

Mayor David Anderson called the March 4, 2008 council meeting to order at 6:00 p.m. Present for the meeting were Mayor Anderson, Council President John Langs, Council Members Dave Sims, Connie Wells, and Dave Gray, Clerk Kris Larson, City Administrator Stephen Boorman, and Water/Sewer Foreman Jim Fritzsche. Also present were Mike Normandeau from Bonneville Power Administration, Gus Diel, Ralph Byquist from the Farmers Market, and Sara Thomas from the Bonners Ferry Herald. Economic Development Coordinator Mike Sloan and Renee Riddle joined the meeting at 6:20 p.m. Also joining the meeting were Carolyn Testa, Rick Alonzo, and City Attorney Tim Wilson.

Mike Normandeau gave a presentation to council regarding Bonneville Power Administration (BPA). He deals with the power side of BPA. BPA is self funded and they generate power from 31 federal hydro projects, one nonfederal nuclear plant and several other small nonfederal power plants. BPA is a federal agency under the U.S. Department of Energy that markets wholesale electrical power and operates and markets transmission services in the Pacific Northwest. About 40 percent of the power in the Northwest consumed comes from BPA. BPA is self financed which pays for its costs through power and transmission sales. BPA brings all the rivers together into one system. Firm generation is fully subscribed and consumed within the region. The primary rivers are the Kootenai, Columbia, and the Snake. There has been a biological ruling that requires spilling of water for fish mitigation that could be used for generation. The Canadian treaties are up for renewal about 2015 according to Mike. There are four other power marketing entities in the United States. Bonneville operates under the Northwest Power Act and is a wholesale power marketer but some of the others deliver the utility as well. BPA wholesale power rates are running 2.5 to 3 cents per kWh. This is only for power rates not including transmission. Transmission rates are about one cent per kWh. Mike said one of the challenges as an agency is meeting the fish and wildlife requirements.

The city's current contract is a subscription contract for ten years beginning October, 2001 and will end September, 2011. BPA is meeting the needs of the city's load net of the Moyie Dam generation. Mike said in 1996 the transmission portion of BPA were separated out. Mike said Steve Wright makes decisions for BPA for both sides – power and transmission. BPA wants to have new contracts in place early. BPA is considering 20 year contracts.

There was a ruling against BPA concerning investor owned utilities from 1981. It was regarding the residential exchange program that was a direct pass through for energy. The refunds that BPA will be issuing are based on what was previously paid and when the case is finalized there will be a true up but it was felt it was better to get the funding back to the subscribers rather than just hold it in the Treasury. There will be revised rates in 2009. If the contract is signed there will likely be two payments distributed to Bonners Ferry. The deadline for the current offer is March 24, 2008. There are still some questions and risks regarding the issue.

BPA is proposing to offer 20 year contracts for post 2011 power deliveries and they would be in place until 2028. Mike said you cannot count on wind generation for base load generation.

Natural gas and nuclear sources are being explored. Low cost hydro is pretty much used up so there will be higher costs for hydro to BPA customers. BPA will establish a high water mark that will be the dividing line between the lowest cost Tier 1 rate and Tier 2 rate. Under Tier 1 there is load following service, block, or slice/block. Stephen said Northern Lights are a slice customer. Tier 2 rates are a higher costing power. This is a pool of customers that share in the rates of the load growth Tier 2 service. Tier 2 was designed for customers with less than 500 megawatt needs. There are also specific vintage Tier 2 rates.

BPA will send out contracts the end of the summer with signing to be done by November. The rates will not be known at the time of signing according to Mike.

Rhonda Hamerslough and Kate Turner joined the meeting. Rhonda presented a contract to the city regarding the Second Chance Animal Adoption Agency. They work with the city pound and the city police. They want to sell the current property that they have and build a shelter closer to the city. In the meantime they would like to get a contract signed with the city and county. The county is on board according to Rhonda. When an animal is picked up they are requesting that it be brought to Second Chance. She said there would only be one place for the public to go when they need to find an animal. She said the county agreed to be on board with Second Chance if the city is on board with it. Rhonda gave a copy of the contract to the council. Second Chance is requesting \$5,500 from both the city and the county the first year and the end result would be to dissolve the city pound. Second Chance is willing to take problem animals working with the city to collect impound fees. She would like to have something in place by the time they have a shelter up and running. Dave Gray asked about the timeline. Rhonda said they are waiting for the sale of their property on Peterson Hill. She said the building is 9,000 square feet and there is not enough funding to operate it. The property being considered is commercial property in the Three Mile area. Dave Sims asked if her hope was to get the contracts signed before Second Chance is ready. Rhonda said that would not be prudent but this is just some leg work for the issue and she understands budget planning is coming forth.

