

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.

Vision Statement

Bonnors 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.

**AGENDA
CITY COUNCIL MEETING
Bonnors Ferry City Hall
7232 Main Street
267-3105
October 6, 2015
7:00 p.m.**

PLEDGE OF ALLEGIANCE

PUBLIC HEARING

PUBLIC COMMENTS

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

GUESTS

Sarah Beck – BFHS Homecoming Activities

Patty Branson – Chamber of Commerce Visitor Center Lease

REPORTS

Police/Fire/City Administrator/Economic Development Coordinator/Urban Renewal District

CONSENT AGENDA

1. Call to Order/Roll Call
2. Approval of Bills and Payroll
3. Treasurer's Report
4. Approval of September 15, 2015 Council Meeting Minutes, September 22, 2015 and September 28, 2015 Special Council Meeting Minutes
5. Approve Correction to the August 21, 2015 Council Meeting Minutes (attachment)

OLD BUSINESS

NEW BUSINESS

6. City – Approve Parade Permit for Homecoming and Extend the Curfew for the Homecoming Dance (attachment)
7. City – Discuss Visitor Center Lease with the Chamber of Commerce (attachment)

8. City – Authorize Mayor to Sign Audit Engagement Letter with Anderson Bros. CPA's for Fiscal Year 2015 Audit (attachment)
9. City – Discuss Cafeteria Plan Options (attachment)
10. Fire – Approve Probationary Status for Matt Solt on the Fire Department
11. Water/Sewer – Adopt Final Cost of Service and Rate Study for the City of Bonners Ferry (attachment)
12. Electric – Authorize Payment to Knight Construction for the Moyie Substation Project (attachment)
13. City – Declare Surplus Property (attachment)

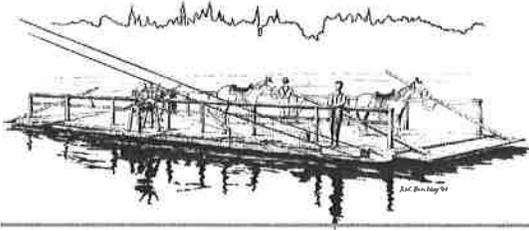
EXECUTIVE SESSION PURSUANT TO IDAHO CODE 74-206, SUBSECTION 1

- (a) Consider hiring a public officer, employee, staff member or individual agent.
- (b) 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.
- (c) Conduct deliberations concerning labor negotiations or to acquire an interest in real property which is not owned by a public agency.
- (d) Consider records that are exempt from disclosure as provided in chapter 1, title 74, Idaho Code.
- (e) Consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations.
- (f) Communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated.
- (i) Engage in communications with a representative of the public agency's risk manager or insurance provider to discuss the adjustment of a pending claim or prevention of a claim imminently likely to be filed.

ADJOURNMENT

NEXT MEETING DATE

INFORMATION



CITY OF BONNERS FERRY

7232 Main Street
P.O. Box 149
Bonners Ferry, Idaho 83805
Phone: 208-267-3105 Fax: 208-267-4375

Memo

To: Mayor and City Council
From: Kris Larson, Clerk/Treasurer
Date: 10/2/2015
Re: Minutes of August 21, 2015 Special Council Meeting

Please find enclosed an excerpt from the August 21, 2015 special council meeting minutes where we were discussing the Highway 95 project with ITD. I sent the minutes to Ben Ward at ITD and he suggested the attached correction.

Please approve the correction to the August 21, 2015 special council meeting minutes.

If you have any questions please call me at 267-0351.

Thanks,

Kris

to anticipate. Dan said the railroad is experiencing problems from the Tamarack project drainage.

Paul Anthony spoke of the utilities and asked council to bury all utilities in the swale that ITD is building on the highway project. This would beautify the town and it would attract tourists. He spoke of different beautification projects that could be done in Bonners Ferry. Paul said when people come to Bonners Ferry from the south it looks very utilitarian. He thinks this is an opportunity to make the town more beautiful by burying utilities. He said it will have economic effects on our town. We want people to stop and spend money. Mayor Anderson spoke of the pictures that New Mobility West showed us when they came to town. Paul said the utility poles are miserable looking.

Mike Klaus said it is expensive to bury primary wire and said a project estimate of \$400,000 came in at \$800,000 for a project the City just bid out. He said it would be millions of dollars to bury the wire. David Sims said Frontier phone lines are what runs along the highways and Bonners Ferry's electric lines cross the highway. Ben said if utilities are in our right of way and must be moved then the utility company has to pay for it, but if we ask them to bury the utilities for aesthetic reasons, the utility company will generally only agree if ITD or someone else has to pay for it. Paul said there has to be a way to make this happen and this is the chance to do it. He said it is an economic opportunity. Mike Klaus said we are all on the same sheet. He said there is a pot of money and asked what ITD can do to advocate for us to use some of this additional money. Ben Ward did not know the answer. He spoke to someone who recently purchased the Cable Company and he wanted to bury fiber. Ben said if one goes then it will be easier for others to go. Adam Arthur said two Frontier poles were hit this year alone causing damage to their transmission. Terry said buried utilities are the preferred method. John O'Connor asked if buried utilities can be a safety issue. Terry spoke of the location of buried utilities. Dan said poles in a clear zone are an issue.

Connie asked if they will leave Denver Street open. Ben said they will.

Ken Blockhan spoke of leaving Denver Street open as a driveway rather than an approach. He said instead of a right of way there would be a utility access. The right of way is 60 feet on Denver Street and Mike Klaus said we need the distance for the water and sewer lines. Mayor Anderson said Les Schwab is going to build a new building on the opposite side of the highway. Ben said the new construction Jay Wages will be doing is south of Denver. He will hold off on the approaches until the highway project is complete. Dan said Jay and the bank are talking about a joint approach for that area. Dan said there are so many right hand turns that this increases rear-end collisions.

The meeting adjourned at 3:41 p.m.

David K. Anderson, Mayor

Attest:

RECEIVED

SEP 30 2015

City of Bonners Ferry
Parade Permit Request

CITY OF BONNERS FERRY

3:28 PM

Applicant: Bonnors Ferry High School
(Organization)

Are you a non-profit: no If yes, non-profit # not applicable

Do you have insurance for this event: yes Policy: 2PGD04024070115

Address: 6485 Tamarack Ln, Bonners Ferry, ID 83805

Purpose: For Homecoming

Parade Date: 10/9/15 Time: Roll call 11:00 line up 11:30

Describe parade route & include sketch: Parade will begin at fairgrounds go down Bonner Street turn right at main street across Kootenai street towards Arizona street then turn right and then walk back to fairgrounds
* No throwing candy or items from other vehicles (must be handed out)

* No sirens during parade

* No-debris left on street. If animals are to be in the parade there must be someone designated to follow and clean up after them.

Special conditions: N/A

I request approval for the above parade, and agree to the terms and conditions. I am an authorized representative of the group making application.

