

Coeur d'Alene

CITY COUNCIL MEETING

December 18, 2012

MEMBERS OF THE CITY COUNCIL:

Sandi Bloem, Mayor

Councilmen Edinger, Goodlander, McEvers, Kennedy, Gookin, Adams

CONSENT CALENDAR

A CONTINUED MEETING OF THE
COEUR D'ALENE CITY COUNCIL
HELD IN THE LIBRARY COMMUNITY ROOM
ON NOVEMBER 29, 2012 AT 4:00 P.M.

The City Council of the City of Coeur d'Alene met in continued session in the Library Community Room held at 4:00 P.M. on November 29, 2012, there being present upon roll call a quorum.

Sandi Bloem, Mayor

Ron Edinger) Members of Council Present
Dan Gookin)
Deanna Goodlander)
Steve Adams)
Mike Kennedy)

Woody McEvers) Members of Council Absent

STAFF: Jon Ingalls, Deputy City Administrator; Mike Gridley, City Attorney; Troy Tymesen, Finance Director; Sid Fredrickson, Wastewater Superintendent; and Renata McLeod, City Clerk Apprentice.

CALL TO ORDER: The meeting was called to order by Mayor Bloem.

Troy Tymesen, Finance Director, stated that the bond market was competitive for the bonds; as such, the ratepayers saved over \$1.6 million. At the City Council meeting held November 20, 2012 it was projected that the City would receive a 2.15% true interest rate, today the actual true interest cost was 2.06%. Bond Counsel, Danielle Quade, stated that there were two ordinances for the City Council consideration.

Motion by Edinger, seconded by Gookin to pass the first reading of Ordinance No. 3453.

ORDINANCE NO. 3453

AN ORDINANCE OF THE CITY OF COEUR D'ALENE, KOOTENAI COUNTY, IDAHO, AUTHORIZING THE ISSUANCE AND SALE OF SEWER REVENUE BONDS TO PROVIDE FUNDS NECESSARY TO FINANCE OR REFINANCE IMPROVEMENTS TO THE CITY'S WASTEWATER SYSTEM; FIXING THE FORM, COVENANTS AND CERTAIN TERMS OF THE BONDS TO BE ISSUED; PROVIDING FOR THE REGISTRATION AND AUTHENTICATION OF BONDS; PLEDGING REVENUES FOR PAYMENT OF DEBT SERVICE ON BONDS ISSUED HEREUNDER; PROVIDING FOR CERTAIN FEDERAL TAX COVENANTS WITH RESPECT TO THE BONDS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

ROLL CALL: Gookin Aye; Goodlander Aye; Kennedy Aye; Adams Aye; Edinger Aye. Motion carried.

Motion by Kennedy, seconded by Edinger to pass the first reading of Ordinance No. 3453.

ORDINANCE NO. 3454

A SUPPLEMENTAL ORDINANCE OF THE CITY OF COEUR D'ALENE, KOOTENAI COUNTY, IDAHO, AUTHORIZING THE ISSUANCE AND SALE OF THE CITY'S SEWER REVENUE REFUNDING BOND, SERIES 2012, TO PROVIDE FUNDS NECESSARY TO REFINANCE IMPROVEMENTS TO THE CITY'S SEWER SYSTEM; FIXING THE FORM AND CERTAIN TERMS OF THE BOND TO BE ISSUED; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

ROLL CALL: Goodlander Aye; Kennedy Aye; Adams Aye; Edinger Aye; Gookin Aye. Motion carried.

Motion by Kennedy, seconded by Goodlander to suspend the rules and to adopt Ordinance No. 3453 and 3454 by its having had one reading by title only.

ROLL CALL: Goodlander Aye; Kennedy Aye; Adams Aye; Edinger Aye; Gookin Aye. Motion carried.

ADJOURN: Motion by Kennedy, seconded by Goodlander that there being no further business, this meeting is adjourned. Motion carried.

The meeting adjourned at 4:16 p.m.