Police Chief Dave Kramer said Second Chance is very appreciated by the city. They help with adoptions and also notifying the public of dog licensing. The current pound is located in the city yards and it is sensitive due to the nature of the city business in the yard. He said this is a positive direction. Mayor Anderson stated that he has many questions to be answered but the city would like to be out of the pound business if possible. Rhonda and Kate left the meeting at 7:19 p.m.

Connie Mier-Teran Fox and Dave Fox joined the meeting.

Connie Mier-Teran Fox spoke to council regarding the annexation issue. She said she moved her business outside the city limits when she moved to Bear Creek Lodge. She is concerned about the safety of their customers due to the response time of the Paradise Valley Fire Department. She also spoke about the liquor license she leased from Vilelli & Philbrook from the old Lantern

and would like to use it but cannot unless they are part of the city. John Langs said there were favorable responses during the previous annexation hearings so council understands. Dave Fox said they are in favor of annexation of their property. Mayor Anderson said the annexation issue has not stopped and is on-going. Dave Sims urged Fox's to come to the annexation hearings that will be coming up.

Ralph Byquist from the Farmers Market said they would like to open April 26<sup>th</sup> and use the city parking lot. He submitted a letter to council regarding liability insurance. The insurance is valid from April to April each year. Ralph said there is a Saturday Farmers Market manager. Mayor Anderson asked about the new parking lot. Ralph said it worked great. Ralph said they will try to get more parking for customers this year. Dave Gray asked about Farmers Market inspections that he heard of at Rotary. John Langs commented that the Farmers Market provides a valuable service to the community and thanked Ralph.

Renee Riddle spoke to council on behalf of the Selkirk Saddle Club. She said they would like to use the visitor center meeting room but there is a requirement of insurance to use the building and said she does not understand it. She said the only time they have insurance is during the rodeo. Renee said the insurance requirement can be waived. Stephen said traditionally the waiving of insurance is for city sponsored events. Tim Wilson said it cannot be guaranteed that whoever may be injured will not sue the city. He further said that the Selkirk Saddle Club's insurance would be the first buffer to the city. Mayor Anderson asked about the difference with the county's policy on building use for meetings at the extension office. Tim said he is not familiar with the county policies but he believes the county requires insurance for fairground buildings. Renee requested that Selkirk Saddle Club be authorized to use the visitor center any time they have a meeting without insurance if the building is available. Dave Gray said the council needs to protect the citizens from a lawsuit. Renee said it limits the use of the visitor center with the insurance requirement. Council said they need to re-visit the issue of insurance. Renee said the Selkirk Saddle Club's only function is to put on the rodeo once a year. Stephen said there are good reasons for having liability insurance as an organization. He suggested that Renee speak to an insurance agent. Renee left the meeting.

Dave Kramer said the police have been very active in the last two weeks. There was a backup call for a county shooting. There was a call regarding a reckless vehicle where a city officer shot the tire of the vehicle as it was attempting to flee the scene of an accident and there were citations issued. Dave informed council that the reserve officers hit a deer with the city's S-10 vehicle as they traveled home from Coeur d'Alene causing about \$2,000 of damage. Travel expenses were reimbursed for Dave's training. Funding was also received for the tough book computers for the police vehicles. Jeanette will not be able to attend POST until June due to the state's training schedule. Dave said there are plans for a POST academy in Coeur d'Alene. Dave also gave an update on his trip to Quantico, Virginia and thanked council for allowing him to attend.

Rick Alonzo spoke to council regarding the Rod Benders annual car show. This will be the sixth car show downtown. He gave a map to council of the proposed line up of the car show on the streets. Last year there were about 150 cars registered which brings in a lot of people to the downtown core area. Rick said in the past council has covered the car show under the city's liability insurance and waived the special event fee. He requested the same for this year. Mayor Anderson asked if there is any resistance from the businesses. Rick said there is not. John Langs moved to waive the special event fee for the car show and cover the car show under the city's insurance. Dave Sims seconded the motion. The motion passed, all in favor.