Signature: [Signature] Title: Promapel Phone: 208-827-1801

Date of request: 9-30-15 (minimum of 30 days advanced notice required.)

Approved: Chief of Police: [Signature] Date: 10-1-15

Mayor: _____ Date: _____

Fees Paid:

Special Event Fee \$35.00 Waived _____ Paid _____ Date: _____

Cleanup Fee \$100.00 Waived _____ Paid _____ Date: _____

CERTIFICATE OF INSURANCE

Issue Date: Wednesday, September 30, 2015 12:36:08

Agent for Public Entity:

Darrell Kerby
 Pace-Kerby and Co Inc
 Box 809
 Bonners Ferry ID 83805-

This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not affirmatively or negatively amend, extend or alter the coverage afforded by the policy below. This certificate of insurance does not constitute a contract between the issuing insurer, agent and the certificate holder.

Insuring Pool Participant:

Boundary County School District 101
 7188 Oak Street
 Bonners Ferry ID 83805-

PROGRAM AFFORDING COVERAGE:

Idaho Counties Risk Management Program, Underwriters

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated, notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies. Limits shown may have been reduced by paid claims.

Section Number	Type of Insurance -Coverage Form	Policy Number	Effective Date	Expiration Date	Property Deductible (except flood/quake):	Limits
		2PED04024070115	9/30/2015	09/30/2016	\$500	
V	PROPERTY INSURANCE	1. Buildings, Structures and Property 2. Automobile/Mobile Equipment Physical Damage 3. Operational Disruption Expense 4. Valuable Papers and Records			Amount Reported in Schedule of Values and with limits, conditions and exclusions	
					For Claims Brought Pursuant to Title ,Ch.9, Idaho Code	For All Other Covered Liability Claims
VI	COMPREHENSIVE GENERAL LIABILITY	1. General Liability	Each Occurrence	\$500,000	\$2,000,000	
		2. Law Enforcement Liability	Each Occurrence	\$500,000	\$2,000,000	
		3. Sexual Molestation (CLAIMS MADE)	Each Claim	\$500,000	\$2,000,000	
VII	AUTOMOBILE LIABILITY	1. Automobile Liability	Each Accident	\$500,000	\$3,000,000	
		2. Automobile Medical Payments	Each Person	\$5,000	\$5,000	
			Each Accident	\$100,000	\$100,000	
		3. Uninsured/Underinsured Motorist	Each Person	\$100,000	\$100,000	
			Each Accident	\$300,000	\$300,000	
VIII	ERRORS AND OMISSIONS -CLAIMS MADE	1. Errors/Omissions Liability	Each Claim	\$500,000	\$2,000,000	
		2. Employee Benefit Liability	Each Claim	\$500,000	\$2,000,000	
		3. Employment Practices Liability	Each Claim	\$500,000	\$2,000,000	
IX	CRIME INSURANCE (INCLUDES PUBLIC OFFICIALS SURETY-IN-LIEU)	1. Employee Dishonesty	Each Occurrence		\$500,000	
		2. Loss Inside Premises				
		3. Loss Outside Premises				
X	BOILER AND MACHINERY	1. Damaged Property	Each Occurrence			Varies Per Item
		2. Expediting Expenses	Each Occurrence			\$2,500,000
		3. Business Income and Extra Expense	Each Occurrence			\$1,000,000
		4. Spoilage Damage	Each Occurrence			\$1,000,000
		5. Service Interruption	Each Occurrence			\$2,500,000
		6. Newly Acquired Premises	Each Occurrence			\$5,000,000
		7. Ordinance or Law	Each Occurrence			\$5,000,000
		8. Errors and Omissions	Each Occurrence			\$10,000,000
			General Aggregate			\$100,000,000

Description of Operations/Locations/Vehicles/Restrictions/Special Items:

High School Homecoming Parade through downtown streets, October 9, 2015, 12:00 Noon

Evidence of Insurance

Certificate Holder:
 City of Bonners Ferry

Cancellation
 Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions.

PO Box 149
 Bonners Ferry ID 83805

Authorized Representative *Shery Harmon* ICRMP 15/16

ARIZONA STREET

KOOTENAI STREET

MAIN STREET

FIRST STREET

BONNER STREET

TO FAIRGROUNDS →

GEORGIA
MAE
PLAZA



HOLD HARMLESS AGREEMENT, WAIVER, AND RELEASE

*** INITIAL EACH PARAGRAPH, SIGN AND RETURN THIS DOCUMENT WITH YOUR APPLICATION***

*** PLEASE RETAIN A COPY FOR YOUR RECORDS ***

ACTIVITY: Homecoming Parade

Loj In consideration for being permitted by the **City of Bonners Ferry, Idaho** to participate in the above activity, I hereby waive, release, and discharge any and all claims for damages for personal injury, death, or property damage which I may have or which may hereafter accrue as a result of my participation in said activity. This release is intended to discharge and indemnify, in advance, the **City of Bonners Ferry, Idaho** (its officers, employees, and agents) from and against any and all liability arising out of or connected in any way with my participation in said activity, even though that liability may arise out of negligence or carelessness on the part of the **City of Bonners Ferry, Idaho** (its officers, employees or agents).

Loj I further agree that this hold harmless agreement further binds any corporation, person and/or entity which I may own, represent or be an agent for, throughout the activity, to include preparation and conclusion activities. It is my express intent that this Acknowledgement of Risk and Waiver of Liability shall serve as a release, discharge and assumption of risk for my heirs, estate, executor, administrator, assignees and all members of my family

Loj I understand that the above activity may be of a hazardous nature and/or include physical and/or strenuous exercise or activity, that serious accidents occasionally occur during the above activity; and that participants in the above activity occasionally sustain mortal or personal injuries and/or property damages as a consequence thereof. Knowing the risks involved, nevertheless, I have voluntarily applied to participate in said activity, and I hereby agree to assume any and all risks of injury or death and to release, indemnify and hold harmless the **City of Bonners Ferry, Idaho** (its officers, employees, and agents) who through negligence, carelessness, or any other act or omission might otherwise be liable to me. I further understand and agree that this waiver, release, and assumption of risks is to be binding on my heirs and assigns.

Loj I further agree to indemnify and to hold the **City of Bonners Ferry, Idaho** (its officers, employees and agents) free and harmless from any loss, liability, damage, cost, or expense which they may incur as a result of any injury and/or property damage that I may sustain while participating in said activity.

Loj I HAVE CAREFULLY READ THIS HOLD HARMLESS AGREEMENT, WAIVER, AND RELEASE AND FULLY UNDERSTAND ITS CONTENTS. I AM AWARE THAT THIS IS A RELEASE OF LIABILITY AND A CONTRACT BETWEEN THE **CITY OF BONNERS FERRY, IDAHO**, AND MYSELF AND I SIGN IT OF MY OWN FREE WILL. (Each participant / vendor must personally sign).

SIGNATURE: Tim Gering DATE: 9/30/15

PRINT NAME: Tim Gering ADDRESS: 6485 Tamarack lane BF.

