

Mayor David Sims called the regularly scheduled council meeting of December 20, 2016 to order at 6:12 p.m. Present for the meeting were Mayor Sims, Council President Rick Alonzo, Council Members Ron Smith and Adam Arthur, Clerk Kris Larson, City Administrator Mike Klaus, Planner Lisa Ailport, and City Attorney Andrakay Pluid. Councilwoman Connie Wells was gone on personal business. Also present were Robert and Linda Case, Randy and Clare Marley, Steve and Deanna Galbraith, Owen Plato, Rita Pensmith, Michael Listman, Jerry Higgs, Dave Gray, and Dennis Weed.

The first order of business was a hearing for a petition to vacate a platted alleyway, #VC02-16 Case Vacation. Mayor Sims gave an overview of the hearing procedures. Mayor Sims informed the group that he visited the site on two different occasions before the vacation request came in. Clare Marley from Ruen-Yeager gave the applicant's presentation. She said the original plat of Bonners Ferry was a table top plat and was done in 1890 when Bonners Ferry was part of Kootenai County. The petitioner's own property on both sides of the alleyway. The platted alleyway is in a steep rocky location and has not been developed in 126 years. The vacation of the alleyway would put the property back on the tax rolls. Currently, the petitioners have developed a portion of the alleyway as a parking lot and a patio. JRS Surveying confirmed that the power pole is in the right of way but not the platted alleyway. Idaho Code 50-311 gives the City power to vacate any alleyway when it is determined to be "expedient for the public good" to do so.

Ron Smith asked if the petitioner's property surrounds the alleyway. Clare explained the alleyway is not usable as it is too rocky and steep. Mayor Sims said people could travel north on Arapaho Alley.

City Planner Lisa Ailport gave the staff report. She showed an aerial slide of the property and the alleyway that is being considered for vacation. Property owners within 300 feet have been notified of the hearing, and the hearing was published twice in the newspaper of record. If the vacation of the alleyway is approved there will be approximately 1600 square feet that would go back on the tax rolls and this equates to approximately \$1,000 in taxable value. The Traffic Safety Committee found that the alleyway did not serve the interest of the public currently or in the future and made a motion to recommend approval to City Council.

Mayor Sims asked about Idaho Code 50-311. He said the same Code is used to take property as it is to vacate, referring to the public good. He questioned if this vacation is in the public good and said public good is not defined. Mayor Sims said just because the alley has not been developed does not mean it will not be in the future. Mayor Sims asked about where the power pole sits and how the City would access it. Mike said the power pole would be difficult to access as it sits today unless a boom truck was used from the prescriptive road below. The alleyway would need to be developed or constructed in order to access the pole. The power pole is located on the south side of North River Drive. Mayor Sims said the idea of joining the parcels into one parcel can be undone in the future. Rick Alonzo said no one has used this platted alleyway for 126 years, and other than the taxes he does not see what the advantages are of vacating the alleyway. He asked what the applicant would gain by vacating the alleyway. Clare Marley said

the vacation allows the joining of the two pieces of property. The Case's would like to keep the parking area they currently maintain.

Steve and Deanna Galbraith wanted to speak in opposition. Deanna Galbraith spoke regarding the power pole at the southern end of Arapaho Alley. She said they are doing some development and want to move the power pole. She said the pole is important as to the location because they will want to move the pole and would not get permission from the Case's. Deanna said the Traffic Safety Committee did not have the full information. She said the survey was paid for by the Galbraith's. Galbraith's plan to build three or more rental homes on the property, and the power is important to them. Deanna said the Case's did not move to vacate the alley until the Galbraith's decided to develop their property. She said the Case's are interested in keeping the development stopped. Deanna said the rocks have been put there by the Case's. She said Case's are using the survey stakes, and they are trying to keep Galbraith's from using the power right of way. Ron Smith asked if Galbraith's wanted to have power if Case's could stop it. Mike said he was not sure. Lisa said easements would be needed. Steve Galbraith said the south end of Arapaho Alley is too steep but the south end is a platted city street and if they develop that area it would be the best place for the utilities. The phone lines have to be put down the alleyway. He said there are trees planted in the alleyway. Ron Smith clarified that Galbraith's want right of way down the alleyway and they cannot get it if Case's own the property. Steve said the power pole is three or four feet on the Galbraith's property but there is an old power pole to the north of the alley. This would be the area where the power lines and phone lines would need to be developed. He said there would be access to the power poles if there was not cement and trees planted in the way. He said the reason the access is blocked off is due to the encroachments that have been developed. Ron inquired if the City has control over encroachments to our lines. Steve Galbraith read from City Code regarding excavations and penalties. Lisa clarified that this is a hearing for alleyway vacation not easements.

