

Mayor Anderson called the regularly scheduled council meeting of September 2, 2014 to order at 7:00 p.m. Present for the meeting were Mayor Anderson, Council President Rick Alonzo, Council Members Ron Smith, Connie Wells, and Tom Mayo, Clerk Kris Larson, City Administrator Stephen Boorman, City Attorney Andrakay Pluid, Police Chief Robert Boone, Fire Chief Pat Warkentin, and Economic Development Coordinator David Sims. Also present were Matt Philbrook, Brion Poston, Loretta Hunsaker, Jerry Higgs, Doug Ladely, Sr., Dale Simpson, Ruth Sutton, Adam Arthur, Jessica Tingley, Bob Spalding, Bob Graham, Jim Marx, Tony Rohrwasser, and Marcia Cossette.

Mayor Anderson opened the fiscal year 2015 budget hearing. There being no comment the Mayor adjourned the hearing at 7:02 p.m.

Ruth Sutton said she questioned rates inside and outside the city when it came up at the August 12, 2014 COSA meeting. She said this discussion came up during the annexation process and her attorney said it is illegal to charge people outside the city limits more because it breaks the agreement with North Water and South Hill Water and Sewer. She advised the City to look into this.

Bob Graham asked the Mayor and Council to stop increasing water rates. He said when North Water turned everything over to the city their customers were paying \$12 per month for water and \$7 per month for sewer. The overage charge was the same as what the people in the city were paying. He said his utility bill is \$231 this month and the major portion is water. He said North Water was receiving 14,000 cubic feet per month for their \$12. Now the base rate pays for much less than this and the overage charge is very high. He said many of the residents are not watering their lawns due to the high cost of water. He is appealing to council to look into why the rates are so high. He thinks the customers are paying through the nose. The bond may have gotten the city in trouble. He said the customers cut back on the overages and once the city folks were metered they cut back on water usage. He is not here to speak about the inside/outside water rates.

Jim Marx questioned the different rates of inside/outside customers. He said both the North and South Hill customers thought that rates would be the same for all as both the outlying systems were in place and paid for by the systems themselves. Jim said the higher the rates get less water is used, and more lawns turn brown. He asked that council consider this before they are done.

Loretta Hunsaker asked about the math on the EES handout on page three. Stephen clarified that the memo was written by him but the handout is from Gary Saleba of EES Consulting. Stephen said each class has a different dollar expense and revenue requirement. He said what is not shown is the revenue requirement for each class on the worksheet Loretta is questioning. Stephen said it is a process set out by American Water Works Association. She questioned what supports these figures. Loretta asked about the higher water principals that justify the inside/outside customer rates. She said she does not live any farther from the water treatment plant than Ron Smith or Connie Wells. Loretta also asked why EES is using Spokane water rates for a comparison. Loretta said she remembers Darrel Kerby and members of the council saying that all customers will be treated equally. She feels that if the Board goes back on the former Council's word that it is morally and ethically wrong.

Brion Poston said he is here to represent the Mirror Lake Golf Course and the Friends of the Mirror Lake Golf Course are looking to raise some funding for projects at the golf course. He said monuments made by North Idaho Granite Works are already funded. There is a \$50 per person entry fee for the golf

tournament and half of that is green fees. He is asking that the city donate their share, \$20 in green fees, back to the course for improvements to the course. He said the money will stay to be used on the course for projects such as tee markers. Brion asked council to consider this request. He said there are many folks working on this project trying to make it a success.

Jerry Higgs said he was at one of the meetings in the old junior high school cafeteria with the former council of Jim Burkholder, Leslie Falcon, Mick Mellett, Russ Docherty, and Mayor Kerby. He said when that meeting was held the public was given assurance that all interested parties being brought into the city system would be treated fairly. He thinks this council should not go back on the word of the former council.

Police Chief Robert Boone said during the last two week period officers have made 13 arrests, including three felony warrant arrests, one felony DUI arrest, one first offense DUI, and investigated one traffic collision. Last night there was an auto theft at Heavenly Auto and the GMC pickup was used in a vandalism at the high school. There is a subject that is being investigated and hopefully an arrest will be made. There have been four parking violation citations issued and 48 speeding tickets issued including 14 in a construction zone. There are nine officer candidates for the open position. There was funding from Homeland Security to provide the remaining view view body cameras needed by the Bonners Ferry Police Department.

