

Mayor David Sims called the regularly scheduled council meeting of January 17, 2017 to order at 7:00 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, City Attorney Andrakay Pluid, Police Chief Vic Watson, and Fire Chief Pat Warkentin. Also present were Attorney Laura McAloon, Michael Keith, Ken Toline, Brenda Toline, Jerry Higgs, Dave Gray, Tim West, Lisa West, Henry Steiner, Owen Plato, Lee Harris, Terry Johnson, and Kristi Johnson.

Lee Harris, Captain of the Bonners Ferry, Idaho International Snow Sculpting Team, said this is the 35<sup>th</sup> year she has been captain. Her team has represented the United States in Canada the past few years. She showed the group a display of snow sculptures she and her team have done. Lee thanked the Council for the opportunity to do a snow sculpture in town. Lee also thanked the City Workers who helped with set up. The theme of her sculpture is a river theme and there will be a totem pole done in memory of Jo Baker's wife. There are seven restaurants feeding the team and Pro X provided materials. There are many others supporting the sculpting also.

Tim West said he has not been able to find an agenda for meetings regarding the bypass. He asked where the facts and figures came from. He said it is difficult to access the highway from Van Buren. Mayor Sims said ITD (Idaho Transportation Department) did a corridor study and looked at a three lane and five lane configuration. He said a bypass was not cost effective but eventually there may be a bypass. Mayor Sims explained that the three lane configuration has a turning lane through town. There will be a six foot shoulder and three lanes on the highway, with sidewalks on each side of the highway. He said the first phase is from the Kootenai River Bridge to Alderson Lane. Tim West thinks the project should go out to the golf course. Mayor Sims said one of the issues is the lack of funding and explained the plan for future projects. The group discussed the sidewalk and lighting on the bypass. Tim said he talked to Chief Watson about individuals walking along the highway at night that are difficult to see.

Jerry Higgs said it is his pleasure to bring to the attention of his fellow Chief Petty Officers Fraternity in the United States Navy Chief Petty Officer Ken Toline and his wife, Brenda. Jerry said both of them wore that title, only Ken did it better. He said Ken served as a Corpsman with the United States Marine Corps. He made a career ending with the highest enlisted rank, E9, and it does not get better than that when it comes to the enlisted ranks in the Navy. He said Ken has offered only good since he has been here, and Jerry cannot give a higher recommendation.

Police Chief Watson said calls for service from January 1<sup>st</sup> through January 17<sup>th</sup> has been one felony possession of a firearm case, two possession of a controlled substance cases, three warrant arrests, two driving without privileges, one petit theft, one malicious injury to property, one battery case, and one vehicle crash. Vic said what he reports on are only incidents that involve a case report being taken. He said usually the calls for service are about ten to one case report. Vic thinks the deputization of officers by the Sheriff will solve problems between departments and will not solve.

Fire Chief Pat Warkentin said there have been ten fire calls since the first of the year. He said a major part of the calls have been false alarms at Valley View School during the cold weather.

The alarms are being changed at the school and hopefully this will remedy some of the problems. There was a gas call at the Methodist Church on Sunday. The furnace malfunctioned and filled the Church with gas. Training continues for the Fire Department.

City Administrator Mike Klaus gave the administrator report. He said a week ago the hydro facility was shut down due to ice and silt that had gotten into the screening system that keeps things out of the turbines, protecting them from logs and such. He said sticks, debris, and logs as large as ten inches made it to some of the turbines. They were shut down before much damage could occur but there may be damage to the wicket gate on unit one. Mike said ice is backed up for several hundred yards from the Dam in the Moyie River. There is ice blockage on the upper part of the screen. The ice is only one foot thick and then there is a lot of slush under it so this clogs the rack. There was not enough water to flow into the turbines so they were shut down last week. The penstock has significant amount of debris in it so the crews are cleaning this. This means that the rack is compromised to let the debris get to the penstock. Once the slush clears there will be a camera of the racks to see where the compromise is. Mike thinks the January and February BPA (Bonneville Power Administration) bills will be in excess of \$200,000 due to the loss of generation at the Power Plant. The underdrain in the water filter system has not been functioning. The support system of the water filter system has some damage. The filter has been taken offline but there is another filter that is working. Mike said a meeting will be had in the next week or two with ITD to discuss maintenance issues. He said design issues that changed in the highway project are due to safety concerns by ITD. Mike said one issue to be decided is whether to leave the traffic signal at Alderson Lane and Highway 95. He said there are base issues on the highway so ITD is looking at resurfacing. Ron Smith asked about insurance coverage for the power plant. Mike said we do have coverage. Ron asked about the reasoning for the increase in BPA. Mike explained that we cannot generate due to the shut down at the plant so we will be using more power from BPA.

Mayor Sims said Economic Coordinator Dennis Weed is at a trade show in Las Vegas.

Rick Alonzo moved to add a late agenda item to authorize the Mayor to sign an engagement letter with Nancy Stricklin for consultation on a Planning and Zoning matter. Adam Arthur 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 January 3, 2017 council meeting minutes.

Mayor Sims said he is pleased to recommend adding Ken Toline to the Council. He said Ken served with distinction in the armed services and has been awarded three purple hearts and a silver star. Mayor Sims said Ken has been active in the community since he came here 12 years ago, has been a football coach, and is currently Commander of the American Legion. He thinks Ken will do an excellent job. Rick Alonzo moved to affirm the Mayor’s recommendation to

appoint Ken Toline to City Council. Ron Smith seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Adam Arthur “yes”.

Clerk Kris Larson administered the oath of office to Ken Toline.