Sandi Bloem, Mayor

ATTEST:

Renata McLeod, City Clerk Apprentice

MINUTES OF A REGULAR MEETING OF THE CITY
COUNCIL OF THE CITY OF COEUR D'ALENE, IDAHO,
HELD AT THE LIBRARY COMMUNITY ROOM

December 4, 2012

The Mayor and Council of the City of Coeur d'Alene met in a regular session of said Council at the Coeur d'Alene City Library Community Room December 4, 2012 at 6:00 p.m., there being present upon roll call the following members:

Sandi Bloem, Mayor

Loren Ron Edinger) Members of Council Present
Mike Kennedy)
Woody McEvers)
Dan Gookin)
Steve Adams)
Deanna Goodlander)

CALL TO ORDER: The meeting was called to order by Mayor Bloem.

PLEDGE OF ALLEGIANCE: The pledge of allegiance was led by Councilman Edinger.

LEVEE CERTIFICATION UPDATE PRESENTATION: City Engineer Gordon Dobler provided an update of the timeline of upcoming events surrounding the levee certification, as the city's current certification expires in July 2013. Mr. Dobler stated that it is not the city's desire to remove all the vegetation. The city will need to enter into a third party certification contract, as the Army Corps of Engineers is no longer conducting the certifications. Mr. Dobler stated that he is drafting a Request for Qualifications (RFQ), and believes it will be complete and ready for publication in the next month or two. Additionally, Mr. Dobler has researched vegetation issues and other cities' resolutions. He found the best report from Kent, WA, wherein they were able to keep some of their trees based on an approved rating system. Based on that research he believes there is some hope of retaining some of the trees. He thanked the advisory committee for their hard work and stated that he will continue to work with them as the third party certifier is hired. Mr. Dobler believes that full certification could take 2-3 years, and before FEMA approves the final certification, the city will likely have to do the repair and removal work. There may be additional issues with parking spaces and pedestrian access. Mr. Dobler stated that the city has already completed some improvements, such as the removal of overgrown brush and small cottonwood trees, the addition of riprap near the wastewater treatment plant, and the buildup of an eroded area along the embankment. Additionally, there has been the addition of a bike path on the waterside of the roadway. Mr. Dobler stated that any costs associated with the certification are the sponsors' responsibility. However, he will bring back several different funding options. Councilman McEvers asked if Kent, WA was similar to the City and asked what the City of Pocatello did to meet their certification. Mr. Dobler clarified that Kent, WA is similar, but smaller, and their levee has water in it all the time, while ours does not. He also stated that Pocatello ended up clear cutting and did not get the whole levee certified. Mr. Dobler

is confident that there are third party certifiers that have had success and that the city's RFQ will cover experience. Mr. Dobler clarified that any replanting allowed would be smaller brush and would not be able to obscure the levee itself.

PUBLIC COMMENTS:

PARKING LOT IN MCEUEN PLAN: Pat Anderson, 724 Young Avenue, stated that she spoke to the City Council on March 20 regarding her concern about the effect the McEuen parking plan would have on her property at 8th and Young. She expressed concerns that Young Avenue abutting her property has been removed and a bike path put in its place, leaving no access from the street to her house. Additionally, her mail delivery is now down the block. She recently received a notice from the city stating that she must pay to regain access to their front door. She stated that she believes these changes have isolated her home from the neighborhood and lowered its property value. City Administrator, Wendy Gabriel, stated that she would meet with the Anderson's tomorrow to discuss the issues.

Pete Anderson, 724 Young Avenue, stated that he has a deep love for Coeur d'Alene and supports the McEuen project and has done so since the beginning, but needs guidance as to who can help with the problems described by his wife. He stated that he does not want to go to court, and intends to keep the home. Mr. Anderson provided photographs of the property with the old retaining wall. Councilman Edinger stated that he talked to Doug Eastwood, Gordon Dobler, and Phil Boyd and that Phil stated that he would try to set up a meeting with Mr. Anderson. Gordon stated that he had been in email contact with Mr. Anderson.