Fire Chief Pat Warkentin showed a video of the truck accident near the Kootenai River Inn where the truck slid down the bypass and went over the bank at the Kootenai River Inn parking lot. Pat said that truck was loaded with styrofoam boxes and was quite light and maybe that contributed to the accident. His point is that there are seven to twelve hot ammonia nitrate trucks coming through town each day. If that had been one of those trucks or a gas tanker or a chlorine tanker we would have had quite a problem. He attended a meeting last week that addressed emergencies such as the truck accidents he spoke of earlier. Pat said we have no warning system in the valley or evacuation plan that he is aware of. He said if an accident such as the one with the truck at the Kootenai River Inn occurs with hazardous materials, people in town will not know. Some folks think the switch to let off the siren at City Hall should be at the Sheriff's Office. The concern is if the siren goes off that the Sheriff's Office will be flooded with calls and the phone lines will be tied up. He said we need an evacuation plan in our valley. Fire Station 1, Dispatch, and Boundary Volunteer Ambulance are in the wrong place since they are downtown. He said we need to pre-plan for emergencies. There have been seven or eight Bach and Crude incidents in the nation and we are seeing more trains come through town. With the increased frequency, there is more risk.

Pat said the fire department responded to vehicle crashes, assisted the coroner in removing a body from a residence, a gas odor investigation that was a false alarm, two smoke investigations that were false alarms, natural gas leak, and a tree fire in the power lines. Pat asked that council consider his request for an evacuation plan.

Bob Graham said Bonner County has signed up for a voluntary service that is being used for broadcasting to subscribers. He said we are not sure if the system would reach all the people in Boundary County. Ron Smith said he thought there was a system through the 911 system where an

automatic call would go out to those in the area affected. Bob said this has been looked into but is not in place. Tom Mayo asked about funding. Bob said it is not funded at this time.

Ron Smith asked about the moving of the emergency services and working with the Border Patrol to get an evacuation plan in place. He also said we need to work with other fire departments as well. Pat said he would not be opposed to it. He said his greatest concern is the valley floor and the number of people that would be affected. Bob Graham agrees with the fire chief said we need a viable system in place. Some years ago there was a sulfur dioxide train car that sprung a leak and caused a major problem in town. He said in most cases none of us have the authority to evacuate everyone. He said the biggest problem they ran into was what to do with dispatch and the jail inmates. Bob said there was a lady that passed away during the incident.

City Administrator Stephen Boorman gave his administrator report. He said many customers are difficult to contact due to them having cell phones rather than land lines and many people are reading news online rather than taking the paper. He said this causes some struggles when trying to make contact for outages or utility related needs. There was an outage last week due to Bonneville Power doing work on the Bonners Ferry Substation. They did not have the correct parts so this will happen again when they come back.

Stephen and the Mayor went up to the Northside water tank and said there will be short term repairs but the recommendation will be to replace the tank as soon as we can fund it. There were contractors that also looked at making repairs to the tank but could not come up with a cost effective method. Mayor Anderson said they crawled around the Northside tank and there was sun shining into it in numerous places. He said there were cracks in the walls where there is not support in them. The contractors were even concerned about getting on the roof to seal it up. He said there may be a short term solution in cutting off the cantilevering so we have a square face where the roof meets the wall and we can put up a barrier superior to the caging we previously installed. He said we are back to square one and he believes it to be a new tank rather than making an expensive fix to an old tank. Ron Smith asked about the projections provided to the City from Welch Comer and asked if they looked at it. Mayor Anderson said they looked at it but not so much through a contractor's eyes. He said we are trying to dig into it but it looks worse than expected. Ron Smith asked about the cost of a new tank. Stephen said it will be \$300,000 to \$500,000 estimated range depending on the size. Mayor Anderson said we should not under build the tank because whatever we build will last for 100 years and see additional growth on the Northside. He said the contractors don't see \$125,000 fixing the problem. He said the tank has seen its useful life. Stephen said we are only going so far if we replace the roof with a different roof structure it would cost \$150,000 on a tank that has a value of \$225,000. He estimates that a 300,000 gallon tank would be prudent. Mayor Anderson said the floor of the tank looked like there were pennies in the tank and it was a shotgun blast through the roof. Ron Smith is having a problem with the report of a repair at a cost of \$25,000 and now it being worse. Mayor Anderson said the cantilevering will be removed and there is a possibility that there are cracks in the tank where the vermin are getting in. Stephen said one of the surprises at the Northside Tank was that the inside tank walls are flat but the outside tank walls are not smooth. They look like the outside form used was the dirt so there is not a smooth surface to seal to. The contractors have looked at the tank. Mayor Anderson said this is a setback.