Stephen gave the administrator report. Stephen said for the impact fee and transportation study there is about \$15,000 in grant funding awarded to the city but there is a \$4,800 match and there is a sewer master planning grant that has been applied for through DEQ. He said Christine has been a great asset to the city. Unit 4 start up at the power plant is scheduled for the end of this week. There is a contract for the highway 95 realignment for the bearing plates for the waterline at the north end of the bridge. An eight hour shut down can be had on that waterline but beyond that causes concern. There are several water tankers at the city that will be available for firefighting concerns during the period of shut down. A contractor looked at the sewer lagoon dredging with Welch Comer. He said pool filters range from \$12,000 to \$17,000 depending on the configuration.

John Langs moved to approve the consent agenda. Connie Wells seconded the motion. The motion passed, all in favor. The consent agenda contained the following: roll call; approval of February 29, 2008 payroll and March 4, 2008 accounts payable; approval of the February 19, 2008 regular council meeting minutes; and approval to pay expenses for Elsie Hollenbeck for the Human Rights conference in Moscow.

The BPA Standstill and Interim Relief Payment Agreement was discussed. The city's share of the BPA's relief payment is about \$165,000 and there will be a true up after the rate case is settled. Mike Normandeau thinks there may be another \$80,000 that will come to the city after the rate case is completed. He said there is a possibility that if the rate case went south that the city would have to pay BPA back. Mike said the agreement does not preclude the city from litigation after the rate case but it does not allow it during the case. Dave Gray moved to authorize the Mayor to sign the BPA Standstill and Interim Relief Payment Agreement. John Langs seconded the motion. The motion passed – John Langs “yes”, Dave Sims “yes”, Connie Wells “yes”, Dave Gray “yes”. Dave Sims asked where we will put the money until the case is settled. The group agreed that it would be invested as a reserve. Dave Gray moved to include that the money will be invested as a reserve until the rate case is settled. John Langs seconded the motion. The motion passed – John Langs “yes”, Dave Sims “yes”, Connie Wells “yes”, Dave Gray “yes”.

Steve Fendos joined the meeting.

Council discussed an annexation workshop that will be scheduled. Tim Wilson said it may be worth having Jerry Mason or Nancy Stricklin conducting the workshop. The group agreed.

Mayor Anderson gave council a sheet with estimated resort tax computations to review. His computation was for a two percent resort tax. Mayor Anderson said the Log Inn has not committed to the resort tax as was previously thought. The Kootenai River Inn collects the bed tax and sales tax but does not submit it to the state. If the city wants the Kootenai River Inn to collect the proposed resort tax and submit it to the city we will have to request this from the Kootenai Tribe. He expressed concern about having the resort tax issue on the ballot in May. He would like to negotiate with all the motels before the issue is finalized. Tim Wilson said he is concerned about a resort tax chasing people reserving rooms outside the city and then coming to the city motels when the others are full. He would like to see the issue researched more before it is sent to a vote. Dave Sims said we need to let the public and motels know what we are intending to spend the money on. Connie said she was under the impression that it was to be used for the operation of the visitor center and if we don't implement it in May then we will miss the tourist season. Mike Sloan said originally it was thought to have the funding be used for the visitor center operation and it was anticipated to be between \$12,000 and \$15,000. Mike also suggested that if we were to receive \$50,000 in taxes if the Kootenai River Inn were to come on board we may be able to fund a community recreation center. Mayor Anderson also spoke of the liquor tax that could be levied under the resort tax statute. John Langs liked the idea of a recreation center. Dave Sims said the first place to start is where the money will be used. Connie said we need to work with the Kootenai River Inn and get them on board. Dave Gray said he is disappointed about the resort tax being put on hold because he wanted to see this for this tourist season. He would like to see the funding go toward the visitor center and also a recreation center. Dave Gray would like to explore a contract with the Inn for resort tax collection and funding. Mayor Anderson said we need to have a funding source for the operation of the visitor center since we own it. Dave Gray moved to continue with the resort tax issue and come up with a plan of what the tax will be used for and for the Mayor to give a proposal to the Kootenai Tribe and look at the August election date. Connie Wells seconded the motion. The motion passed, all in favor.

Mayor Anderson said there is a sample of the new agenda format proposed for council's comment. He said the meeting time must be changed by ordinance since it is set by ordinance. Dave Gray said the agenda format starts with the welcoming statement and a vision statement. He also said Rural Northwest has taken a poll concerning council meetings and it was requested to have an earlier start time. Dave Gray said the time proposed is 6:30 p.m. and the location of city hall as well as the phone number be added to the agenda. He said the executive session item would be changed to read pursuant to IC 67-2345 and the addition of the subsections be spelled out. He said the item of adjournment and the next meeting date would be added to the agenda. John Langs said he is fine with the changes. Dave Anderson said the pledge needed to be added

as well as the listing of executive session detail. Dave Gray moved to change the agenda as described. John Langs seconded the motion. The motion passed, all in favor.