PERSON FIELD ACQUISITION: Susie Snedaker, 821 Hastings, wanted to know if there was an update to the Person Field possible acquisition. Mr. Gridley stated that the city has had several meetings with the School District, and there are details that still need to be worked out.

POT-BELLIED PIGS: Zack Adams, 3664 Arlington Lane, Post Falls, stated that he is interested in moving to Coeur d'Alene. He owns a pet pot-bellied pig, and would like the City Council to consider amending Chapter 6 of the Municipal Code to allow pot-bellied pigs as pets. Councilman Kennedy stated that he would like this item to come forward to General Services.

CONSENT CALENDAR: Motion by Kennedy, seconded by Goodlander to approve the consent calendar as presented.

1. Approval of minutes for November 20, 2012.
2. Setting General Services and Public Works Committees meetings for Monday, December 10th at 12:00 noon and 4:00 p.m. respectively.
3. Cemetery lot repurchase from Vicki Sue Hollinshead and from Susie Rathke
4. CONSENT RESOLUTION 12-050: A RESOLUTION OF THE CITY OF COEUR D'ALENE, KOOTENAI COUNTY, IDAHO AUTHORIZING THE BELOW MENTIONED CONTRACTS AND OTHER ACTIONS OF THE CITY OF COEUR D'ALENE INCLUDING APPROVING CHANGE ORDER NO. 5 TO THE SPOKANE RIVER STEWARDSHIP PARTNERS MEMORANDUM OF UNDERSTANDING.
5. Approval of sole source procurement for Allen-Bradley Electrical Equipment and Software

CONSENT CALENDAR CONTINUED

6. Setting of a Public Hearing for Water Rates/Fees for January 2, 2013
7. Declaration of surplus property from the Water Department

ROLL CALL: Goodlander Aye; Gookin Aye; Kennedy Aye; Edinger Aye; Adams Aye; McEvers Aye. Motion carried.

COUNCIL ANNOUNCEMENTS:

COUNCILMAN KENNEDY: Councilman Kennedy stated that he wanted to clarify the separation incentives recently approved by the City Council. For many years, the City Council has had a policy allowing separation incentives that provide a cost savings to the City. Since it is a City Council policy, it can be revoked at the City Council's discretion. This incentive provides department heads an opportunity to review positions, reorganize duties, and/or leave positions vacant. This year the city has negotiated 15 separation incentives. Most recently, the City negotiated with five department heads, which was unique and it garnered a lot of attention. All separation agreements proposed this year have been approved unanimously by the City Council. The city saved \$145,000 over the first two-year period and in the next period the City will save approximately \$333,000. The recent newspaper article confused routine separation benefits like the purchase of unused sick/vacation leave with negotiated benefits such as extending medical benefits. Councilman Gookin stated that he had made comments at the weekly radio show regarding the incentive agreements. He clarified that he did state that the details released in the newspaper were a bit excessive, and that he was surprised by the details, as he did not read the details of those contracts prior to voting on them. He also clarified that he was not mislead, just failed to read the documents, and apologized for it.

COUNCILMAN GOOKIN: Councilman Gookin apologized for comments made at the November 19, 2012 Public Works Committee meeting that referred to the Oak Crest Park as a trailer park, and said it was not intended to be disparaging. It is a nice community where people own their homes and it should have been referred to as mobile homes.

COUNCILMAN GOODLANDER: Councilman Goodlander clarified that the employees who entered into the separation agreements, did so at their choosing. She believes that the savings created is the most important part of the agreements, and that the costs associated with providing continued insurance coverage is minimal. The city would not do this if it did not bring value to the community and the staff. It is important to look at options and these agreements allow us to do that.