Stephen said the slide on Myrtle Creek will be reviewed by the Forest Service on September 17 at 8:00 a.m. the Forest Service. Stephen said at the water plant one of the key things we track is the turbidity level. During one of the previous storms the turbidity monitoring equipment was damaged and was replaced. The old one will be repaired and kept on hand for a spare.

Ron Smith asked how many applications have been received for the water/sewer superintendent position. Stephen said he thinks there has been about five and the posting closes on September 4th.

David Sims handed out information to Council regarding the Mobility West Grant and what their plans are for the Highway 95 South Hill review. He said if Council has suggestions to let him know.

Connie Wells moved to approve the consent agenda. Tom Mayo seconded the motion. The motion passed – Ron Smith “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 the Treasurer’s Report; approval of the August 12, 2014 special council meeting minutes and approval of the August 19, 2014 council meeting minutes.

The fiscal year 2015 budget was discussed. Rick Alonzo moved to suspend the rules to read the budget ordinance three times and read it once by title only. Connie Wells seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”. Andrakay read the budget ordinance by title only.

Tom Mayo moved to adopt Ordinance 542 – Fiscal Year 2015 Appropriation. Connie Wells seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”. Ordinance No. 542 reads as follows:

AN ORDINANCE ENTITLED THE ANNUAL APPROPRIATION ORDINANCE FOR THE FISCAL YEAR, BEGINNING OCTOBER 1, 2014, APPROPRIATING THE SUM OF \$14,805,351 TO DEFRAID THE EXPENSES AND LIABILITIES OF THE CITY OF BONNERS FERRY, FOR SAID FISCAL YEAR, AUTHORIZING A LEVY OF SUFFICIENT TAX UPON THE TAXABLE PROPERTY AND SPECIFYING THE OBJECTS AND PURPOSES FOR WHICH SUCH APPROPRIATIONS ARE MADE.

BE IT ORDAINED by the Mayor and City Council of the City of Bonners Ferry, Boundary County, Idaho

Section 1. That the sum of \$14,805,351 be and the same is hereby appropriated to defray the necessary expenses and liabilities of the City of Bonners Ferry, Boundary County, Idaho, for the fiscal year beginning October 1, 2014.

Section 2. That the objects and purposes for such appropriations are made as follows:

Proposed General Government Fund Expenditures

General Government	\$322,856
Police Department & Police Grants	508,663
Animal Control	8,100
Fire Department	189,137
Parks Department & Visitor Center	50,375
Swimming Pool	50,642
Golf Course	156,988
Street Department	489,638

South Hill Slough Grant	40,199	
D.A.R.E./School Resource Officer	61,568	
Economic Development Coordinator Grant	65,145	
Dike Maintenance	10,000	
Capital	35,000	
Inter-Department Contingency	<u>285,403</u>	
Total General Fund Expenditures		\$2,273,714
<u>Proposed Enterprise, Capital Project Fund, and LID Expenditures</u>		
Electric Fund	9,611,025	
Water Fund	1,334,300	
Sewer Fund	948,682	
Garbage Fund	146,980	
Capital Project Fund	484,000	
L.I.D. #2002-1	<u>6,650</u>	
Total Enterprise, Capital Project, and L.I.D. Expenditures		<u>12,531,637</u>
Total Expense Budget Fiscal Year 2015		<u>\$ 14,805,351</u>

Section 3. That the general levy of \$550,457 on all taxable property within the City of Bonners Ferry be levied in an amount allowed by law for general purposes for said City, for the fiscal year beginning October 1, 2014.

Section 4. All ordinances and parts of ordinances in conflict with this ordinance are hereby repealed.

Section 5. This ordinance shall take effect and be in full force on October 1, 2014, after its passage, approval and publication in the Bonners Ferry Herald, a newspaper of general circulation in the City of Bonners Ferry, and the official newspaper thereof.

PASSED under suspension of the rules upon which a roll call vote was taken and duly enacted an ordinance of the City of Bonners Ferry at a convened meeting of the Bonners Ferry City Council held on September 2, 2014.

APPROVED by the Mayor the 2nd day of September, 2014.