TELEPHONE # 208-827-1801

CERTIFICATE OF INSURANCE

Issue Date: Wednesday, September 30, 2015 12:36:08

Agent for Public Entity:

Darrell Kerby
 Pace-Kerby and Co Inc
 Box 809
 Bonners Ferry ID 83805-

This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not affirmatively or negatively amend, extend or alter the coverage afforded by the policy below. This certificate of insurance does not constitute a contract between the issuing insurer, agent and the certificate holder.

Insuring Pool Participant:

Boundary County School District 101
 7188 Oak Street
 Bonners Ferry ID 83805-

PROGRAM AFFORDING COVERAGE:

Idaho Counties Risk Management Program, Underwriters

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated, notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies. Limits shown may have been reduced by paid claims.

Section Number	Type of Insurance -Coverage Form	Policy Number	Effective Date	Expiration Date	Property Deductible (except flood/quake):	Limits
		2PED04024070115	9/30/2015	09/30/2016	\$500	
V	PROPERTY INSURANCE	1. Buildings, Structures and Property 2. Automobile/Mobile Equipment Physical Damage 3. Operational Disruption Expense 4. Valuable Papers and Records			Amount Reported in Schedule of Values and with limits, conditions and exclusions	
					For Claims Brought Pursuant to Title ,Ch.9, Idaho Code	For All Other Covered Liability Claims
VI	COMPREHENSIVE GENERAL LIABILITY	1. General Liability	Each Occurrence	\$500,000	\$2,000,000	
		2. Law Enforcement Liability	Each Occurrence	\$500,000	\$2,000,000	
		3. Sexual Molestation (CLAIMS MADE)	Each Claim	\$500,000	\$2,000,000	
VII	AUTOMOBILE LIABILITY	1. Automobile Liability	Each Accident	\$500,000	\$3,000,000	
			Each Person	\$5,000	\$5,000	
		2. Automobile Medical Payments	Each Accident	\$100,000	\$100,000	
			Each Person	\$100,000	\$100,000	
		3. Uninsured/Underinsured Motorist	Each Accident	\$300,000	\$300,000	
VIII	ERRORS AND OMISSIONS -CLAIMS MADE	1. Errors/Omissions Liability	Each Claim	\$500,000	\$2,000,000	
		2. Employee Benefit Liability	Each Claim	\$500,000	\$2,000,000	
		3. Employment Practices Liability	Each Claim	\$500,000	\$2,000,000	
IX	CRIME INSURANCE (INCLUDES PUBLIC OFFICIALS' SURETY-IN-LIEU)	1. Employee Dishonesty	Each Occurrence		\$500,000	
		2. Loss Inside Premises				
		3. Loss Outside Premises				
X	BOILER AND MACHINERY	1.Damaged Property	Each Occurrence			Varies Per Item
		2. Expediting Expenses	Each Occurrence			\$2,500,000
		3. Buisness Income and Extra Expense	Each Occurrence			\$1,000,000
		4. Spoilage Damage	Each Occurrence			\$1,000,000
		5. Service Interruption	Each Occurrence			\$2,500,000
		6. Newly Acquired Premises	Each Occurrence			\$5,000,000
		7. Ordinance or Law	Each Occurrence			\$5,000,000
		8. Errors and Omissions	Each Occurrence			\$10,000,000
			General Aggregate			\$100,000,000

Description of Operations/Locations/Vehicles/Restrictions/Special Items:

High School Homecoming Parade through downtown streets,October 9, 2015, 12:00 Noon

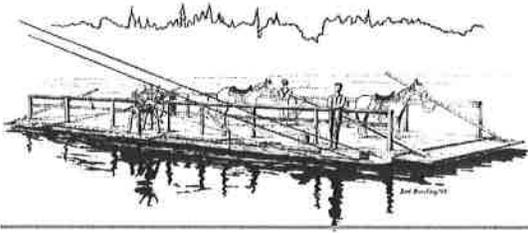
Evidence of Insurance

Certificate Holder:
 City of Bonners Ferry

PO Box 149
 Bonners Ferry ID 83805

Cancellation
 Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions.

Authorized Representative *Shery Harmon* ICRMP 15/16



CITY OF BONNERS FERRY

7232 Main Street
P.O. Box 149
Bonners Ferry, Idaho 83805
Phone: 208-267-3105 Fax: 208-267-4375

Memo

To: Mayor and City Council
From: Kris Larson, Clerk/Treasurer
Date: 10/2/2015
Re: Visitor Center Lease

Please find enclosed excerpts from council meeting minutes regarding the Chamber of Commerce and the visitor center. Also enclosed is the visitor center lease with the Chamber.

We have not received payment from the Chamber since January, 2015.

If you have any questions please call me at 267-0351.

Thanks,

Kris

Mayor Anderson called the regularly scheduled council meeting of July 2, 2013 to order at 7:00 p.m. Present for the meeting were Mayor Anderson, Council President Mike Klaus, Council Members Rick Alonzo, Connie Wells, and Tom Mayo, Clerk Kris Larson, City Administrator Stephen Boorman, Assistant City Administrator Andrakay Pluid, Police Chief Steve Benkula, and Fire Chief Pat Warkentin. Also present were Patty Branson, Wendy Hawks, Sharlene Delaney, Adam Arthur, Jessica Tingley, Marcia Cossette, Doug Ladely, Sr., Ruth Sutton, Dale Simpson, Jerry Higgs, Barbara Hansen, Dave Gray, Tremain Albright, and Laura Roady.

Tremain Albright spoke to council regarding the minutes not being on the website since February 26, 2013. He liked the procedures adopted for city concerns. He wants a set of ordinances written up for the Chief of Police to take care of nuisance type matters in the city. He gave the example of the landlord owned properties that pose threats or problems that need to be taken care of.

Patty Branson spoke to Council regarding the Chamber of Commerce rent for the visitor center. She said the Chamber is working on getting more members and looking at their dues but would like to have a reduction in the rent at the visitor center. They are thinking \$150 per month rather than the \$300 per month they are paying. She said they assist Collette Allen with volunteers at the visitor center. Patty would like a flyer to go in the utility bills for recruitment of volunteers. They are trying to keep the visitor center going. They have their meetings at different restaurants to support the businesses. Connie asked when the rental was started. Stephen Boorman said the old visitor center had a board that was the same as the Chamber of Commerce and when the new visitor center was built, the bottom portion of the building was to replace the old visitor center. Wendy Hawks said the Chamber started using the visitor center when Mike Sloan was here and when the old building was taken down it became the city. Mike Klaus asked if the Chamber makes the volunteers happen. He questioned why, if the Chamber is not involved they would pay rent.

Police Chief Benkula said the police department and Andrakay Pluid are working on procedures for the nuisance properties and they are not being overlooked. There have been 200 calls for service resulting in 43 reports including ten driving without privileges, four incorrigibles, two mental holds, one intimidating a witness, five possession of controlled substance, four DUIs, and one child enticement. Officers are trying to get the ICRMP training done also.