Rebuttal by the applicant was held. Clare Marley said a survey is a survey and it was done for Linda Case regardless of who paid for it. She said JRS Surveying thinks the power pole is in the public right of way of North River Drive, not in the alleyway. Cases are willing to accept the franchise rights of utilities for the City and bind the two parcels with the alleyway into one parcel as conditions of approval. As for the branches being in the power lines you can see that there are not branches in the line. Clare said the pole already is an access issue as stated by City Staff. Linda Case said they built their home 15 years ago and built the road. Before the home was there the City had to access the property by climbing the rocky slopes but now they can access it. She said the Cases put in the ornamental fence, and at that time her brother and she were good friends, but her brother told her not to worry about the location of the patio as it was in an area where the City would not use the property so it did not matter.

Adam Arthur asked about the City plans for locating poles. This is premature at this time. Mayor Sims said the alleyway does give the City the option. Mike said if only public right of way is used, the north end of the alleyway is inaccessible at this time. The pole is accessible from the parcel in question. Ron Smith asked if Case's could stop right of way for utilities. Andrakay said an easement would be needed if it crossed private property. Ron asked if this is

one of the conditions. Lisa said we have a condition that says any franchised rights to utilities would be maintained so those we don't know about or described anywhere would be maintained or would not go away if they are in the alleyway. Adam asked about development of an alleyway by a private party. Mike Klaus said we would have to develop an agreement to do that. Attorney Andrakay Pluid said it depends on what type of development we are talking about. If it is a road we would have to have an agreement. She said many times alleyways are platted for location of utilities so that is to be considered. Mayor Sims said it is not currently being utilized but it could be in the future. He asked what is the public good for vacating. Ron said the property would be on the tax rolls. Mayor said if the taxable value is \$1,000 then the taxes would be only about \$5.

Adam Arthur said he is inclined to keep it as it is if there is future development. Mayor Sims agreed as the Galbraith's are looking to develop. Rick said we may need to replace the power pole in the future and we would need the access. Ron said if someone wanted to put power through there it could be done by agreement. He said if the City wanted to put power through there they could take it back. Ron is on the other side of the issue. Rick would like more information about the access for power lines and what the city would give up by losing it and what we gain by retaining it. Mayor Sims said we could get more information as to the power lines and how we would get power to the Galbraith's if they develop the property. Lisa told council they do not have to make a decision this evening but asked for more specific information that is being requested. Adam is ready to make a motion to not vacate. He thinks there are too many questions unanswered. Adam proposed to postpone the decision. Lisa referred council to the draft findings on page five of the staff report. Ron asked about the Mayor and City Administrator looking at the property. Mayor Sims said the alignment of North River Drive was what was being looked at. Lisa said the application was not filed or known about at the time of the visit. Adam proposed postponing the decision until the first meeting in January, January 3, 2017, so findings can be developed. Lisa said the findings would be developed from the meeting. Rick Alonzo seconded the motion. The motion passed – Ron Smith “no”, Rick Alonzo “yes”, Adam Arthur “yes”. Mayor Sims said the deliberations on January 3rd will be based on testimony this evening. Lisa said no new information can be obtained after tonight.

The hearing concluded at 7:20 p.m. and a brief break was held. Linda and Robert Case, Clare and Randy Marley, Steve and Deanna Galbraith left the meeting.

Loretta Hunsaker, Nancy Maggi, Ruth Sutton, Jessica Tingley, Susan Kiebert, Fire Chief Pat Warkentin, City Mechanic Jimmy Dorhofer, Street Department Foreman Tim English, Barbara Botsch, Street Department Supervisor John Youngwirth, and Street Department Laborer Eddy Invernon joined the meeting. The meeting reconvened at 7:26p.m.