/s/ David K. Anderson, Mayor

Attest: /s/ Kris Larson, City Clerk

The green fees for the Friends of Mirror Lake Golf Course tournament were discussed. Mayor Anderson said all participants of the tournament pay the entry fee of \$50. The Friends of Mirror Lake Golf Course will provide things for the golf course that the city may not be able to. He said Ralph is willing to forgo his part of the fees. Mayor Anderson wants the city to hold the funds. Tom asked how much of the \$50 will go into the fund if we forgo the green fees. Ron Smith asked what the forgoing of the green fees would do to the budget. The estimated green fee revenue is \$90,000 per year and with the tournament we will probably lose up to \$150 that day from the public. Mayor Anderson said we are assured the money will be coming back to the city. Ron Smith moved to waive the green fees for the

Friends of Mirror Lake Golf Course. Tom Mayo seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

David Sims spoke to council regarding the Gem Grant application for the Library Fab Lab project. The Library’s plan is to continue with the Fab Lab even though the bond levy issue failed. He said the Gem Grant application is for \$35,000 or approximately a third of the project cost. Connie Wells moved to authorize the City to apply for the Gem Grant for the Library Fab Lab and authorize the Mayor to sign the Resolution and application. Tom Mayo seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”. (Clerk’s note: This was Resolution 2014-09-01).

Stephen said Tony Rohrwasser from South Boundary Fire District has applied for a grant to do a countywide radio system for fire. He said there are a number of repeaters that talk to each other so the truck mounted or portable radio knows which repeater is the best one to talk to. Tony had spoken to the city some time ago about mounting the equipment on the city radio tower and we have determined that it will not interfere with what we have there now. There is a proposed lease agreement between City of Bonners Ferry and South Boundary Fire District for use of a building to house the equipment. A temporary building will be put there until we can get the building constructed. Stephen said we want a building that is big enough for growth. Tom asked what the holdup was on the building. Stephen said the City has not approved the expenditure yet. Tony said the cost to move and reinstall the equipment after a building is built is about \$5,000. He said we deal with the towers at Fall Creek, Dawson Ridge, Copper Creek, and the City Yard. He said the cost of moving the equipment would have to be budgeted. Tony said the actual date scheduled for completion of the project is September 9, 2014. He said we need to get the funding from FEMA before the deadline of September 9. Tony gave copies to council of prefabricated buildings that are available. Ron Smith asked Stephen if this would be cheaper. Stephen said he wants to have Mike Klaus look at the cost of what it would take to build a building. The city would build the building and we would own the building. Stephen said there have been questions about other emergency services attaching to our towers and using our building. Ron Smith asked about the deadline of September 9. Tony said the funding must be withdrawn by September 9. He said the grant match has been paid. He said Boundary County is the largest user but many emergency services will be using the building. Tony said there are four grant agencies involved. Ron Smith is nervous about the September 9 deadline. Stephen said if council wants us to build a building we will do it in the most cost effective manner that we can. Connie asked where the funding will come from to build the building. Pat Warkentin said Tony has put a lot of time into this grant to help with communications in our county as there are many holes in it. Additional towers have been added throughout the county to help take care of dead spots in our community. Pat said if one piece of equipment goes down there are other pieces that pick this up so we don’t have communication problems. He said the match is \$20,000 to be spread between six fire departments and EMS.

Tony said the simulcast system is different than the one in Bonner County. There is redundancy built into it and the main base will be at Fall Creek that will speak to Dawson Ridge. Different repeaters will be used as needed in the system. Fire and EMS will be on this system. Hall Mountain is using Copper Creek. Tony said the system has been built so two more frequencies can join in. He said now it is strictly for emergency services. Connie again asked where the funding is coming from to build the building. Stephen is not sure if it will be general fund or a split at the city. Pat said call volume was