Fire Chief Pat Warkentin said there were eight calls in June. Some were EMS assists, one structure fire that involved juvenile suspects, a natural gas odor call, a few smoke investigations, and overflow of a propane tank today. The fire department is also working on the ICRMP testing.

Stephen Boorman said the Corps of Engineers came for the biannual levy inspection and there will be some work to be done that was identified. There has been some sloughing near the old mill site that will be addressed after the water goes down. The Tribe's river restoration project will be just upstream from the city limits this year. We are required to do conservation as part of the Bonneville Power Administration (BPA) contract and we had obligated \$72,000 for the last two years. We have spent about \$69,000 on conservation so far this period. He said there is a conservation program for windows for city customers with electric heat and old windows through BPA that pays \$6.00 per square foot for window replacement. Stephen is applying for a grant through Avista for a heater for the swimming pool. The air conditioner quit at city hall last

night and the problem is in the controller portion of the heat pump. The golf clubhouse air conditioner was replaced and should be done today.

Connie Wells moved to add the work change directive for the Highway 95 South Waterline Project. Tom Mayo seconded the motion. The motion passed – Mike Klaus “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Connie Wells moved to approve the consent agenda. Tom Mayo seconded the motion. The motion passed – Mike Klaus “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”. The consent agenda contained the following: roll call; approval of accounts payable and payroll; approval of June 4, 2013, June 10, 2013, June 18, 2013, and June 26, 2013 council meeting minutes.

Mike Klaus asked what the method was for getting the minutes on the website. Kris Larson told council that we have a new person doing the website and we will make sure we get the instructions on how to add those to the website and get that done.

Rick Alonzo asked about the cost of operating the visitor center. The cost is approximately \$20,000 per year that is paid out of the general fund. The group discussed the rent from the Chamber of Commerce for the visitor center. Mayor Anderson thinks the Chamber is a positive part of our community and wants to work with them in reducing the rent. Mike Klaus does not think there is a burden on the facility. Rick Alonzo moved to accept the proposal of the Chamber for \$150 per month rent for the visitor center. Patty said the reason came before the city with this amount is that they felt it paid their expenses at the visitor center. Tom Mayo seconded the motion. Tom said he is having a problem with the connection between the visitor center and the Chamber of Commerce. He thinks we have a beautiful place at the visitor center but it is not open enough. Sharlene Delaney said they are short on volunteers. It takes four people per day to staff it. She said the visitor center is not open on Sundays because no one wants to work on Sundays and Saturdays are also difficult. Tom thinks some of the brochures should be outside. Wendy Hawks said 10,000 visitors have stopped at the visitor center in a previous year. She said volunteers have to be 12 years old and must be with an adult. Also the volunteers are scheduled so two will be working at a time. Patty said there is a grey area regarding the visitor center as she is the chairperson and questioned whether or not she is in charge of the volunteers. Collette Allen has a big hand in operating the visitor center but she is not a Chamber member. Patty said Dave Sims also helps out. The motion passed – Mike Klaus “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Wendy Hawks, Patty Branson, Sharlene Delaney, and Barbara Hansen left the meeting.

Rick Alonzo moved to approve the beverage license transfer for Pizza Factory pending receipt of the State license. Mike Klaus seconded the motion. The motion passed – Mike Klaus “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Mike Klaus moved to approve the parade permit for the 4th of July parade. Connie Wells seconded the motion and it passed, all in favor.

Connie Wells moved to approve the fireworks permit for the 4th of July. Tom Mayo seconded the motion and it passed, all in favor.

Mayor Anderson said we have a parking ordinance that has a two hour limit but he understands that we cannot enforce this. Andrakay said she cannot find an ordinance with a two hour limit. She said parking is prohibited where there are signs that prohibit parking. David said John Youngwirth said our parking limitation signs are not MUTCD. Stephen said we had business owners that parked in front of their businesses and we were trying to limit this. He said our decorative signs don't meet MUTCD standards. Rick had someone ask him why we don't have parking meters. Ron Smith does not know how this will be monitored. Rick explained that employees from one business park in front of other businesses and this is a common complaint. Jerry Higgs commented that there are issues between Mugsy's and the Library. Stephen said that is a private parking area. He said we need more parking downtown.

Mayor Anderson said he and David Sims have met with the Chamber of Commerce and they will probably want to pull out of the visitor center completely. He said they want to put their money into events and they don't need the center for office space. Colet Allen was organizing the volunteers for the visitor center. David Sims said the city got a grant from Idaho Transportation Department (ITD). He said the city was obligated to have the visitor center manned and operated under the agreement with the State. Mike Sloan was working to get the Chamber up and running and he operated the volunteer management. Colet was a go between with the Chamber and the volunteers. Salinda Holdeman, a longtime volunteer at the visitor center, is frustrated as she does not know who to contact to help her with staffing needs. Ron asked if the City needs to have an employee at the visitor center. David said we need to have volunteers for several days per week for a few hours per day. Mayor Anderson said he is unsure of the requirements of the agreement with ITD. David said it is for operation and staffing. David said there is a question of whether the EDC Board would want the EDC to be involved. Mayor Anderson said it is a viable, important part of our community when looking at the numbers of people that go through the facility each day. David thinks it is important to get some outdoor literature racks for visitors when the center is closed. Stephen said part of the history is that the City tried to sell advertising there and that was an attempt to help fund expenses of the center. David said the Chamber used to charge Chamber dues and then an additional amount for operation of the visitor center. Stephen said the old visitor center had a board that operated the center. David said Margaret Mouat and Don Vickaryous worked hard to keep the old visitor center running.

Stephen spoke regarding the electrical usage chart in the packet. He said the electric load is increasing. The mill's load has gone up four percent between 2013 and 2014 and this is a good sign.

The meeting adjourned at 8:11 p.m.

David K. Anderson, Mayor

Attest:

Kris Larson, City Clerk

FORM 115

SPACE RENTAL AGREEMENT

AGREEMENT made between THE CITY OF BONNERS FERRY (Governmental Entity), a political subdivision of the state of Idaho, herein "ENTITY" and BONNERS FERRY TOURIST AND VISITOR INFORMATION CENTER INC., herein "USER",

THE PARTIES AGREE AS FOLLOWS:

1. USE OF PREMISES: ENTITY hereby rents to USER the use of Approximately 500 square feet of the Bonners Ferry International Gateway Visitors Center, commencing on 1 January 2010 and continuing until terminated as agree.

2. USER agrees to pay ENTITY rent for said premises payable upon execution of this Agreement.

A fixed fee of \$300 per month.

3. PURPOSE: USER agrees to use the above Premises solely for the purpose of the Chamber community promotion and for no other purpose.

4. USE AND SECURITY: USER acknowledges that this premise is designed for the public. During this agreement it will provide the following security for the premises and the public:

Ensure that the structure is locked when not manned and notify law enforcement and/or City personnel when suspicious activities are observed.