Capital purchases were discussed. Dave Sims said he looked back at the memos council has received since last fall and the amount of capital has changed. He wanted an explanation for this and also the deficit for the visitor center. Dave said the wish list of capital items is changing and asked why. Stephen said the number does change depending on the expenditures that come up during the budget year. He also said there are unexpected items that come up and we will be starting the budget preparation for next year soon. Clerk Larson explained the reclassification of the visitor center project to the capital project fund from the general fund and said the visitor center costs were higher than the funding that was awarded through the Idaho Transportation Department for the project. The group discussed budget and council would like to have reports and explanations to more fully understand the city's financial picture. Staff will print out reports for council's review and work with them to better understand the process. Mayor Anderson asked what the policy was for capital purchases and limits. The capitalization threshold is \$2,000. He said we may have to consider whether items of \$2,000 are worth the administrative time taken for approval.

The council reviewed the computer purchase memo. John Langs asked about the costs and how much was general government. The general government portion would be about 23 percent. Connie Wells moved to purchase the computers and equipment. Dave Sims seconded the motion. The motion passed, all in favor.

The facility extension policy was discussed. Stephen explained the retirement of services. He said when a service is retired it is discontinued and no longer maintained by the city and this is different than a service that is just disconnected. He said there are times when someone retires a service and then a few months later they come in and want it back. Dave Sims expressed concern about someone taking advantage of the system by retiring their services and then coming back to the city for reinstatement. John Langs moved to adopt the facility extension policy. Connie Wells seconded the motion. The motion passed – John Langs “yes”, Dave Sims “no”, Connie Wells “yes”, Dave Gray “yes”.

Stephen said the pool filter price is between \$12,000 and \$17,000 for a rapid sand filter that includes the media and the valve piping. He would like to get another quote. Connie asked if the joint patch work is still being contemplated. Stephen said we are planning on the joint work during the routine pool maintenance this year.

John Langs moved to authorize the use of the city parking lot for the Farmers Market for 2008. Dave Gray seconded the motion. The motion passed, all in favor.

John Langs moved to authorize the Mayor to sign the Participating Agreement with the Cooperative Purchasing Network. Connie Wells seconded the motion. The motion passed – John Langs “yes”, Dave Sims “yes”, Connie Wells “yes”, Dave Gray “yes”. Council

commended Jean Diel for finding the furniture at lower prices through the cooperative agreement.

Computer training at North Idaho College (NIC) was discussed. Mayor Anderson and Connie Wells will sign up if there is space available. Dave Gray moved to authorize the computer training classes at NIC for city employees. Connie Wells seconded the motion. The motion passed – John Langs “yes”, Dave Sims “yes”, Connie Wells “yes”, Dave Gray “yes”. Steve Fendos left the meeting at 9:10 p.m.

Stephen spoke to council regarding planning documents. He said the city postponed the sewer study until the water plan was implemented. He said a good master plan helps guide the spending of funds by prioritizing projects. Stephen said transportation plans are needed for grant funding. He said the city has waited until the county transportation plan was completed but it did not turn out as good as was hoped. Part of the transportation plan is the capital infrastructure plan and this is very important. Impact fees are development fees that are paid at the building permit level. We need impact fees so that growth and development pay for themselves and keep the infrastructure and facilities at the existing level. He said we have a grant in the amount of \$15,000 to go toward the impact fee study and transportation plan. There is also budget in the amount of about \$20,000 to \$25,000 in the planning and zoning budget this year that can be applied to the transportation plan. Stephen said the cost of the impact fee study can be recouped in the impact fees. Impact fees are set up where the consultant looks at the acres of parks and existing facilities and a determination is made so that growth pays for their own share of the costs. A capital improvement plan is also a part of the impact fee study that helps prioritize the infrastructure projects. John Langs moved to authorize the Mayor to sign the contract with JUB Engineering to pursue a sewer master plan. Stephen said we do not want to expend funds on this for engineering until we know whether the grant funding comes through. Dave Sims seconded the motion. The motion passed – John Langs “yes”, Dave Sims “yes”, Connie Wells “yes”, Dave Gray “yes”.

