that we can use our ARPA funds to cover this planning effort.

It is my recommendation that council authorize the mayor to sign a contract with FCS to complete the COSA for the water and sewer department for an amount not to exceed \$49,845.00 without prior approval.

Please let me know if you have any questions.

Thank you.

CITY OF BONNERS FERRY

WATER AND SEWER COST OF SERVICE RATE STUDY

The following work task plan has been developed to complete a Water and Sewer Utility Cost of Service Rate Study for the City of Bonners Ferry (City). The project needs were discussed with Lisa Ailport, City Administrator and Mike Klaus, City Engineer. In order to make sure the water and sewer utilities' rates are set to recover costs, considering the economic impacts of the ongoing global pandemic, the City would like to perform a comprehensive rate study. As part of the rate study, the City would like to develop cost based rates for its bulk water sales, as well as evaluate the implementation of strength based rates to align cost recovery between classes of service for its sewer utility. The services to be provided as part of this scope are described below.

TASK PLAN

TASK 1: INITIAL PROJECT MEETING

An initial project meeting will be scheduled at the commencement of the project with the consultant and the City project team. Meeting participants would include a representative from departments that can address issues related to finance, engineering, operations, customer service and administration.

The intent of the meeting is to confirm the goals and objectives of the overall rate study and focus the efforts of the project team. The items covered at the meeting include reviewing the scope of work; identifying project objectives, expectations and deliverables; outlining the project schedule and key milestone review points; and discussing appropriate lines of communication.

TASK 2: DATA COLLECTION

FCS GROUP will provide a data needs list encompassing historical and projected revenue, expenses, fiscal policies, capital plans, fund balances and draft master and general plan chapters (once available). The data will be reviewed, analyzed and validated for inclusion in the study process.

A detailed customer billing statistics validation will be completed for the water and sewer utilities. Individual or summary level customer data including number of accounts, meter size, equivalents residential units and billing usage patterns (annual use, winter use and summer use) will be evaluated and validated against actual revenues collected. This revenue reconciliation will identify anomalies to be corrected prior to developing future projections for customer counts and use / demand under "normal" conditions. Validation of the customer statistics data set with customer demands and revenue generation is critical to the rate study as it establishes the foundation for all of the major analytical phases (revenue requirement, cost of service and rate design). The process has also proven beneficial in uncovering issues in data that can impact forecasting revenue and the cost allocation process.

TASK 3: REVENUE REQUIREMENT

This task establishes a sustainable, multi-year (e.g., 10-20 year) financial management plan that meets the projected total financial needs of the water and sewer utilities through the generation of sufficient, sustainable revenue. Annual cash flow needs are developed by identifying expenses incurred to operate and manage the systems including:

- Capital investment funding (improvements, expansion, and replacement)
- Expenses incurred to operate, maintain, and manage the systems
- Debt repayment
- Cash flow needs
- Fiscal policy achievement

Tasks are as follows:

- » Develop a forecast of operating revenues and expenses to reflect the most recent approved budgets. Adjust for any known future changes in annual non-capital costs associated with the operation, maintenance, and administration of each of the systems. Changes may include additional staffing needs and other operating costs associated with maintaining the system along with initiating new or enhanced program activities.
- » Incorporate the most recent capital plans identifying the capital projects required to maintain each system in good repair. Develop a capital funding analysis that balances available funding from rate revenue, reserve funds, contributions and additional debt, if needed.
- » Evaluate cash flow needs to meet existing and anticipated new annual debt service requirements and debt coverage requirements.
- » Provide a fiscal policy review that compares existing policies to industry practices to determine whether there are possible enhancements that would strengthen the financial health of the systems. Key areas evaluated include: type and amount of reserves; system reinvestment funding from rates/fees; and debt management policies and ratios. We will recommend new policies or benchmark ratios, as warranted.
- » Develop a fund balance tracking analysis to track existing City funds. The analytical module will include annual inflows and outflows of funds and monitor target balances for compliance with established fiscal policies.
- » Test the sufficiency of each system's current revenues in meeting all annual system obligations. Identify any projected shortfalls over the forecast period. Rate revenue sufficiency will be tested from two perspectives: the ability to meet all cash obligations, and the attainment of any debt coverage requirements.
- » Design a rate implementation strategy that meets each system's financial obligations over the selected planning horizon and provides smooth and moderated impacts to ratepayers.
- » Develop rate scenarios to evaluate the impact of changes to key variables such as funding sources, growth rates, capital project need and timing, or others identified by the City. The budget includes three (3) alternative scenarios for each utility.

TASK 4: COST-OF-SERVICE

The cost-of-service analysis (COSA) establishes a defensible basis for assigning “cost shares” to system customers based on industry accepted methodologies that are tailored to the City’s unique systems and customer characteristics.

The COSA develops a series of functional allocations that distribute cost pools to classes of customers linked to a proportionate share of costs required to serve their demand. Specific consideration will be given to total utility costs in relationship to the functions identified below.

Water	Sewer
<ul style="list-style-type: none">• Customer• Base capacity (avg. demand)• Peak capacity (peak demand)• Meters and Services• Fire	<ul style="list-style-type: none">• Customer• Flow• Strength (BOD/TSS)

This analytical exercise will identify the cost to serve each customer class of the water and sewer systems. The results will identify any warranted shifts in cost burden required from each customer class to cover their individual costs. Unit costs by functional component will be calculated to support the rate design process.