Susan Kiebert from LHTAC (Local Highway Technical Assistance Council) explained that LHTAC was formed by the Legislature so local entities are ensured to receive 40 percent of federal dollars that come to the State. She thinks Bonners Ferry is very special. Training and technical assistance is another benefit of LHTAC to local entities. For every dollar that is spent in training staff that \$6 to \$14 is saved on reconstruction. She gave a brief overview of training classes offered by LHTAC. Road Scholar Program is 80 hours of course work. Eddy Invernon

completed the Road Scholar Program. She gave Eddy a hat and engraved Leatherman. Road Master Program is 80 more hours of education and we have three men to receive that award tonight. She presented the Road Master Awards to Tim English and John Youngwirth. Lawrence Drake was also a Road Master but was not able to attend this evening. They received a plaque and a Carhartt jacket. Mayor Sims thanked the street crew for their hard work on the roads and for their efforts to receive these awards. Susan thanked the City. She and Barbara Botsch left the meeting. John Youngwirth, Tim English, and Eddy Invernon left the meeting also.

Mayor Sims opened the fee increase hearing. City Administrator Mike Klaus summarized the rate increase reasoning. He said EES Consulting did a cost of service study for the City of Bonners Ferry. He said the recommendation from EES was a five year rate increase schedule to get the revenues to keep operations in the black. Mayor Sims read the amounts of the rates to be considered this evening. He wishes the rates could be lower but we are in need of the increased revenue to operate our system. He said we reduced our employees in the water department by one since last February. Our facility plan for the water department is aging and Mike Klaus plans to have a long term capital improvement plan when he updates the water study. Mike said if more water could be allowed for the base rate it would be good. Currently residential customers receive 1200 cubic feet and if another 100 cubic feet were offered this would allow approximately 750 more gallons per customer. Rick Alonzo said when we first started metering the residential customer was only allowed 1000 cubic feet, and we have been trying to increase the amount of water for the base rate. Mike showed a graph to the group of the water treatment plant production. The graph showed the peak month average, the peak gallons treated per day, the maximum production, and the yearly average gallons per day usage. He tends to use the average monthly usage for the determination of the increase of usage for the base rate. He said this needs to be looked at annually because if the treatment plant cannot keep up there will be large costs to upgrade. Dave Gray commented on the conservation in the past and he thinks the rates are fair and the increase in usage is good. The water rate before metering was \$37 and it dropped significantly when the meters were installed. The customers conserved and the revenues dropped so the City had to raise rates to meet the expenses of the system. Mike spoke regarding the revision of the water master plan as the last one was done in 2004. His goal is to get this done in 2017.

Mayor Sims said the proposed sewer increase is substantial. He said sewer discharges into the Kootenai River and the EPA (Environmental Protection Agency) discharge permit determines the parameters for meeting this discharge. He said there were fines for not meeting the parameters. We have taken a route to treat the algae growth in our lagoons and this helps us meet the required parameters. He said the worse part of the discharge permits is that they are updated every five years and we do not know what parameters will be put in place when the new permits are issued. If we can continue at the same level we can continue with our lagoon system. Now we are using chemicals to reduce the algae blooms to meet the proper levels. Mike Klaus said if we do not want to go into debt we have to build up enough capital to take care of some of the problems. The pipe that goes across the river, installed in 1968, is made of asbestos. This can be brittle so we have applied for a block grant to replace the pipe, but we will still need to

pay \$350,000 of City money to complete the project. If the pipe failed there would be effluent leaking into the river and this would make national news.

Rick Alonzo said any improvement we do is expensive and raising rates to meet these expenses is his goal.