Rick Alonzo moved to approve the snow sculpting event as a city event and approve the following list of volunteers: Lee Harris, Kent Kraver, Sheila Bowen, Gracie Raynor, Wes Raynor, Steve Munson, and Michael Cromwell. Adam Arthur seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Ken Toline “yes”, Adam Arthur “yes”.

Michael Keith from Piper Jaffray made a presentation from the Idaho Bond Bank for bond refinancing. Michael is an underwriter to the City and the Bond Bank. He cannot give specific advice due to regulations, but he can direct us who to talk with if we have questions. Michael said the national election has caused interest rates to rise. He said interest rates are starting to come back down, and he expects them to drop in the next three to four weeks. Michael said there are outstanding bonds for the Hydro at 4.833 percent interest. The outstanding water bonds have interest rates ranging from 4.126 to 4.376 percent. Refunding requirements are: 1) cannot extend the maturity of the bonds, 2) bond refinancing needs to show a positive savings, and 3) cannot exceed amount outstanding. The water bond savings are approximately \$87,000 or 3.3 percent. The hydro bond savings are approximately \$60,000 or 7.75 percent.

Michael said there are eight cities that are part of the bond refinancing issue with the Bond Bank. The savings Michael spoke of are net of the costs of the bond issue. On the water loans interest will be paid semi-annually in March and September; call date of September 15, 2027; final repayment September 15, 2039; coverage requirement are the net system revenue annual debt service ratio of 1.25 times; and reserve at 10 percent per year. The hydro loans have the same interest dates, call date, and coverage requirement as the water loans but the final repayment date is September 15, 2023 and no reserve is needed for the hydro bond.

Michael said the water and hydro debt service savings to the City’s ratepayers is at least 2.5 percent. Interest rates will be locked in on March 1, 2017 and the Bond Bank closing date is March 16, 2017 when the current loans will be paid off.

Attorney Laura McAloon said the way the ordinances are drafted there has to be a savings of at least 2.5 percent. She said the loan agreements will be finalized after March 1, 2017 when the Bond Bank locks in the pricing. The whole impetus is to save money for the City. If the City were to default on the loans the Bond Bank would take the City’s sales tax revenue. There is a refunding plan in the bond ordinance that will be followed. Calling the bonds is letting the bond holders know that we are refinancing the bonds. We pledge to maintain and operate the systems and pay interest and principal on the loans. We will have authority to have parity debt if necessary. Adam Arthur asked about the call feature of the bonds. Michael explained that the water bonds did not have this through USDA and the hydro bonds did but we have met that time frame.

Rick Alonzo moved to suspend the reading of the proposed hydroelectric refunding bond, series 2017 ordinance on three different days and read once by title only. Adam Arthur seconded the

motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Ken Toline “yes”, Adam Arthur “yes”. Attorney Laura McAloon read the ordinance title only.

Ron Smith moved to adopt Ordinance 561 Hydroelectric Refunding Bonds, Series 2017. Adam Arthur seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Ken Toline “yes”, Adam Arthur “yes”.

Adam Arthur moved to suspend the reading of the proposed water refunding bonds, series 2017 ordinance on three different days and read once by title only. Ken Toline seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Ken Toline “yes”, Adam Arthur “yes”. Attorney Laura McAloon read the ordinance by title only.

Rick Alonzo moved to adopt Ordinance 562 Water Revenue Refunding bonds, Series 2017. Ron Smith seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Ken Toline “yes”, Adam Arthur “yes”.

Michael Keith and Laura McAloon left the meeting.

City Administrator Mike Klaus spoke regarding the Augusta Street Project. He said the non-participating part of the project is the sewer work. There is a five percent contingency in the project and it came in at four percent and Mike thinks that is good. The total amount of the change orders is \$13,434. Approximately \$46,000 remains unpaid on the project. There is a pay application for tonight and one outstanding item that once completed the retainage can be released. Ken Toline asked about the participating portion of the grant. Mike said the grant was awarded in 2014, went out to bid in May, 2016 and construction started in June, 2016. Once the paperwork is signed ITD reimburses the City. Mike said it is complicated how the money goes back and forth with ITD. Mayor Sims said council did authorize an additional \$15,000 earlier but was not spent and the change orders will be reimbursed by ITD. Mike said the match for the City is 7.34 percent that we may have to pay on the project change orders. Rick Alonzo moved to authorize the Mayor to sign change orders and closeout paperwork for the Augusta Street Project including change orders amounting to \$13,434, release of retainage in the amount of \$22,177.48 once KG & T has met requirements to complete the project, and pay request #4 for \$23,739.77. Adam Arthur seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Ken Toline “yes”, Adam Arthur “yes”. Mayor Sims thanked Terry and Kristi Johnson for their work on the project, saying that it is a good project.

Terry and Kristi Johnson left the meeting.

Mike does not have a contract with a well driller at this time so the issue was tabled until a later time.

Mike said the automation of the backwash procedure project is also on hold at this time.

Mike Klaus spoke about the engagement letter with Nancy Stricklin for a Planning and Zoning issue. He recommended moving forward to contract with Nancy at \$170 per hour for her expertise. Rick Alonzo moved to authorize the Mayor to sign the engagement letter with Nancy

Stricklin for consultation on a Planning and Zoning issue. Ken Toline seconded the motion. The motion passed – Ron Smith “yes”, Rick Alonzo “yes”, Ken Toline “yes”, Adam Arthur “yes”.

There being no further business, the meeting adjourned at 8:23 p.m.

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David Sims, Mayor

Attest:

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Kris Larson, City Clerk