ADMINISTRATOR'S REPORT: The McEuen design project is 90% complete and, as such, a workshop will be held On December 27th at the Parkview Towers, 3rd Floor, and the public is invited to attend. It is anticipated that construction documents will be completed early January. The Fire Department Santa Food drive netted 721 lbs of food. The Coeur d'Alene Arts Commission is seeking artists for the 4th & Kathleen Roundabout, which is situated adjacent to the Coeur d'Alene High School soccer field. Information packets are available at City Hall, or online at www.cdavid.org. Artist proposals are due by 5:00 p.m., December 14th. Artists with questions are encouraged to contact Steve Anthony, Arts Commission Liaison, at 769-2249. It is

the City's intent to acquire Person Field. At the last City Council meeting, staff was directed to work on a plan in the next 60 days that will enable the City to acquire the School District's portion of Person Field. After 26 years of service to the City of Coeur d'Alene, Susan Weathers will be retiring as the city's Municipal Service Director/City Clerk as of December 31, 2012. The City of Coeur d'Alene will be hosting a Farewell Open House this Friday, December 7th, from 11:00 a.m. to 1:30 p.m. in the Library Community Room, and citizens are invited to stop by and thank Susan for her dedicated service. For more information, call 769-2300. The City has added a new feature to its online communication channels named "City Council in Brief." This new feature will be a quick summary of what happened at the City Council meeting. Kristina Lyman, the city's Communication Coordinator, was introduced to the City Council.

RESOLUTION 12-051

A RESOLUTION BY THE MEMBERS OF THE COUNCIL OF THE CITY OF COEUR D'ALENE, KOOTENAI COUNTY, IDAHO (THE "CITY"), INITIATING THE FORMATION OF A LOCAL IMPROVEMENT DISTRICT FOR THE CONSTRUCTION OF IMPROVEMENTS TO FRONT AVENUE SITUATED IN THE CITY AND DESCRIBING THE (i) KIND AND CHARACTER OF THE PROPOSED IMPROVEMENTS; (ii) THE BOUNDARIES OF THE PROPOSED LOCAL IMPROVEMENT DISTRICT; AND (iii) THE PROPERTY TO BE ASSESSED WITHIN THE PROPOSED LOCAL IMPROVEMENT DISTRICT.

Mrs. Gabriel stated that this action would be the beginning of the process to establish an LID for Front Avenue improvements. This roadway is part of the original "three-street" concept that included Sherman Avenue and Lakeside Avenue. Improvements to Sherman Avenue and Lakeside Avenue have already been completed. It was the City's intention to complete Front Avenue in unison with the McEuen park project. Project costs and estimates will be brought forward at the December 18th City Council meeting. City staff has met with all the property owners, and has scheduled another meeting tomorrow. Discussions have included what method to use to determine the dollar amount related to the benefit of improvements received. The City Council will have final authority to determine percentage cost included in the LID. Phil Boyd from Welch Comer Engineers presented specific data regarding the proposed LID boundary that includes the alley to the north of Front Avenue. Estimates for the LID include sidewalk, curb, gutter, irrigation, trees, lighting, etc. with no items within the park. The estimated cost summary was presented as \$2,847,000, which estimated the Front Avenue property owner's portion of costs at 42%. These costs could change as bids come in, and Council could determine a different percentage rate. Mr. Boyd stated that meetings with the property owners allow them to discuss property specific items, such as retainage of existing trees for each parcel. This LID proposal is based on the methodology of overall benefit rather than direct allocation of lineal foot of improvements added to each parcel. Mr. Boyd presented an example of an assessment based on \$400.00 per lineal foot and the proposed LID Schedule.

Councilman Edinger inquired as to who would pay the \$2.9 million dollar project cost if the City Council did not approve the LID. Mrs. Gabriel stated without property owner participation, alternate would need to be determined. Councilman McEvers stated that he previously had a business on East Sherman, and recalls that the LID set a specific rate, with the option for the owner to add upgrades and pay over a 10-year period. Mrs. Gabriel clarified that the overlay dollars