5. HOUSEKEEPING: USER agrees to keep the Premises clean and attractive at all times and return it to ENTITY in a good and clean condition. USER agrees not to alter the Premises or attach anything to the premises without first obtaining written approval of ENTITY. ENTITY shall be responsible for the normal cleaning of the facilities.

6. Vendors: The USER will be solely responsible for the scheduling and conduct of all employees and volunteers.

7. Utilities: The ENTITY will provide for the Electric, Sewer, Water, Gas, Garbage, internet access, and structure maintenance. The Phone, Fax, and Computer requirements will be the sole responsibility of the USER.

8. ~~INSURANCE: USER agrees to obtain and keep in force during its acts under this Agreement a comprehensive general liability insurance policy in the minimum amount of \$1,000,000.00, which shall name and protect USER, all USER'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 USER's acts. USER 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.~~

9. INDEMNIFICATION: USER 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 USER, USER's agents, employees, or representatives under this Agreement.

10. USE: USER agrees not to store, generate, use or bring upon the property hazardous waste as defined by applicable laws or otherwise use the property in a manner that will increase ENTITY's insurance rates for the property.

11. TERMINATION: This Agreement may be terminated immediately by ENTITY for breach of this Agreement by USER and either party may terminate this Agreement by 30 days written notice of termination to the other party.

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

13. 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.

14. COMPLIANCE WITH LAWS: USER agrees to comply with all federal, state, city, and local laws, rules and regulations.

DATED this 17 day of Dec, 2010.

ENTITY:

USER:

CITY OF BONNERS FERRY

BONNERS FERRY TOURIST AND VISITOR INFORMATION CENTER INC.

By: Dave Anderson

By: Michael Hoar

Dave Anderson, Mayor

ATTEST:

WITNESS:

Kris Larson

Kris Larson

Kris Larson, Clerk

Form and content approved by _____ as attorney for the City of Bonners Ferry.

Anderson

BROS. CPA's, P.A.

1810 E Schneidmiller Ave. Ste. 310
Post Falls, Idaho 83854
208-777-1099 (phone) 208-773-5108 (fax)

AUDIT ENGAGEMENT LETTER

September 21, 2015

City of Bonners Ferry
Honorable Mayor and City Council
PO Box 149
Bonners Ferry, ID 83805

Dear Honorable Mayor and City Council

We are pleased to confirm our understanding of the services we are to provide City of Bonners Ferry for the year ended September 30, 2015. We will audit the financial statements of governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Bonners Ferry as of and for the year ended September 30, 2015. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement City of Bonners Ferry's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to City of Bonners Ferry's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual – General Fund
3. Schedule of City's Share of Net Pension Liability and City's Contributions

We have also been engaged to report on supplementary information other than RSI that accompanies City of Bonner Ferry's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

1. Nonmajor Proprietary Funds – Combining Statement of Net Position.
2. Nonmajor Proprietary Funds – Combining Statement of Revenues, Expenses and Changes in Net Position
3. Nonmajor Proprietary Funds – Combining Statement of Cash Flows.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the City of Bonners Ferry and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the City of Bonners Ferry is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures - Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of City of Bonners Ferry's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of the City of Bonners Ferry in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards*, and such services will not be conducted in accordance with *Government Auditing Standards*.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to City of Bonners Ferry; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for these engagements is the property of Anderson Bros. CPA's, P.A. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to Federal or State officials or their designees, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audits, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Anderson Bros. CPA's, P.A. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for these engagements will be retained for a minimum of five years after the report release dates or for any additional period requested by Federal or State officials. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately January 25, 2016 and to issue our reports no later than March 31, 2016. Toni Hackwith is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fees for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$14,150. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audits. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Our 2014 peer review report accompanies this letter.

We appreciate the opportunity to be of service to City of Bonners Ferry and believe this letter accurately summarizes the significant terms of our engagements. If you have any questions, please let us know. If you agree with the terms of our engagements as described in this letter, please sign on the lines indicated and return it to us in the envelope provided.

Sincerely



Anderson Bros. CPA's, P.A.

RESPONSE:

This letter correctly sets forth the understanding of City of Bonners Ferry:

Management Signature: _____

Title: _____

Date: _____

Governance Signature: _____

Title: _____

Date: _____

Deaton & Company, Chartered

Certified Public Accountants

215 North 9th, Suite A

Pocatello, ID 83201-5278

(208) 232-5825

Members of the Idaho Society of Certified Public Accountants
Members of the American Institute of Certified Public Accountants



System Review Report

To the Owners of Anderson Brothers, CPA's, P.A...
and the Peer Review Committee of the Idaho Society of Certified Public Accountants.

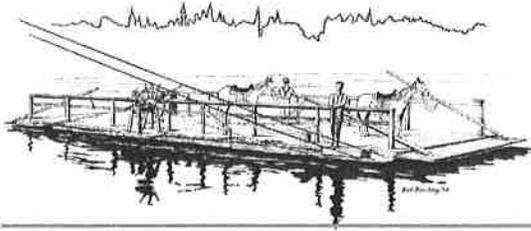
We have reviewed the system of quality control for the accounting and auditing practice of Anderson Brothers, CPA's, P.A. (the firm) in effect for the year ended February 28, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Anderson Brothers, CPA's, P.A. in effect for the year ended February 28, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Anderson Brothers, CPA's, P.A. has received a peer review rating of *pass*.

A handwritten signature in cursive script that reads "Deaton & Company".

Pocatello, Idaho
July 1, 2014



CITY OF BONNERS FERRY

7232 Main Street
P.O. Box 149
Bonners Ferry, Idaho 83805
Phone: 208-267-3105 Fax: 208-267-4375

Memo

To: Mayor and City Council
From: Kris Larson, Clerk/Treasurer
Date: 10/2/2015
Re: Cafeteria Plan Options

The City of Bonners Ferry has a Cafeteria Plan for employees that is administered by Magnuson, McHugh and Company. Employees that choose to participate in the Cafeteria Plan pledge an estimated amount that they think they will spend on medical, optical, or dental expenses each year up to \$2,550. This is tax exempt so it is a savings for both the employee and the City. The Plan year is November 1 through October 31.

The pledged amount is divided by 24 pay periods, deducted from the employee's payroll, and deposited in the Cafeteria Plan account. Employees are issued a debit card or they can request reimbursement for their medical expenses directly from Magnuson, McHugh.

Under the current rules that the City has adopted, the employee is granted a 2.5 month grace period to incur expenses and use any unexpended funds in their account after the October 31 plan year ends. If all the pledged funding is not used at the end of the grace period, the employee loses those funds.

There is another option that the City can adopt allowing an employee to carry over up to \$500 at the plan year end to be used in the ensuing plan year. This may encourage more employees to use the Cafeteria Plan because the risk of loss would be less for them.

We need to let Magnuson, McHugh and Company know which option we want so they can send us the renewal forms and get our plan amended.

If you have any questions please call me at 267-0351.

Thanks,

Kris

April, 2014

This document provides discussion items pertaining to the carryover option for your consideration.