looked at one time to see what the split would be to fund the equipment. Connie is still worried about the \$15,000 to build the building. Pat thinks the fire department will provide the match but since the city will have the say as to what goes into the building, there may be other funding sources. Stephen asked what the split was between the other departments. Tony said the Ambulance was \$10,000, South Boundary was \$2,000, and Moyie was about \$300. Ron said the lease is committing the city to construct a building and asked about funding the building. Stephen said we knew that was a question that needed to be answered but Andrakay put the lease together with what we gave her. Tony said the other option is to pull off the Black Mountain tower. Stephen said we need to have Mike Klaus look at a site built building to compare the costs. Pat said when we started the conversation of dividing the match between entities, we decided if city property is being used then it should be a city building and we are building for future use or add ons. Connie said the lease amount is for \$1 so we are not making any money on it. Mayor Anderson asked if the other four locations have buildings. Tony said they do but Copper Creek is a small building but only the ambulance uses it. Black Mountain is used by the translator and Dawson is used by the Border Patrol but much equipment is being taken out of the Dawson building. The Fall Creek building is about ten feet from the fire station. Copper Creek is run off solar and generator backup so there are no ongoing costs for this but \$7,000 grant money was used for the Copper Creek site. Mayor Anderson asked if there is any grant money to help out with the building. Tony said there is not as the person working up the system is doing everything at cost. Narrow banding has created problems and the system has been worked on for over three years. Mayor Anderson asked if the lease must be signed in order for the grant money to be received. Tony said the equipment can be put up at Black Mountain but the ideal placement is at the city tower. Pat said there are problems within the city. The fire channel is used primarily for command functions and he speaks to the dispatcher on the fire channel and then uses the city channel. Pat said we can function. Tony said the ambulance is what will suffer. Tony said there is a van that can be used temporarily. Connie said the problem is that if we put the equipment in a van and then move it there will be a cost of \$5,000 for moving the equipment. The group discussed the costs to the city. Stephen said if we can build the building at a slower time of year and use in-house labor the cost lessens. Ron is concerned about committing to build the building in the lease. Tony said we have to have a permanent option by September 9. Stephen clarified if there is a temporary structure by September 9 then we don't have an issue with the building time frame. Tony agreed. Pat said the city tower gives better communications within the city. He said the portion of the city for the match was going to be \$2,500 and that would not be a problem but there was thinking of the city building the building and owning it. He said there are a lot of options but we don't have much time. Tony said if there is power run to a van then the grant requirements are met. Mayor Anderson said he wants to see the city tower used and if we pass the agreement then we can work out the details on the building. Ron Smith moved to authorize the Mayor to sign the communications lease with South Boundary Fire. Rick Alonzo seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

The Department of Environmental Quality (DEQ) wastewater planning grant agreement and acknowledgement form were discussed. Stephen said when we started the grant process with DEQ there was an environmental review that would have to be done if we financed with DEQ. Since the City is not ready for financing DEQ has sent an amendment reducing the amount of the grant by \$10,250 that would have paid for the environmental review. The acknowledgement form is letting DEQ know that we are not intending to request a loan at this time. Rick Alonzo moved to authorize the Mayor to sign

the wastewater planning grant amendment and acknowledgement form. Ron Smith seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Connie Wells moved to authorize the Mayor to sign the audit engagement letter with Anderson Brothers for fiscal year 2014. Tom Mayo seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

The terrorism insurance rejection coverage paperwork was discussed. The cost of having the additional terrorism coverage is \$33,074. Rick Alonzo moved to authorize the Mayor to sign the terrorism insurance rejection coverage paperwork. Ron Smith seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Pat Warkentin spoke regarding adding Eric Wasecha as a volunteer for the fire department. He has been volunteering in Sandpoint and lives in Bonners Ferry. Eric served in the Navy and was on an aircraft carrier with Police Officer Winters. Rick Alonzo moved to approve Eric Wasecha as a volunteer for the fire department. Ron Smith seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

David Sims said the EDC has to apply for funding with the Department of Commerce every three years. The original grant was for the period July, 2013 to June, 2014 and then each year there is an extension allowed by the State if all is in good order until time to file for the grant again. The amount of the grant is \$35,000. Ron Smith moved to allow the Mayor to sign the EDC Grant paperwork. Connie Wells seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

Stephen spoke about the Owners Dam Safety Program. He said the organization chart and flow chart need a change. Tom Mayo moved to approve the Owners Dam Safety Program and authorize the Mayor to sign the paperwork. Connie Wells seconded the motion. The motion passed. Ron Smith “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

The hydro retaining wall work issue was tabled.

Connie Wells moved to approve the purchase of a new door for city hall. Tom Mayo seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

The cash reserve policy for the city was discussed. Connie thinks the figures seem high but if the chart was used on the proposed reserves and that is what they come out to then that is what they should be. Rick said knowing there is no penalty if we don't meet the reserve figures then that is helpful. The cost of service study had the target numbers being discussed tonight. Ron Smith clarified that these figures are being used in the rate studies and that we will be raising rates to meet them. Rick said we don't have to meet the target and there is no penalty. Connie Wells moved to adopt the cash reserve policy. Tom Mayo seconded the motion. Ron clarified that this will not lock us into anything as far as rates. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Connie Wells “yes”, Tom Mayo “yes”.

