

**MINUTES
CITY COUNCIL MEETING
Bonners Ferry City Hall
7232 Main Street
267-3105
January 17, 2023
6:00 pm**

Mayor Dick Staples called the Council meeting of January 17, 2023, to order at 6:00 pm. Present for the meeting were: Council Members Brion Poston, Valerie Thompson and Rick Alonzo and Ron Smith. Also present were: City Attorney Andrakay Pluid, City Engineer Mike Klaus, Police Chief Brian Zimmerman and City Administrator Lisa Ailport. Members of the public present included: Marciavee Cossette, David Clark, Fay Almond, Donna Thomas, Beth Ann Melekian, Kirk Dixon, Jeanie Betsher, Terry Betsher, Gerald Higgs, Gregory Lamberty, Amy Roemelen, Mitchell Moseley, Hilary Kraly, David Holman, Emily Bonsant, Adrienne Norris. Dave Gray participated via Zoom.

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

The mayor indicated that each speaker will be allowed a maximum of three minutes, unless repeat testimony is requested by the Mayor/Council.

Dave Gray spoke about his thanks regarding Officer Crowell and Officer Davis for what they did with the public at large. Overall he thanked the officers for what they do.

Donna Thomas- Spoke about the local option tax and property tax increase and how her property tax went up more than \$400.00 and she is now paying around \$200.00 a month in property tax. She is on a fix income and paying additional taxes will be a burden for her as well as others on fix income. She noted costs increases in gas and food are a challenge these days so adding additional taxes is just too difficult.

Jeanie Betsher – Jeanine read a letter she wrote to the council, noting that she did not believe that the property owners would support a property tax rate increase, and also noted that the 1% sales tax would not solve the problem either. Government should learn to budget and live within their means, she wrote. People should not have to pay taxes on grocery, not to mention an additional 1%. The 1% tax will cause folks to drive to Ponderay or carpool to Montana, where there is no tax, she claimed. Folks will likely buy from online stores and have delivery to their steps free of charge and only be charged the 6% state sales tax and you do not have to leave the comfort of your home. Overall, the 1% will only hurt local businesses and that she believes Council should go back to the drawing board and come up with another solution, otherwise she votes No.

Gerald Higgs- spoke about the 1% local option tax being the best alternative that is a viable option to solve the financial situation. He mentioned that the local option tax does have to contain a drop-dead date on it and if folks want to go to Ponderay, they also would be paying the 1% local option tax. He stated that the city appeared to put forth a good-faith effort on this and while he lives within his means, he would gladly pay this sales tax.

Gregory Lambert- spoke about how the city is looking for a way to continue the status quo or look at ways to streamline the city services to save the taxpayer money to remain solvent. He mentioned that the worse option was the property tax increase, it is the most unfair tax because if people are unable to pay their property tax, they end up losing their property. The sales tax is taken at the point of sale on only those items being sold. This encourages business to move outside of the city and favors those already there, he spoke about a particular experience he had while living in Illinois where three gas stations were on each corner, one was in the county and the others in the city. After only 3 years there was only one left, the one who didn't have to include the local option tax as part of their business. He believes there needs to be a public accounting of the books and determine which services are essential and act accordingly.

Amy Roemelen- spoke about the city needs to make cuts and start living within its means and she planned to get with Lisa, City Administrator to discuss it more. She made mention that she feels they are being hit on all sides and gave an example of her own taxes she is paying, including both county tax and city tax. She feels the increases she received alone should go towards the shortfall that the city is receiving. If the 63% property tax increase were to go through she would be see an additional \$627.00 just in city tax alone, making the total increase in her taxes from last year at \$1147.00. There is just no way she can afford that, along with the school for a bond and MO levy. She mentioned that she is self employed with her business being in the county and with inflation going up she is seeing a direct hit to her sales, so she thinks the 1% sales tax would affect her business because there would be less money to go-around. She

frequently works with elderly people and a couple she did work with while working with U-Haul, did have to leave the areas because they couldn't afford to live here anymore. She believes that city employees were paid a raise this year to offset inflation and she paid herself very little. She wants the City Council to consider revoking the raise the city employees got. Additionally, she believes she should see the city budget and see what is going out and coming in to get a much better understanding of how to address the shortfall. She also mentioned the ARPA money that was taken, while she was completely opposed to it, is it a viable option to make up the shortfall? She questioned why when the court case came out in 2017 and now in 2023 is it just coming to light and she looked forward to talking with Lisa about.

Lisa intercept the conversation with a comment regarding updates to the city website to include the slides from the powerpoint presentation as well as the budget that was present at the meeting too. She said the budget wasn't intuitive, but if folks had questions, she was happy to meet with them on it.

