



Rathdrum

Special City Council Minutes

July 20, 2016

6:00 p.m.

Location: City Council Chamber
8047 W. Main Street
Rathdrum, ID 83858
(208) 687-0261

WELCOME-PLEASE TURN OFF CELL PHONES- Thank You.

1) CALL THE MEETING TO ORDER

Meeting called to order by Mayor Holmes at 6:00 p.m.

2) ROLL CALL

PRESENT: Councilor Holmes, Councilor Worthen (via phone call), Councilor Laws and Mayor Holmes.

ABSENT: Councilor Meckel

STAFF: City Administrator Duce, Finance Director/Treasurer Taylor, Public Works Director/Engineer Jump and City Attorney Cafferty.

3) FY14-15 Audit Presentation

Toni Hackwith from Anderson Brothers, LLC. Presented an over view of the FY14-15 audit. She went through the process of the audit, what they are checking for and the methods that were used. She stated that the City was given a clean unmodified opinion and is doing well. The final audit will be approved at the next Council meeting.

She stated that 1.1 million dollar hit because of the GASB 68 requirements. This will look funny this way because it comes up as an expense to the City but it really belongs as a liability to Persi. She stated that everything looks good and that we do have a large unassigned fund balance which we will need to designate it.

4) Bid Award for Production Well located South of Lancaster and Highway 41

Public Works Director/Engineer Jump stated that the City has been working on the production well which is located ½ south of Lancaster rd. on the west side of SH41. He stated that we drilled the test well and got favorable results from that. We had a bid opening yesterday and received 1 bid which was \$40,000 below our engineer's estimate at \$233,838.00. We are here tonight to let the Mayor complete the notice of award and complete the contracts and documents. We are going to withhold the notice to proceed and secure the property. The landowner has been in the loop since November of last year but we do not own the property yet.

City Attorney Cafferty stated that parcel itself is more than an acre. According to the City of Rathdrum's rules it would need to go through the subdivision process. In the county they have an exception for that but in Rathdrum you do not. In addition to having to acquire the land we would have to work with the property owner to ensure we follow the correct procedures to create a 1 acre piece off of the larger parcel which might add a little time to it as well. If you do not it is a violation of state law and your rules and there is a civil fine for selling parcels incorrectly.

Public Works Director/Engineer Jump stated that his first point is that we did this exact identical process with the same property owner with almost identical circumstances eight years ago. We acquired a .94 tract from this exact property owner off an 80 acre piece of property within incorporated City of Rathdrum and did not go through the subdivision process. This is always the direction we have gone, throwing the subdivision process into this would disqualify this bid. He stated that he was going to talk with Jerry Mason and find out why we were allowed to do this before and now it is an issue. He stated that he has been talking about this project since November so it is not ideal to have this coming up right now.

City Attorney Cafferty said we can go forward and do it but there is a \$100.00 penalty. He says you can own the lot but cannot develop it because the governing jurisdiction will not issue permits.

Public Works Director/Engineer Jump stated that we could move forward with the bid award. Council discussion ensued. It is stated in the contract that after the bid is accepted there is 10 days for them to secure their bonding. August 30th is the notice to proceed date so City Attorney Cafferty suggested that we accept the bid but tell them that we have an issue that we are looking into.

Councilor Laws made a MOTION to move forward with the notice of award for the Production Well. Motion seconded by Worthen.

AYES:
Councilor Laws
Councilor Worthen
Councilor Holmes

NAYES: None
ABSENT: Councilor Meckel

Motion Passed by majority.

5) Introduction of the Avista Franchise Agreement

City Administrator Duce gave an overview of the Avista Franchise Agreement. He stated that it has to be introduced to the Mayor and Council and then Avista will publish in its entirety in the newspaper and then the City will adopt it by ordinance. The term is 15 years and the City will receive 1% as we have in the past. We are doing this so that this agreement and Kootenai Electric will expire at the same time.

Councilor Holmes made a MOTION to introduce the Avista Franchise agreement and approve for publication. Motion seconded by Laws.

AYES: Councilor Laws
Councilor Worthen
Councilor Holmes
NAYES: None
ABSENT: Councilor Meckel

Motion Passed by majority.

6) DISCUSSION OF FY16-17 BUDGET/CONSIDERATION OF ADOPTION OF TENTATIVE BUDGET FOR FISCAL YEARS 2016-2017- The Mayor and Council will be meeting to work on the FY16-17 budget. The Preliminary Draft Budget will be presented and discussed along with additional budget-related topics as needed.

City Finance Director Taylor gave an overview of the preliminary draft budget. She started out by stating that we have an increase in property tax from last year by \$87,000 which included a 0% and no foregone. She stated that building permits are up and we are being conservative in budgeting with those. She stated that we took street light revenue out of the budget because the Council is going to take it off of the monthly utility bill starting October 1.

There were a few small changes, Public Works took out the proposed street sweeper and opted to lease instead of purchase, and this reduces the Streets budget by \$255,000. Wages and benefit numbers have been updated with the 4.5% increase for all City employees (2.0% as a COLA and 2.5% IF they are recommended for a merit increase). There are several positions that have been red flagged that we have increased to meet the 20% market standard according to our NW Data Exchange salary results.

The Mayor stated that we may lose our Recreation Supervisor because the City has required the position to have a degree but the pay does not line up with the salary. Council instructed City Finance Director Taylor to red flag this position and increase by 7% to lessen the gap.

City Finance Director Taylor stated that we do have a large fund balance that the Council will need to designate. She went over the Yearly Capital Projects (Fund 40) and asked Council what they would like to see funded and projects they would like to take on.

City Administrator Duce brought up foregone taxes and reminded Council that by taking out street lights we will need to make up that revenue and taking \$85,000 in foregone to pay for street lights. The foregone comes from property taxes collected.

The Mayor stated that Impact Fees may go up depending on the completion of the Impact Fee Study which is taking place right now. We will leave in the budget as is and adjust if needed.

Council discussed the potential of a stop light at the intersection of Meyer rd. and SH53. ITD has not been particularly interested in pursuing this with the City of Rathdrum. City Administrator Duce stated that if the Council does decide to move forward with an Urban Renewal District we may be able to entice ITD because of the impact on Commerce with growth and development. This is an important issue for the Council as it is a safety concern.

City Finance Director Taylor went over the water and sewer funds. There were no significant changes proposed in the water fund. The Council asked to add an expense for a water study which is needed.

City Finance Director Taylor went over the sewer fund and stated that the only increase is in the rate increase passed onto us with the City of Post Falls. We have not increased the city portion of the sewer rate in several years. She went over the asset replacement and how we are putting any revenue over expense left over funds aside each year into asset replacement.

City Administrator Duce brought up the proposed Greensferry lift station. He stated that there are two parts to this project. The first being the pipe to get to the lift station which will cost around \$350,000. The next part is the actual cost of the lift station which is estimated to be \$1.8-\$2.0 million dollars.

Councilor Worthen made a MOTION to approve the proposed FY16-17 Preliminary budget as presented with the proposed changes as noted and send to publication. Motion seconded by Councilor Holmes.

AYES:	Councilor Laws Councilor Worthen Councilor Holmes
NAYES:	None
ABSENT:	Councilor Meckel

Motion Passed by majority.

7) ADJOURN

Meeting adjourned at 9:05 p.m.



Vic Holmes, Mayor

Attest:



Sherri L. Halligan, City Clerk

Rathdrum City Hall is an ADA accessible building. Assistance for persons with disabilities will be provided upon 24-hours' notice prior to the meeting.