Loretta Hunsaker asked if the increase in rates is specifically to raise reserves. Mayor Sims said a reserve policy was adopted in 2014 by the Council and the water reserve was set at \$1.4 million, sewer \$1 million, garbage \$30,000, and electric \$4.2 million. He said there is not a plan in place to meet these goals. Loretta asked if there is anything that can be done to make the rates not increase as much as predicted. Mayor Sims said there is probably more of a possibility of a decrease on the water side than the sewer side. Mike Klaus said we may be able to get a revised plan once the capital improvement plan is submitted. Mike said our water/sewer department supervisor is doing a great job at reducing expenses. Loretta asked about the increase in the sewer rates in the future. Mayor Sims said the goal is to increase our reserve and get projects done. He said if the discharge permit becomes more restrictive there will be funding needed to support it. Ron Smith said this schedule could change but we will not go higher than what is projected on the rate schedule. Mayor Sims said some adjustments could be made. Loretta asked if there was a catastrophic failure where the City would get the money. Council replied that we would have to borrow the money. Rick said he likes having the projected minimal increases each year rather than a large increase all at one time. Loretta asked how much we have in reserves. Mike said we have about \$350,000 in cash at this time in the water fund. Loretta encouraged the City to put five percent in reserves each year. Mayor Sims said the debt service in the water fund is \$286,000 per year. He said debt service plus treating the surface water takes quite a bite out of our funding. Adam Arthur said the City is looking at other sources of water to help offset the costs. Mayor Sims said we are looking at refinancing the debt in the water fund to reduce interest costs. Ruth Sutton said the biggest problem on the south end of town is the smell of chlorine in their water. Mike said when an operator is trying to optimize the chlorine contact time there are several factors that are considered. He said sometimes the water being more stagnant in the winter time can cause taste and odor issues. She said people with compromised immune systems have to buy water without chlorine and that cost is an additional \$30 per month. She also said toilets in her area have a gray or pink in them and the water department told her that it is algae in the water. She asked why there is algae in the water. Nancy Maggi said the toilet issue is true. Mike Klaus will follow up on this issue.

Rick Alonzo moved to go with the fiscal year 2017 rates included in the COSA and increase the water allowed for the base rate by 100 cubic feet with a review next year. Adam Arthur seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Adam Arthur “yes”.

Rick Alonzo moved to adopt resolution 2016-12-02 raising the rates to the fiscal year fee increase notice and to increase water usage by 100 cubic feet allowed with the base rate, to be reviewed next year to see if we can maintain that. Adam Arthur seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Adam Arthur “yes”.

Jerry Higgs said the street department has been doing an excellent job on snow removal and that is appreciated. He saw a person plowing snow in the Marx Addition and he was piling snow on the drains. Jerry suggested that we let people know where the drains are so this does not cause problems for the City.

Dave Gray said at 2:44 a.m. will be the official time of winter and we will have eight hours and 16 minutes of daylight tomorrow versus June 21st when we have 16 hours and 10 minutes of daylight. He said January 9th we will start seeing more daylight.

Police Chief Vic Watson said over the past two weeks we have had one felony warrant arrest, two misdemeanor warrant arrests, one felony probation violation, one felony possession of a controlled substance, one paraphernalia with intent to use, one driving without privileges, and four vehicle accidents. The slick road issues have not overwhelmed the Police Department. There is a significant mail theft case they are working at this time. There are other jurisdictions in northern Idaho also working on the case. There are 30 residents, all on the Northside with the exception of one, whose mail has been stolen. The residents are not aware of this and Vic has been returning the mail starting today. He is hopeful that an arrest will be made soon.

Fire Chief Pat Warkentin said the Fire Department has been called out nine times since the last council meeting. There was a CO2 call, a car crash, a mutual aid response with Paradise Valley Fire Department, Restorium sprinkler system alarm, unintentional fire call at the High School, and four unintentional fire calls at Valley View Elementary School. The Valley View alarm has been a problem in the past.

City Administrator Mike Klaus did not have a report this evening.

Dennis Weed said the land and building value for Shopko is \$1.8 million so he estimates tax value to be \$408,000 for 2016. This does not include personal property or the other building that is being considered. He will bring forth the impact of this development for the Urban Renewal Agency at a later date. He spoke to Boise State regarding the proposal and invoice with the statement of work for the visitor center and he will bring that to council in January. The kick off of the project will be in January for the spring semester. Dennis said the businesses he has spoken to in the area are doing well this year in sales. He will have an update in the future for new businesses.

Rick Alonzo moved to add the late agenda item to go into executive session per Idaho Code 74-206 (1) (f) to 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. This is to discuss the tort claim filed by Donnie Plato. Ron Smith seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Adam Arthur “yes”.

Adam Arthur moved to approve the consent agenda. Rick Alonzo seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Adam Arthur “yes”. The consent agenda contained the following: roll call; approval of accounts payable and payroll, and approval of December 6, 2016 council meeting minutes.