allocated to the project will cover the city's 58% share of the LID. Mr. Boyd clarified that in the Front Avenue project proposal improvements are spread evenly throughout the project, making it equitable to show project-wide benefit to the property owners. Councilman Kennedy asked for clarification regarding the merits of lineal foot versus square foot basis. Mr. Boyd explained that the Front Avenue project estimates cost by front foot, as it seemed to be the most equitable way of spreading the costs, although there may be some special circumstances to resolve. Ms. Quade clarified that this is the type of hearing wherein the City Council can speak to property owners; however, if they have a protest, they must be submitted in writing. Councilman Gookin asked for clarification as to why the boundary goes around block U, the Hagadone mall and whether it was included in prior LID's and would be problematic. Mr. Boyd stated that there are long parcels with frontage on 2nd Street and that there is no problem including them in the LID since the improvements do not include Sherman Avenue. Mr. Tymesen stated that the LID amount is \$1.2 million and that in the past the City has been able to internally fund the costs until the LID's are paid. Councilman Gookin expressed concern about Mr. Montanden's driveway. Mrs. Gabriel stated that staff has talked with Mr. Montandan about a compromise including a loading zone.

Motion by McEvers, seconded by Goodlander to adopt Resolution 12-051.

DISCUSSION: Councilman McEvers stated that he thinks the LID is a good deal and that issues will get worked out along the way and believes it is fair as part of the "three-street" concept. Councilman Goodlander stated that she has been involved in LID's on Ramsey Road and they can sometimes be tough to pay, but the Front Avenue property owners are getting remarkable improvements. Councilman Gookin does not have an objection to an LID, his concern is that he does not have enough information to justify costs and that Mr. Montanden's driveway concerns him. Additionally, he is concerned with the process and procedures that should have been brought up earlier in the project. He further stated that he feels the property owners were under the belief that LCDC was going to pay for the park and they now are hit with an LID. Mrs. Gabriel stated that actual protests would be taken on January 2, 2013; however, public comments can be made at the December 18, 2012 City Council meeting. Councilman Edinger clarified that all the information requested tonight will be brought back for the December 18th meeting.

ROLL CALL: Gookin Aye; Kennedy Aye; Edinger Aye; Adams Aye; McEvers Aye; Goodlander Aye. Motion carried.

RECESS: The Mayor called for a 5-minute recess at 7:51 P.M. The meeting resumed at 8:00 P.M.

PUBLIC HEARING: DRAINAGE WORKS UTILITY RATES/FEES: Mike Gridley, City Attorney, provided background on the proposal and introduced the consultant team. In 2002, a citizen committee reviewed the stormwater needs and met for 2 years. The City of Lewiston's fee was legally challenged and found to be a tax and not a fee for service, which caused the City of Coeur d'Alene to review its fees. Mr. Gridley explained that if it is a tax you get to pay whether you get a service or not. A fee for service is for items like water/wastewater where you pay for what you use. There is a challenge in how you determine the service for items such as stormwater. The City of Coeur d'Alene ordinance was never challenged; however, the Supreme Court ruling against Lewiston caused a need to revisit the ordinance. The project team included John

Ghilarducci from the FCS Group, who works with municipalities to rationally base rates for utilities like stormwater. Another member of the project team includes Mike Milne, from Brown and Caldwell Engineering, who has an expertise in environmental issues relating to stormwater. Mr. Gridley recommended that the City Council repeal the existing ordinance, adopt a new one, and then set an appropriate fee for the service being provided.

Mr. Ghilarducci presented the project purpose, background, and recommendations for the City. Services for the utility will include catch basin cleanouts, maintenance and repair of swales/ pipes, and other stormwater facilities, and costs associated with meeting existing and anticipated regulatory requirements.

Mr. Milne stated that the Clean Water Act NPDES permit regulations were extended to municipalities approximately twenty years ago. The city received its initial permit in 2009, which focused on best management practices. It is anticipated that in future permits more stringent regulations will be included, similar to wastewater regulations. Upcoming regulations may include less discharge, less maximum daily loads, green infrastructure, and low impact development.