David Hullman- Stated he works a lot with businesses on budget analysis and he likes to start with an understanding the current situation. He summarized his thoughts on the issue by explaining that profit was being charge to city customers for city services and now we were discussing how to make up that half a million dollars by spreading the cost across the county through a sales tax. He stated that he has lived in California and Oregon and watched sales tax eat people alive, he believes it doesn't work like it is intended, and the same is true with property tax. When he attended the meeting of January 10, what he found interesting was there were only a small number option presented that evening. Personally speaking, if he were looking at his own budget he didn't see any analysis around the options that he would have to consider. In particular, he didn't see any analysis around cost cuts and service cuts, which is what he expected when considering financial shortfalls. He followed with an example that one wouldn't go to their boss and say they must pay me more or I am leaving. In his professional business he does a lot of business around margin analysis and cost analysis. While it is a hard thing to go through, he would be willing to help the city with this task of asked.

REPORTS

Police/Fire/City Administrator/City Engineer/Urban Renewal District/SPOT/Golf/EDC

The Mayor spoke about running into Tom Turpin, and he wanted to thank the city police for the help around an issue that occurred over at the Kootenai River Inn.

CONSENT AGENDA – {action item}

1. Call to Order/Roll Call
2. Approval of Bills and Payroll
3. Approval of the January 3, 2023, January 6, 2023, and January 10, 2023, Council meeting minutes

Brion made a motion to approve the consent agenda. The motion was seconded.

Result:	Approve
Moved by:	Brion Poston
Seconded by	Val Thompson
Voted Yes	Brion Poston, Val Thompson, Rick Alonzo, Ron Smith
Voted No	
Absent	

NEW BUSINESS

4. **Electric**– Consider approval of unit 1 change order #1 (attachment) {action item}.

Mike summarized the project for the benefit of the public attending. He made note that the original bid was for \$189,000 with additional line items for specific costs for areas unknown at the time of bid because you can't know everything that has to be done until the unit is pulled apart and inspected. The additional line items were placed on the bid as a means to accommodate this. While attending the site in the previous week he personally reviewed the machine in Parma, Idaho and talked with the contractor doing the work. As a result, the contractor and the city agreed to the list of line items in the bid, including two additional ones that could not be known about until examined after the machine was torn apart; those included packing sleeve and wicket gates which are not lining up correctly and need to be modified. The total with the additional two items in the change orders comes to \$46,677.00, which is inline with what was expected when the city bid the project. Mike expects that there may another change order in the future in the amount of \$10,000.00, but he will bring that to council once it is known.

Ron Smith moved to approve the Unit 1 change order #1 in the amount of \$46,677.00 and authorize the Engineer to sign the change order documentation for the additional amount. The motion was seconded.

Result:	Approve
Moved by:	Ron Smith
Seconded by	Rick Alonzo
Voted Yes	Brion Poston, Val Thompson, Rick Alonzo, Ron Smith
Voted No	
Absent	

Police- Consider cost for repairs on police vehicles (attachment) {action item}.

Chief Zimmerman pointed council to the memo that was included in their packet. He noted the repairs to two police vehicles are in response to a slow speed chase that occurred, which was terminated at Nom Noms, where the vehicle damaged occurred.

Councilman Alonzo asked if or when the person who caused the slow speed chase is found guilty, there would be restitution for the amount the city has incurred as part of the chase. Chief Zimmerman agreed with this.

Councilman Poston asked if the driver had insurance. Chief Zimmerman indicated the driver did not have insurance and the driver was on drugs at the time of the incident.

Rick moved to authorize the police department to go ahead with the repairs on the police vehicles, one for \$3,138.11 and \$3,983.60 for a total of \$7,121.71. The motion was seconded.

Result:	Approve
Moved by:	Rick Alonzo
Seconded by	Ron Smith
Voted Yes	Brion Poston, Val Thompson, Rick Alonzo, Ron Smith
Voted No	
Absent	

City- Discuss Tyler Technologies contract for ERP software as a service (attachment) {action item}.

Ron made a comment regarding his concern about making a decision regarding changing any contracts the city has with Tyler Technologies given the matters that the city is having already and that he is not comfortable with making a decision without the Attorney and the Administrator making that suggestion.

Attorney, Andrakay responded with the statement that the city is already in a contract with Tyler Technologies and the Mayor had asked to place this on the agenda so that the council could discuss other options.

Mayor Staples followed with a question regarding how much we've paid Tyler Technologies over the course of the last three years. According to what he was reading, the city has spent \$166,700 for the software and the annual fee was less than what was presented in the packet of information. The annual fee is 33,328.00 or something around that. Mayor Staples asked if this annual payment was over after the fourth year, or if it continued. Andrakay responded that it was an annual term and while under contract that payment would be made every year. Mayor Staples then asked if we could terminate in the middle of a year and Andrakay responded the city could, but a penalty would have to be paid.