The group discussed the items needed for the cost of service study. Ron Smith said he would like to make a decision on classes first. He said he lives in an area that was not in the city limits but now is in the city. He has a problem with there being more than one class. He understands that people agreed to the higher rate for outside city limit customers when they signed up for their electric service but people outside city limits were not informed that this may be done for water and sewer. Rick agreed due to the fact that it is tough to say that someone living outside the city limits 50 feet pays the same as the people being farther outside. He likes the point Loretta brought up regarding the distance from the treatment plant to her house is the same distance as those residents in the Marx Addition. He realizes there is more expense serving those outside city limits but he has heard some of the discussions that were had during the consolidation process that all people would be treated the same. He realizes that this council is not bound by decisions of previous councils but thinks it is ethical and some of those decisions should be honored. He said it might not be the best revenue interest of the city but we are all eating out of the same pie and we should make this as fair as possible. Connie said when the city took over North and South Water they said there would be equitable rates but if it costs more to deliver water and furnish services to customers outside the city limits then she questioned why the city customers should be footing the bill for those customers outside city limits. Tom said we paid \$35,000 for the cost of service study and it says it costs more to serve the outside city customers and logic dictates that if we don't equalize the classes then the overall rate will have to go up more. Connie said the differential in rates is not a huge amount but it needs to be done and it is a small amount. Ron Smith moved to not create an additional class of customer for outside the city limits. (Clerk's note: This was for water and sewer services). Rick Alonzo seconded the motion. The motion passed - Ron Smith "yes", Rick Alonzo "yes", Connie Wells "no", Tom Mayo "no". Mayor Anderson said the COSA shows a slight difference in rates for inside and outside customers as the outside customers are relatively close. He said the biggest difference is that the city residents are responsible for the bond and not the people outside the city limits. He is not bound by prior city council decisions and said times change. Mayor Anderson said the regulatory world has changed water 100 percent and water costs are going up constantly. He said there is a national movement now that wants the Forest Service to charge anyone that receives water coming off their drainage. He said certifications for water are costing more and being made more difficult to obtain and the regulatory agencies are costing more and more. He said previously the city did not charge the water districts enough and the City has subsidized those two areas forever. Mayor Anderson said the bulk of our outside water customers are close so the cost differential is not much. He voted in favor of the motion not to have an inside and outside city limit class. Rick questioned if someone wanted to put in a subdivision in the future if council can readdress the issue. Stephen said that is a complicated answer and there are many variables that would go into that. He said part of it is the defined service area. He also said capitalization fees will be adjusted in the COSA and will probably go up. He said if the subdivision were in our service area then we would probably need to serve it. If the city had to put in pumping to serve a property then that could change the equation. Mayor Anderson said new customers on our water system sign an agreement to annexation if they are outside city limits.

The question of sewer capital improvements needs to be determined. Stephen said there needs to be a risk factor assigned to this subject. Mayor Anderson thinks we should have a special meeting to discuss this or a workshop before a regular council meeting. Stephen asked if the city wanted to pay higher base rates and lower usage charges for example.

Loretta said the city received a good chunk of change when we took over the South Hill Water and Sewer system. Connie said for years the South Hill operated at a loss and the district wanted the city to take them over due to regulations. She further stated that the Districts could not have stayed in business due to those regulations.

Ruth Sutton wanted to know if the city is not bound by previous councils if they are bound by what was on the ballot. Mayor Anderson said if there is a legal agreement that we are bound but not by promises. Ruth wanted to know if the decision made tonight was permanent or if it will come up again next year. Mayor Anderson said nothing is permanent and a new administration may want to raise your rates through the roof. Ruth read a portion of wording from a ballot. Connie agreed. Mayor Anderson said this is not germane to the current argument and he has a sewer system in disarray and he needs to come up with a solution for fixing it.

Council will meet at 6:00 p.m. in two weeks.

Jerry Higgs told the Mayor to contact the surplus property for a possible building to be used for the communications equipment. He said they are nice and would facilitate what we need. Jerry said there are no residential phone listings in the new phone books. He suggested that we discuss this with Frontier.

The meeting adjourned at 9:17 p.m.

David K. Anderson, Mayor

Attest:

Kris Larson, City Clerk