Ron Smith moved to have the second reading of the Ordinance Repealing and Replacing Bonners Ferry City Code Title 12, Chapter 5, Concerning Minor Subdivisions by title only. Adam Arthur seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Adam Arthur “yes”. Attorney Andrakay Pluid read the Ordinance title only.

Rick Alonzo moved to approve payment of half of the City Attorney’s bar licensing fee. Ron Smith seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Adam Arthur “yes”.

Attorney Andrakay Pluid was informed by the title company that Carolyn Testa was in the process of selling the Bonnerport building and there was a lease in place with the City for the north corner of the building that encroaches on City property. None of the terms have changed, it just assigns the current lease agreement we have with Carolyn Testa. Ron Smith asked about the figure on page five. Andrakay explained once the lease term expires if another lease is not negotiated the parties will owe the City. Rick Alonzo moved to authorize the Mayor to sign the Assignment and Assumption of the Lease Agreement between Carolyn Testa and Bruce McCandless for property at 6371 Kootenai Street. Adam Arthur seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Adam Arthur “yes”.

Ron Smith moved to approve the 2017 beverage licenses. Rick Alonzo seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Adam Arthur “yes”. Beverage licenses approved were for the following: Akins Harvest Foods, Bonners Ferry Conoco, Club #55, CHS Inc. Cenex Zip Trip, Eagles, Heart Rock Wines, LLC, Jill’s Café, Inc., Kootenai Brewing Co., Kootenai River Inn, Lane 9, Love Light Creamery & Grill, Mi Pueblo, Mugsy’s, Pizza Factory, Safeway, Inc., Shopko Stores, south Hill Mini Mart, Super 1 Foods, The Pearl Theater, and Under the Sun.

Mayor Sims said in the packet there was a quote for the flower baskets from Moose Valley Farms for \$4,125 and the quote for baskets similar to the ones in Sandpoint is \$4,825. A quote from Sugar Plum Floral was received for approximately \$500 more than the low quote from Moose Valley Farms. He said for the small difference in the quotes it would be worth trying. Ron Smith moved to accept the quote from Sugar Plum Floral for the flower baskets for 2017. Adam Arthur seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Adam Arthur “yes”.

Rick Alonzo said he would like to see if it is possible to list a line on the utility bill similar to project share to help defray the costs of the flower baskets.

Mike Klaus said the vibratory plow we currently have is not working well, and it is worn out and dangerous. The used ditch witch that was found has about 450 hours on it, the paint looks good and the interior looks good. Mike is proposing to send City Mechanic Jimmy Dorhofer to look at it. He asked that Jimmy be given authority to purchase the machine. The machine is located in Caldwell. Ron Smith moved to authorize spending \$22,500 on the used ditch witch pending inspection by Jimmy Dorhofer. Adam Arthur seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Adam Arthur “yes”.

The electric meter tester purchase was discussed. The proposed tester to be purchased can be taken on site to residential customers to show the customer the accuracy of the meter. Rick Alonzo moved to approve the purchase of the electric meter tester for \$9,595. Ron Smith seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Adam Arthur “yes”.

Mike Klaus spoke to council regarding the purchase of a pickup for the water department. He said the used vehicles from Surplus Property were compared to a new vehicle. He said in his comparison the new vehicle would save at least two cents per mile. He said the pickup he is using came from the water/sewer department but Mike’s duties are primarily with the electric department. He recommends getting \$13,000 from the electric department to pay for the use of the pickup he drives and the remaining \$16,000 to be split between the water and sewer department for the total cost of \$29,000 for a new vehicle. The \$29,000 purchase price is the State’s bid price. Rick Alonzo moved to approve the purchase of a new vehicle for the water/sewer department for \$29,000. Ron Smith seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Adam Arthur “yes”.

Rick Alonzo moved at 8:51 p.m. to go into executive session per Idaho Code 74-206 (1) (c) to acquire an interest in real property which is not owned by a public agency; and (f) to 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. This is to discuss the tort claim filed by Donnie Plato. Ron Smith seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Adam Arthur “yes”. Executive session ended at 9:36 p.m.

There being no further business the meeting adjourned at 9:36 p.m.

David Sims, Mayor

Attest:

Kris Larson, City Clerk