Dave Sims moved to pursue the scope of work and contract with David Evans and Associates for the traffic study. Dave Gray seconded the motion. The motion passed – John Langs “yes”, Dave Sims “yes”, Connie Wells “yes”, Dave Gray “yes”.

Dave Gray moved to hire David Kelley for parks work and give him a \$1.00 per hour raise. Dave Sims seconded the motion. The motion passed, all in favor.

John Langs moved to hire a part-time animal pound caretaker for two hours per week. Dave Gray seconded the motion. The motion passed, all in favor.

Dave Sims moved to authorize the purchase of the sewer lagoon aerator not to exceed \$10,000. John Langs seconded the motion. The motion passed, all in favor.

Stephen said the city went out for quotes for sewer lagoon dredging but no quotes were received. The firm that was interested did not want to monitor the chemical feed so Welch Comer has costs associated with restructuring the contract for this work. Dave Sims moved to authorize the Mayor to sign the addendum to the Welch Comer agreement for sewer dredging engineering. John Langs seconded the motion. The motion passed – John Langs “yes”, Dave Sims “yes”, Connie Wells “no”, Dave Gray “yes”.

Dave Gray moved to hire Jim Fritzsche as Water/Sewer Department Supervisor at an hourly rate of \$19.25 per hour. Dave Sims seconded the motion. The motion passed, all in favor.

The bridge waterline realignment work engineering with Welch Comer has not been approved yet. Stephen said we need to authorize task order number three with Welch Comer for this engineering work. Stephen explained the waterline realignment work that needs to be done. Dave Sims moved to authorize the Mayor to sign the change order with Welch Comer for bridge waterline realignment work task number three. John Langs seconded the motion. The motion passed – John Langs “yes”, Dave Sims “yes”, Connie Wells “yes”, Dave Gray “yes”.

Dave Gray asked that the meter reading contract be moved to executive session. Connie Wells seconded Dave Gray’s request. John Langs excused himself from this topic of discussion as he had helped someone prepare information for their proposal. The motion passed – John Langs “abstained”, Dave Sims “yes”, Connie Wells “yes”, Dave Gray “yes”.

The aerial inspections of city equipment were discussed. Connie Wells moved to authorize the Mayor to sign the contract with Northwest Dynamics Inspection Services for aerial equipment inspections. John Langs seconded the motion. The motion passed – John Langs “yes”, Dave Sims “yes”, Connie Wells “yes”, Dave Gray “yes”.

Stephen explained the need for a skid steer. He said we rent this equipment way too often and the need is there. The proposed skid steer will fit on the cart to lower it down to the power plant. Dave Sims asked how much we are spending on rental of a skid steer. Stephen did not know the definite amount. He said they are a cost effective machine and are very versatile. The skid steer can also be used as a forklift. He said this is an electric department purchase. Dave Sims moved to authorize the purchase of the New Holland skid steer loader at a price of \$29,900 as per the quote. Dave Gray seconded the motion. The motion passed – John Langs “yes”, Dave Sims “yes”, Connie Wells “yes”, Dave Gray “yes”.

John Langs moved to authorize the application and match for the wild land fire grant. Connie Wells seconded the motion. The motion passed – John Langs “yes”, Dave Sims “yes”, Connie Wells “yes”, Dave Gray “yes”.

Dave Sims moved to authorize the Mayor to sign the contract with Krejci Welding for the bridge waterline realignment welding. Connie Wells seconded the motion and it passed – John Langs “yes”, Dave Sims “yes”, Connie Wells “yes”, Dave Gray “yes”.

Dave Gray moved at 9:45 p.m. to go into executive session per Idaho Code 67-2345 (f) for legal counsel and (c) negotiations. Connie Wells seconded the motion. The motion passed – John Langs “abstained”, Dave Sims “yes”, Connie Wells “yes”, Dave Gray “yes”. At 10:30 p.m. council went out of executive session. No action was taken.

Dave Gray moved to contract with Retriever Services, Inc. for meter reading services. Dave Sims seconded the motion. The motion passed – John Langs “abstained”, Dave Sims “yes”, Connie Wells “yes”, Dave Gray “yes”.

Mayor Anderson suggested that we have the meeting on March 18, 2008 at the visitor center due to the special use permit hearing for Sheepgate Services. The group agreed.

There being no further business, the meeting adjourned at 10:33 p.m.

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David K. Anderson, Mayor

Attest:

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Kris Larson, City Clerk