Mr. Ghilarducci explained that two zones are being proposed; Zone 1, within the hard pipe system, and Zone 2 that is served by swales. Each zone has different maintenance and replacement requirements, which is why they have different costs. During the funding analysis it was determined that a stormwater utility supported by a stormwater rate is the best way to equitably cover costs from the ratepayer. Additionally, it is recommended that the City continue to use impervious surface area that is directly connected to drainage to the City system as a determining factor for ratepayers, as well as the geographic analysis (i.e., zone 1 and 2). It is also recommended that the utility include an option for rate credits and appeals so ratepayers have an opportunity to debate city assumptions.

Mr. Ghilarducci stated that fees would only be charged to those systems that drain into the city system. The recommended rate structure includes a uniform charge for single-family residents, while other connections will be individually analyzed. Included in the proposed rates is a common service cost applied citywide, with geographic differentials applied for Zone 1 and Zone 2 accordingly. One equivalent service unit (ESU) = 786 square feet of service area for the impervious surface draining into the city system. Two funding level options are available to the City; "full funding" that includes replacement at recommended frequencies, or "minimum funding" based on past practices of maintenance and replacement frequencies. Scenario one (full funding level) rate for Zone 1 is \$4.63 and in Zone 2 is \$5.21. Scenario two, (minimum funding level) rates for Zone 1 is \$3.76 and within Zone 2 is \$4.13.

Mr. Ghilarducci clarified that costs in the piped area are higher; however, the rates are lower due to there being more developed properties to share the costs. Councilman McEvers asked for clarification as to why the cost is set at the proposed rate and is there any way to make the rate an even \$4.00 for everyone. Mr. Ghilarducci stated that it is important to remember the previous city rate did not include the geographical analysis and that he believes it strengthens the justification of equitable fee for service.

Warren Wilson, Deputy City Attorney, presented information regarding the proposed Ordinance and Resolution. He explained that the Resolution is the fee setting structure that is based on the minimum funding level, rather than the full funding level. The City Council would need to make a motion if they want to change the structure to the full funding level. In the past, the city had a stormwater management ordinance, then adopted a discharge ordinance, and most recently, the city implemented the utility. These documents were adopted at different times containing different definitions, etc., so Mr. Wilson recommended that the City Council repeal those codes and adopt a new code that is consistent. The majority of the changes are in Municipal Code 13.35 that were added to ensure that the items are clarified that were found to be deficient in the Lewiston ordinance. Additionally, there have been safe guards added to ensure that funds collected are spent directly on drainage-related items and placed in a utility fund rather than the general fund. These are important safe guards to ensure we are charging citizens for use of the system. Councilman Kennedy asked for clarification as to how the city will trace shared resources such as use of a street department truck, etc. Mr. Gridley stated that interdepartmental billing could occur to cover shared costs, similar to how current utilities work within the city with the use of interfund transfers.

Mr. Wilson clarified that if a property does not drain into our system, they would not be charged a fee. Additionally, Mr. Wilson stated that this utility is to cover real costs that have to be addressed one way or another. The only other method to cover costs would be to go back to the taxpayers. Councilman Kennedy recalled discussions that involving the option of judicial validation before we collect money and asked if that were still an option. Mr. Wilson stated it is very difficult to get an advisory opinion from the court unless there was an honest controversy. If the city were to be sued, it would take a year or two to get through the court system. Mr. Wilson stated that if the items proposed were approved tonight, the utility would be effective upon publication; however, bills would not go out until after first of the year. Councilman Adams stated that he appreciated all the professionalism involved in this project and that the team did a good job, however, he is concerned that in the Lewiston suit, there was an issue with what the statute allows the city to set up as a utility. Mr. Wilson clarified that, specifically, that meant that Lewiston met the legal burden as they deferred to police power only. The city has several authorities to create fees, specifically the discharge ordinance, drainage ordinance, and specific statutory ordinances to implement a fee. Lewiston was found to have created a tax.

PUBLIC COMMENTS: Mayor Bloem called for public comments with none being received.

Motion by Goodlander, seconded by Kennedy to pass the first reading of Council Bill No. 12-1026.