Mayor Staples then responded that while the item was listed as an action item, there was no need to take any action this evening. Rather he felt that council should be aware of the cost the city was paying Tyler Technologies for their software as well as the ongoing costs. He believes the council would need more information before making any decisions.

Councilman Poston made the comment that if you choose to look elsewhere for this software, you would have the start-up costs and yearly costs as the city did with Tyler. The Mayor agreed with him on this. Councilman Poston then stated that when comparing our costs to other cities or jurisdictions that use ERP software that our costs are very much inline with

others. Poston replied that the costs at the county was around \$48,000.00 per year. Councilwoman Thompson stated that we should not be considering another ERP software while in the middle of a budget, and that we keep this on our radar while we seek to replace the City Treasurer position.

Ron Smith made a motion to not take any action. The motion was seconded.

Result:	Approve
Moved by:	Ron Smith
Seconded by	Val Thompson
Voted Yes	Brion Poston, Val Thompson, Rick Alonzo, Ron Smith
Voted No	

City- Consider Local Option Tax ballot measure for May 2023 election and authorize staff to prepare draft ordinance and set next workshop date with community (attachment) {action item}.

Administrator Ailport stated that she prepared a memo summarizing the timeline for preparation and that additional information was needed to be able to get the language ballot ready for a March 2023 deadline. Lisa mentioned that there wasn't a lot of time to go back to the drawing board on this issue, given that next year's budget was due to the papers in August of this year. Nothing that if council elected for a fall ballot date, that we would have to have the 2024 budget balanced before the start of the new fiscal year, which means we are balancing with the shortfall as a consideration.

Councilwoman Thompson commented that it was important to noted that the city leadership wasn't looking at property tax increases because of the comments received at the meeting. She stated that many of the people who spoke at the workshop, noted that the Local Option Tax was the preferred option over cuts or other revenue streams.

Councilman Poston mentioned that there were some terms thrown out for consideration, based on what other cities were doing who have adopted the local option tax. Poston mentioned that Ponderay and Sandpoint were 5 years, which was more normal. In that time, the city could see how the tax was working. With the amount of money needed to make up the shortfall, around 25% of the overall budget needs, the only other way to significantly make up that difference would be to cut services. Poston continued, noting that this was not something the public indicated they wanted to look at first.

Councilman Ron Smith wanted to explain why the city was in the situation, noting the issue started in 1952. The Mayor and city council decided at that time to take 5% of the electric fund to fund the general fund. That occurred until 2012, when the city asked if they could continue the transfer and include water and sewer as well. The attorney wrote a memo to the council noting that this practice was allowed under Idaho State law. However, this past year a court case in Pocatello, said it was not longer acceptable to do this transfer. This decision has left the city with the shortfall this year and every year after. He reiterated that this issue wasn't anything that this council created. He believes in living within your means, but this particular issue has led to this immediate shortfall and that is very difficult to overcome through living within your means. Councilman Smith mentioned that the 1% sales tax could be a viable solution, given that if someone spends \$10,000 in taxable they would pay \$100.00. The other options included raising property tax by 63% or cutting services. He mentioned that the only service that could be cut is law enforcement, and he wasn't in favor of cutting law enforcement while he was on council.

Councilwoman Thompson mentioned that it is the job of the council to be fiscally responsible to the tax payers moneys. It is the councils fiduciary responsibly. Anyone who has questions or wants to meet with them or staff is encouraged to reach out to get questions answered.

Councilman Poston added that anyone who had ideas on how to make up the revenue was encouraged to provide their thoughts.

Councilwoman Thompson made a motion to move forward with preparing the local option tax and hosting another round of community meetings around the parameters of Idaho Code. The motion was seconded.

Result:	Approve
Moved by:	Val Thompson
Seconded by	Rick Alonzo
Voted Yes	Brion Poston, Val Thompson, Rick Alonzo, Ron Smith

Voted No	
Absent	

Executive Session- pursuant to Idaho Code 74-206, subsection 1(b) To consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member or individual agent, or public-school student. {action item}

A motion was made by Rick Alonzo to go into executive session pursuant to Idaho Code 74-206, subsection 1(b) To consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member or individual agent, or public-school student.

Result:	Approve
Moved by:	Rick Alonzo
Seconded by	Val Thompson
Voted Yes	Brion Poston, Val Thompson, Rick Alonzo, Ron Smith
Voted No	
Absent	

Council went into executive session at 6:39 pm.

ADJOURNMENT

The City Council existed the executive session at 8:10 pm, with the mayor noting that no decision was made. He then adjourned the meeting.