Unfortunately, some of the issues listed below need additional guidance from the IRS prior to making an informed decision. The issues listed below may or may not specifically apply to the County's Plan as it exists today but were included to allow the HR department additional information for making ongoing decisions.

Carryovers and the Use-or-Lose Rule

IRS guidance issued in October 2013 allows health FSAs to offer carryovers of unused balances of up to \$500 remaining at the end of a plan year, to be used for qualified medical expenses incurred in subsequent plan years. Offering health FSA carryovers is optional and is an alternative to offering a health FSA grace Period. Health FSAs allowing carryovers from a plan year cannot also have a grace period with respect to that year.

Can We Offer Carryovers Under Our DCAP? No. By its terms, the carryover guidance applies only to health FSAs.

Plan Amendment (and Employee Communications). Employers with grace periods must proceed more cautiously when deciding whether to offer carryovers, due to the potential issues associated with eliminating a health FSA grace period. Among other things, the plan would have to be amended to eliminate the grace period before the end of the plan year to which the grace period relates.

Can a Health FSA Set a Limit on Carryovers Lower Than \$500? Yes. While we think that most health FSAs that add carryovers will allow the maximum permissible carryover amount of \$500, plans can also set lower carryover amounts.

How Health FSA Carryovers Work—General Operating Rules

According to the guidance, the amount that an employee can carry over is based on the health FSA amount remaining from a plan year at the end of the run-out period for that plan year (i.e., after all expenses for that plan year have been reimbursed). At that time, unused health FSA amounts from the plan year in excess of \$500 are forfeited, and the remaining amounts can be used to reimburse eligible expenses incurred during the new plan year. The guidance explains that reimbursed claims under a health FSA that permits carryovers cannot exceed the sum of the following:

- The \$2,500 (indexed) salary reduction limit; plus
- Any carryover (up to \$500).

The guidance further provides that unused carryovers remaining at termination of employment are forfeited unless the employee elects COBRA under the health FSA.

However, a literal application of this provision would appear to be in conflict with current Section 125 law, as amounts unused when employment terminates should continue to be available for expenses incurred before the termination date.

Moreover, a COBRA election continues group health plan coverage into the future but is not necessary to preserve coverage that was in effect before the qualifying event. It would also appear problematic to read



Changes to “Use-or-lose” Rule for Health Flexible Spending Accounts (FSAs)

Provided by Helbling Benefits Consulting

Quick Facts

- On Oct. 31, 2013, the IRS released Notice 2013-71, relaxing the use-or-lose rule for health FSAs.
- The relaxed rule allows participants to carry over up to \$500 in unused funds into the next year.
- A plan adopting the carryover option may not also have a grace period.
- The Notice also clarifies a transition rule under the pay or play rules.

Under the relaxed rule, an employer will now, at its option, be able to allow participants to carry over up to \$500 in unused health FSA funds into the next year.

Under Internal Code (Code) section 125, a health flexible spending account (FSA) is an employer-sponsored account that employees can use to pay for or reimburse their qualifying medical expenses on a tax-free basis, up to the amount contributed for the plan year. Health FSAs are subject to a “use-or-lose” rule stating that any unused funds at the end of the plan year (plus any applicable grace period) will be forfeited.

On Oct. 31, 2013, the Internal Revenue Service (IRS) released Notice 2013-71 (Notice), which relaxes the “use-or-lose” rule for health FSAs. Under the relaxed rule, employers will now be able to allow participants to carry over up to \$500 in unused funds into the next year. This modification applies only if the plan does not also incorporate the grace period rule.

The Notice also clarifies the scope of a transition rule under the employer mandate “pay or play” provision for health plan coverage elected under a cafeteria plan.

Background on Health FSA Rules

The “use-or-lose” rule generally prohibits any contribution or benefit under a health FSA from being used in a later plan year or period of coverage. Employees are required to use

their health FSA funds by the end of the plan year (or grace period) or the funds would be lost. The IRS allows employers to offer an extended deadline, or grace period, of two and a half months after the end of a plan year to use remaining health FSA funds.

In addition, the health care reform law imposes a \$2,500 limit on salary reduction contributions to a health FSA offered under a cafeteria plan. This limit is expected to be indexed for cost-of-living adjustments for later years.

Reasons for the New Rule

Although the \$2,500 limit does not address the “use-or-lose” rule, the IRS stated in a previous notice that it reduces the potential for using health FSAs to defer compensation and limits the extent to which salary reduction amounts may accumulate over time.

The IRS had requested comments in that notice on whether the “use-or-lose” rule should be modified in light of the \$2,500 limit for health FSA contributions. Numerous comments were submitted in response to this request and the overwhelming majority favored modification of the “use-or-lose” rule.

The IRS decided to change the "use-or-lose" rule for a number of reasons, including:

- Difficulty for employees in predicting their future needs for medical expenditures;
- Minimizing unnecessary spending at the end of a year or grace period;
- The possibility that lower-paid and moderately paid employees are reluctant to participate in an FSA because of the risk of losing salary reduction contributions; and
- The opportunity to ease and potentially simplify the administration of health FSAs.

Overview of the Modified "Use-or-lose" Rule

Under the modified rule, an employer, at its option, is permitted to amend its section 125 cafeteria plan document to allow up to \$500 of unused funds remaining at the end of a plan year in a health FSA to be paid or reimbursed to plan participants for qualified medical expenses incurred during the following plan year. The plan may specify a lower amount as the permissible maximum (and has the option of not permitting any carryover at all). As noted above, this modification applies only if the plan does not also incorporate the grace period rule.

The carryover of up to \$500 may be used to pay or reimburse medical expenses under the health FSA incurred during the entire plan year to which it is carried over. For this purpose, the amount remaining unused as of the end of the plan year is the amount unused after medical expenses have been reimbursed at the end of the plan's run-out period for the plan year.

If an employer amends its plan to adopt a carryover, the same carryover limit must apply to all plan participants. A cafeteria plan is not permitted to allow unused amounts relating to a health FSA to be cashed out or converted to any other taxable or nontaxable benefit.

Carryover Amount

With respect to a participant, the amount that may be carried over to the following plan year is equal to the lesser of:

- Any unused amounts from the immediately preceding plan year; or
- \$500 (or a lower amount specified in the plan).

Any unused amount in excess of \$500 (or a lower amount specified in the plan) remaining at the end of the run-out period for the plan year will be forfeited. Any unused amount remaining in an employee's health FSA as of termination of employment will also be forfeited (unless the employee elects COBRA coverage with respect to the health FSA).

Effect on the \$2,500 Limit and Grace Period

This new carryover *does not* affect the \$2,500 limit on salary reduction contributions. This means the plan may permit the individual to elect up to \$2,500 in salary reductions in addition to the \$500 that may be carried over.