DISCUSSION: Councilman Kennedy stated that he had never received complaints about the city's stormwater utility, only complaints related to the Lewiston court case. The proposed ordinance has resolved all the issues noted in the Lewiston case and therefore, he would support the ordinance. Councilman McEvers remembered that the initial utility was able to fix stormwater issues referred to as the 100 points of light and accomplished many good things and he will support this ordinance. Councilman Adams stated that the work that has been done is extremely commendable; however, he is not comfortable with the possibility of being sued.

ORDINANCE NO. 3455
COUNCIL BILL NO. 12-1026

AN ORDINANCE AMENDING THE MUNICIPAL CODE OF THE CITY OF COEUR D'ALENE, KOOTENAI COUNTY, IDAHO, REPEALING CHAPTERS 13.30, 13.32 AND 13.35 AND ADOPTING NEW CHAPTERS 13.30, 13.32 AND 13.35 TO ESTABLISH STORMWATER MANAGEMENT REGULATIONS, CONTROL ILLICIT DISCHARGE AND ESTABLISH A DRAINAGE UTILITY; PROVIDING DEFINITIONS AND PURPOSE STATEMENTS; REQUIRING STORMWATER MANAGEMENT PLANS; ESTABLISHING PERFORMANCE STANDARDS AND DESIGN CRITERIA; REQUIRING A GUARANTEE OF STORMWATER SYSTEM INSTALLATION AND REQUIRING INSPECTIONS; AUTHORIZING ADOPTION OF ADDITIONAL POLICIES, PROCEDURES, BEST MANAGEMENT PRACTICES AND OTHER SUPPLEMENTAL MATERIALS; REQUIRING SYSTEM MAINTENANCE; ESTABLISHING REGULATIONS GOVERNING DISCHARGE TO THE DRAINAGE SYSTEM AND PROHIBITING ILLICIT CONNECTIONS AND DISCHARGES TO THE DRAINAGE SYSTEM; AUTHORIZING ACCESS TO REGULATED FACILITIES; REQUIRING NOTIFICATION OF SPILLS; ESTABLISHING A DRAINAGE SYSTEM UTILITY AND APPROVING ADMINISTRATION OF THE UTILITY; AUTHORIZING A DRAINAGE SYSTEM UTILITY FEE AND ESTABLISHING A PROCESS TO APPEAL THE AMOUNT OF FEE; REQUIRING THAT DRAINAGE SYSTEM FEES BE SEGREGATED FROM THE GENERAL FUND AND ONLY EXPENDED ON DRAINAGE SYSTEM COSTS; ESTABLISHING ENFORCEMENT PROVISIONS AND PENALTIES FOR NON-PAYMENT OF FEES; PROVIDING THAT VIOLATIONS OF THE STORMWATER MANAGEMENT AND ILLICIT DISCHARGE AND DRAINAGE SYSTEM CONNECTION ORDINANCES ARE MISDEMEANORS PUNISHABLE BY A FINE OF NOT MORE THAN \$1,000 DOLLARS OR BY IMPRISONMENT NOT TO EXCEED 180 DAYS OR BOTH; REPEALING ALL ORDINANCES AND PARTS OF ORDINANCES IN CONFLICT HEREWITH; PROVIDING A SEVERABILITY CLAUSE; PROVIDE FOR THE PUBLICATION OF A SUMMARY OF THIS ORDINANCE AND AN EFFECTIVE DATE HEREOF.

ROLL CALL: Kennedy Aye; McEvers Aye; Adams No; Edinger Aye. Goodlander Aye; Gookin Aye. Motion carried.

Motion by Edinger, seconded by Kennedy to suspend the rules and to adopt Council Bill No. 12-1026 by its having had one reading by title only.

ROLL CALL: Kennedy Aye; McEvers Aye; Adams Aye; Edinger Aye. Goodlander Aye; Gookin Aye. Motion carried.

RESOLUTION 12-052

A RESOLUTION OF THE CITY OF COEUR D'ALENE, KOOTENAI COUNTY, IDAHO SETTING SERVICE CHARGES FOR DRAINAGE SERVICES PROVIDED TO PROPERTY OWNERS BY THE DRAINAGE SYSTEM UTILITY.