TASK 5: RATE DESIGN

The rate design task will evaluate existing rate structures for alignment with the City’s current and/or recommended fiscal policies, generate sufficient revenue to meet the revenue requirement forecast, and address cost shifts identified in the COSA findings. Key task outcomes include the following:

- Develop alternative rate structures as warranted to achieve total system cost recovery while promoting the City’s pricing goals and objectives.
- Discuss with the City specific rate structure issues to review for each utility. Prepare up to three (3) alternative customer class rate designs for each utility, which may include:
 - » Across the board, proportionate increases to fixed and variable charges.
 - » Water utility Bulk Water rate structure applicable to hydrant meter sales and fill stations.
 - » Sewer utility strength-based rates for non-residential customers.
 - » Alternative sewer volume-based charges.

TASK 6: MEETINGS & PRESENTATIONS

During the study process, it will be important to interact frequently with staff throughout the project, to ensure that the findings and recommendations reflect approaches that are understood by impacted parties and can be implemented within the City’s administrative practices. Review meetings are anticipated to be conducted via remote session. The following meetings are budgeted:

- Four (4) staff project team meetings to review study results at key milestones.
 - » One (1) – two (2) hour remote meeting with City staff to review draft revenue requirement results for both utilities.
 - » One (1) – two (2) hour remote meeting with City staff to review draft water and sewer COSA.

- » One (1) – one (1) hour remote meeting with City staff to review draft rate design for both utilities.
- » One (1) – two (2) hour remote meeting with City staff to review final recommendations and draft presentation for both utilities.
- Two (2) workshop / presentations with City Council to present the study results and incorporate feedback. Given COVID19 safety considerations, the Council workshop is budgeted to be completed virtually using the City’s platform of choice.

We are happy to provide additional meetings as requested. The additional meetings will be billed on a time and materials basis.

OPTIONAL TASKS

TASK O1: DOCUMENTATION

An executive level report documenting the rate study methodology, key assumptions, results and recommendations will be provided. The technical information referenced in the report will be available in the provided Excel based models. Included will be one (1) electronic copy of the rate model and final report.

TASK O2: CONNECTION FEE UPDATE

Connection fees are one-time fees for new or redevelopment used to recover a proportional share of the value of facilities required to provide service. In the 2015 Idaho Supreme Court Case: NIBCA v the City of Hayden the court referenced a methodology and calculation used in Loomis v. City of Hailey for calculation of capitalization fees. The court held that the connection fee must be based on the cost of replacing the pipe and equipment that is in the ground today (i.e., the value of the existing system). The value of the system should represent that portion of the system capacity that the new user will utilize at that point in time – in essence, future capital projects are not allowed in the capitalization fee calculation until they are constructed and placed in to service.

Since the Court’s ruling, the methodology presented in the Exhibit below has been used by municipalities in Idaho to update their connection fees.

Exhibit 1: Connection Fee Calculation

Gross Present Day Replacement Value of System
<i>Less: Outstanding Bond Principal</i>
<i>Less: Unfunded Depreciation</i>
= Net Present Day Replacement Value
+ Number of Users Current System Can Support
= Total Connection Fee per equivalent unit

The connection fee update includes:

- Calculation of gross present day replacement value of system
- Identify allowable deductions for outstanding bond principal and unfunded depreciation

- Calculate net present day replacement value
- Working with City staff determine the number of users the current system can support
- Updated per unit connection fee (most commonly per equivalent residential unit or meter size)

This task may be completed for both utilities, or may be added on a per utility basis.

BUDGET

Our normal billing practice is to bill based on time and materials actually expended, not to exceed the total budget. We would be more than happy to negotiate the appropriate level of effort for this project if we have scaled our approach out of line with the City's needs and/or expectations.

TASK	Utility			Total Budget
	Water	Sewer	Combined	
UTILITY SPECIFIC				
Task 2 Data collection	\$ 1,045	\$ 1,045		\$ 2,090
- Billing data validation	2,810	2,810		5,620
Task 3 Revenue requirement (3 scenarios)	6,610	6,220		12,830
Task 4 Cost of service analysis	6,320	5,930		12,250
Task 5 Rate design (up to 3 alternatives)	4,570	3,990		8,560
TOTAL UTILITY SPECIFIC	\$ 21,355	\$ 19,995	\$ -	\$ 41,350
COMBINED TASKS				
Task 1 Initial project meeting			\$ 805	\$ 805
Task 6 Meetings & presentations				
- Review meetings (remote)			3,460	3,460
- Council presentations / workshops (2 meetings)				
- Development			3,450	3,450
- Presentation to Council (remote)			780	780
TOTAL COMBINED TASKS	\$ -	\$ -	\$ 8,495	\$ 8,495
TOTAL BUDGET	\$ 21,355	\$ 19,995	\$ 8,495	\$ 49,845
OPTIONAL TASKS				
Task O1 Documentation			\$ 6,500	
Task O2 Connection Fee Update (per utility)	5,810	5,810		