According to the IRS, this carryover option provides an alternative to the current grace period rule and administrative relief similar to that rule. A plan adopting this carryover provision may not also provide a grace period with respect to health FSAs. Also, for any plan year, the plan may not:

- Allow an individual to reduce his or her salary for qualified health FSA benefits more than the indexed \$2,500 salary reduction limit; or
- Reimburse claims incurred during the plan year that exceed the \$2,500 salary reduction limit (and any non-elective employer flex credits) plus the carryover amount of up to \$500.



The Uniform Coverage Rule

The uniform coverage rule, which requires that the maximum amount of reimbursement from the health FSA be available for claims incurred at all times during the period of coverage, continues to apply for plans adopting the \$500 carryover.

Administration

For ease of administration, a cafeteria plan is permitted to treat reimbursements of all claims for expenses that are incurred in the current plan year as reimbursed first from unused amounts for the current plan year and, only after exhausting these current plan year amounts, as then reimbursed from unused carryover amounts from the preceding plan year.

Any carryover amounts that are used to reimburse a current year expense:

- Reduce amounts available to pay prior plan year expenses during the run-out period;
- Must be counted against the permitted carryover of up to \$500; and
- Cannot exceed the permitted carryover.

The Notice also includes examples of how the carryover operates.

Written Cafeteria Plan Amendment Required
To implement the new \$500 carryover option, a cafeteria plan offering a health FSA must be amended to include the carryover provision.

The amendment must be adopted on or before the last day of the plan year from which amounts may be carried over, and may be effective retroactively to the first day of that plan year, provided that:

- The cafeteria plan operates in accordance with the rules in the Notice and informs participants of the carryover provision; and
- A plan may be amended to adopt the carryover provision for a plan year that

begins in 2013 at any time on or before the last day of the plan year beginning in 2014.

If a plan has provided for a grace period and is being amended to add a carryover provision, the plan must also be amended to eliminate the grace period provision by no later than the end of the plan year from which amounts may be carried over. The ability to eliminate a grace period provision previously adopted for the plan year in which the amendment is adopted may be subject to non-Code legal constraints.

Other Issues in the Notice

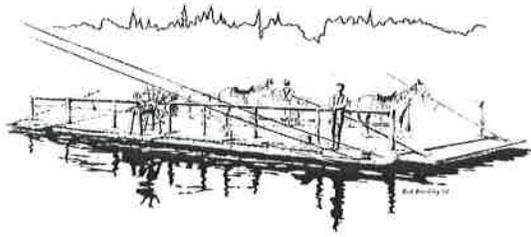
The Notice also clarifies the scope of a transition rule under the employer mandate "pay or play" provision for health plan coverage elected under a section 125 cafeteria plan. Under the transition rule, an applicable large employer may choose to amend its cafeteria plan to permit certain changes in salary reduction elections.

Although the transition rule refers specifically to applicable large employer members, the Notice clarifies that relief is available to an employer with a cafeteria plan with a non-calendar plan year beginning in 2013, whether or not the employer is an applicable large employer or applicable large employer member. The Notice also states that any cafeteria plan amendment adopted under this transition rule may be more restrictive than the amendments described in the rule, but may not be less restrictive.

More Information

Please contact Helbling Benefits Consulting for more information on health FSAs or the cafeteria plan transition relief.





MEMO

CITY OF BONNERS FERRY
CITY ENGINEER/ADMIN

Date: September 6, 2015
To: City Council
From: Mike Klaus, City Engineer/Admin
Subject: Knight Construction - Pay Application

Knight construction submitted their 3rd invoice for the Moyie Substation Project. I recommend payment of \$345,637.32, based on the work completed to date. The project is approximately 83% complete.

Thank you,

Mike

OK TO PAY *MAR*

Knight Construction & Supply, Inc.

INVOICE

28308 N. Cedar Rd.
 Deer Park, Wa. 99006 509-276-2229
 EI# 91-0882900 Fax: 276-6055

SOLD TO:
 CITY OF BONNERS FERRY
 7232 Main St.
 Box 149
 Bonners Ferry, ID 83805

INVOICE NUMBER 9059
 INVOICE DATE 9/30/2015
 OUR ORDER NUMBER 35010
 YOUR ORDER NUMBER M-2
 TERMS PER CONTRACT
 SALES REP
 SHIPPED VIA
 FOB

SHIPPED TO:
 MOYIE SUBSTATION
 MOYIE SPRINGS, BOUNDARY COUNTY, ID

DESCRIPTION	PERCENT	CONTRACT	EARNED	TOTAL
	COMPLETE		THIS PERIOD	EARNED
CONTRACT NO: M-2 MOYIE SUBSTATION IMPROVEMENTS PAY ESTIMATE NO. 3				
10 Mobilization & Demobilization	60.0000%	37,890.00	0.00	22,734.00
20 Demolition	100.00000%	24,788.00	0.00	24,788.00
30 Excavation, Concrete, Oil/Water Separator	100.0000%	127,253.00	0.00	127,253.00
40 Trenching, Ground Grid, Underground Conduit	95.0000%	100,285.00	0.00	95,270.75
50 Fencing Install	100.0000%	18,842.00	0.00	18,842.00
60A US Electric Mobe/Demo	100.0000%	29,234.00	0.00	29,234.00
60B Electrical Equipment Procurement	95.0000%	213,636.00	202,954.20	202,954.20
60C Electrical Equipment Installation	40.0000%	114,689.00	45,875.60	45,875.60
70 Steel Erection and Lighting Poles	95.0000%	108,500.00	90,055.00	103,075.00
80 Commissioning & Demobe (US Electric)	0.0000%	29,234.00	0.00	0.00
CO1 Fence Change and HiPot Testing	28.9593%	3,719.00	1,077.00	1,077.00
TOTALS		808,070.00	339,961.80	671,103.55
LESS AMOUNT PREVIOUSLY BILLED			0.00	331,141.75
SUBTOTAL				339,961.80
Bid Item C TAX		See Sheet Attached		5,675.52
TOTAL				345,637.32

Questions concerning this invoice?
 Call: 509-276-2229

MAKE CHECKS PAYABLE TO:
 Knight Construction & Supply, Inc.

**PAY THIS
 AMOUNT**

	\$66.08	\$3.97	Job Materials	Badger Building
	\$98.42	\$5.91	Job Tools	Napa
\$223,385.64	\$6,953.02	\$417.19	Totals	

\$13,403.14

\$417.18 Tax Total to Contract

\$13,820.32 8/25/15 to

Tax Due to
Idaho Tax
Commission
work 8/25/15
to 9/30/15

Total tax due to contract through 9-30-15
Credit for incorrect tax on invoice 1
Tax amount due

\$15,780.26
-\$10,104.74
\$5,675.52



Cost No Tax Paid	Cost Tax Paid at Source		Item Description	Vendor
	Price	Tax		
\$380.43			Drain Line and Couplings	Ferguson
\$396.97			Concrete Job Materials	Macon
\$44.75			Concrete Trowel	Macon
\$162.40			Tie Wire and Stakes	Macon
\$828.58			Sonotube	Macon
\$242.15			Sonotube	Macon
	\$994.00	\$59.64	Concrete	BF Redi Mix
	\$994.00	\$59.64	Concrete	BF Redi Mix
	\$1,121.25	\$67.28	Concrete	BF Redi Mix
\$175.80			Marker Stakes	Gemplers
\$1,800.25			Aluminum Angle	CDA Metals
	\$832.49	\$49.95	Hilti Adhesive	Hilti
	\$222.19	\$13.33	Hydrotite	White Cap
\$358.19			Hydrotite and Sealant	White Cap
\$335.46			Form Materials	Stock Bldg Supply
\$1,225.00			Rebar	Western Rebar
\$11,881.00			Oil Water Separator	Wilbert Precast
	\$157.08	\$9.42	Spears	HD Fowler
	\$555.50	\$33.33	Culvert and Coupling	KG&T Septic
\$1,001.00			PVC Pipe and Supplies	HD Fowler
\$4,833.40			Cable Trench	Trenwa, Inc
	\$3,474.00	\$208.44	Wooden Poles	McFarland Cascade
	\$223.37	\$13.40	Supplies	Pro X Home
	\$299.28	\$17.96	Supplies	Badger
	\$127.18	\$7.63	Supplies	Napa
\$23,665.38	\$9,000.34	\$540.02	Totals	

\$1,419.92

\$540.02 Tax Total to Contract

\$1,959.94 Thru 8/25/

Tax Due to
Idaho Tax
Commission
work thru
8/25/15

Cost No Tax Paid	Cost Tax Paid at Source		Item Description	Vendor
	Price	Tax		
\$175,685.07			US Electric Materials	Assorted
\$45,266.00			Steel Fabrications	NW steel fab
\$2,130.00			Grating and parts	NW steel fab
	\$1,065.00	\$63.90	Concrete	BF Redi Mix
	\$994.00	\$59.64	Concrete	BF Redi Mix
	\$1,134.00	\$68.04	Sand and gravel	BF Redi Mix
	\$3,520.00	\$211.20	Gravel	BF Redi Mix
\$304.57			Aluminum Flat	CDA Metals
	\$75.52	\$4.53	Job Materials	Pro X Home

Knight Construction & Supply, Inc.

28308 N. Cedar Rd.
Deer Park, Wa. 99006
EI# 91-0882900

509-276-2229
Fax: 276-6055

INVOICE

SOLD TO:
CITY OF BONNERS FERRY
7232 Main St.
Box 149
Bonners Ferry, ID 83805

INVOICE NUMBER 9038
INVOICE DATE 8/25/15
OUR ORDER NUMBER 35010
YOUR ORDER NUMBER M-2
TERMS PER CONTRACT
SALES REP
SHIPPED VIA
FOB

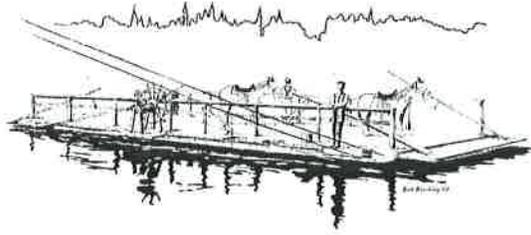
SHIPPED TO:
MOYIE SUBSTATION
MOYIE SPRINGS, BOUNDARY COUNTY, ID

		PERCENT		EARNED	TOTAL
	DESCRIPTION	COMPLETE	CONTRACT	THIS PERIOD	EARNED
	CONTRACT NO: M-2 MOYIE SUBSTATION IMPROVEMENTS PAY ESTIMATE NO. 2				
10	Mobilization & Demobilization	60.0000%	37,890.00	0.00	22,734.00
20	Demolition	100.0000%	24,788.00	0.00	24,788.00
30	Excavation, Concrete, Oil/Water Separator	100.0000%	127,253.00	44,538.55	127,253.00
40	Trenching, Ground Grid, Underground Conduit	95.0000%	100,285.00	90,256.50	95,270.75
50	Fencing Install	100.0000%	18,842.00	18,842.00	18,842.00
60A	US Electric Mobe/Demo	100.0000%	29,234.00	0.00	29,234.00
60B	Electrical Equipment Procurement	0.0000%	213,636.00	0.00	0.00
60C	Electrical Equipment Installation	0.0000%	114,689.00	0.00	0.00
70	Steel Erection and Lighting Poles	12.0000%	108,500.00	9,092.30	13,020.00
80	Commissioning & Demobe (US Electric)	0.0000%	29,234.00	0.00	0.00
	TOTALS		804,351.00	162,729.35	331,141.75
	LESS AMOUNT PREVIOUSLY BILLED			0.00	168,412.40
			SUBTOTAL		162,729.35
			SALES TAX	6.00%	9,763.76
			TOTAL		172,493.11

Questions concerning this invoice?
Call: 509-276-2229

MAKE CHECKS PAYABLE TO:
Knight Construction & Supply, Inc.

**PAY THIS
AMOUNT**



MEMO

CITY OF BONNERS FERRY
CITY ENGINEER/ADMIN

Date: September 28, 2015
To: City Council
From: Mike Klaus, City Engineer/Admin
Subject: Vehicle/Equipment Surplus List

Attached is the list of vehicles and equipment that staff would like to have declared surplus, so that the items can be legally auctioned or sold. Three of the items have been marked on the list that we may want to keep. However, it doesn't hurt to list them now as surplus, even if we keep them

Thank you,

Mike

EL 1990 GMC Suburban 4X4 STD Trans
130432 mi gas 1GKGV26K5LF522116

EL #5 2000 F450 bucket TRuck 4X4 AUTO
113828 mi Diesel 1FDXF47F3YEA02933

EL #49 CAT V50D Forklift LP
4775 hr. 5000lb

EL #1 1993 GMC 1500 4X4 STD TRANS
143263 mi gas 2GTEK19K7P1549123

EL 1991 Ford Super Duty 1Ton Dump 2WD STD Trans gas
28961 mi 2FDLF47G4MCA53302

Maint 1995 Chevy 2500 4X4 AUTO gas
98624 mi 1GCGK24K5RF293331 } LIKELY TO KEEP

ST #37 1987 Ford 9000 Dump TRuck STD TRANS Diesel
250494 mi CRACK Frame 1FDYU90W2GVA57163

Jacobsen mower 3 wheel Diesel
1935 hr

Reelmaster 5200D mower Diesel
03540-80328

Groundmaster 4550 mower Diesel } MAYBE KEEP
4674 hr. gear box 30450-210000117

ND 1989 International ^{Dump Truck} F-2574 STD Trans Diesel
203024 CRACK Frame 1H2PASR7KH636223

ND 1991 Dodge power Ram 350 4x4 gas AUTO
65423 mi 186KM3656MS273749
MASSIVE LIKELY TO KEEP

PD 2006 Ford crown victoria AUTO GAS
Wrecked 2FAHP71W86X121045

Admin LADDER

Admin CANON Copier

Admin Hp EOPH PRINTER