Motion by Edinger, seconded by Kennedy to adopt Resolution 12-052

DISCUSSION: Councilman McEvers asked for clarification as to how comparable full funding or minimum funding is to the old utility revenues. Troy Tymesen, Finance Director, stated that minimum funding would be less than previous revenue. Mr. Wilson cautioned the city about changing the fee structure, as the proposed fees are based on a rate study, which included specific known costs. Councilman Goodlander stated that she is more comfortable with the minimum funding, as the city is currently in the process of increasing fees on two utilities in addition to this new utility.

ROLL CALL: McEvers Aye; Adams No; Kennedy Aye; Edinger Aye; Gookin No; Goodlander Aye. Motion carried.

EXECUTIVE SESSION: Motion by Goodlander, seconded by Kennedy, to enter into Executive Session as provided by I.C. 67-2345 §C: To conduct deliberations concerning labor negotiations or to acquire an interest in real property, which is not owned by a public agency and I.C. 67-2345 §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.

ROLL CALL: Goodlander, Aye; Gookin, Aye; Kennedy, Aye; Edinger, Aye; Adams, Aye; McEvers, Aye. Motion carried.

The Council entered into Executive Session at 9:14 p.m. Members present were the Mayor, City Administrator, City Council, City Attorney, and Deputy City Administrator.

Matters discussed were those of land acquisition and the Dixon Mediation. No action was taken and the Council returned to its regular session at 9:42 p.m.

ADJOURNMENT: Motion by McEvers, seconded by Gookin that there being no further business this meeting is adjourned. Motion carried.

The meeting recessed at 9:42 p.m.

Sandi Bloem, Mayor

ATTEST:

Renata McLeod,
City Clerk Apprentice



CITY OF COEUR D'ALENE

FINANCE DEPARTMENT

CITY HALL, 710 E. MULLAN
COEUR D'ALENE, IDAHO 83816-3964
208/769-2225 – FAX 208/769-2284

Staff Report

Date: December 3, 2012

From: Troy Tymesen, Finance Director

Subject: Annual Road and Street Financial Report

DECISION POINT:

The Council is being asked to review and to approve the Annual Road and Street Financial Report for the fiscal year ending September 30, 2012.

HISTORY:

Idaho Code, Section 40-708, requires the certification of road fund receipts and disbursements be completed and sent to the Idaho State Controller by the 31st of December for the preceding fiscal budget year for cities, counties, and highway districts.

FINANCIAL ANALYSIS:

The certification and timeliness of this report is critical to the City receiving funding from the State's Highway User tax disbursement. The revenue received during fiscal year 2011-12 was \$1,470,730.

PERFORMANCE ANALYSIS:

The Annual Road and Street Financial Report is an accounting of the dollars used in maintaining, creating and improving the road network overseen by the City. This report is a collaborative effort with the Street Maintenance Department and the Finance Department.

DECISION POINT:

The Council is being asked to review and to approve the Annual Road and Street Financial Report for the fiscal year ending September 30, 2012.

Annual Road and Street Financial Report

Reporting Entity Name - Enter below by entity type		Please return, not later than December 31 , to: DONNA M. JONES IDAHO STATE CONTROLLER ATTN: HIGHWAY USERS STATEHOUSE MAIL BOISE, ID 83720
City or Coeur d'Alene	County of City Kootenai	
County or		
Highway District	County of Hwy. District	

This certified report of dedicated funds is hereby submitted to the State Auditor as required by 40-708, *Idaho code*.

Dated this _____ day of _____, _____.	
ATTEST:	
_____, City Clerk/Treasurer	_____, Mayor

City Clerk/County Clerk/District Secretary (**type or print name & sign**) Commissioners or Mayor (**type or print name & sign**)

Contact Phone Number: (208) 769-2225

FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2012

Line 1 BEGINNING BALANCE AS OF OCTOBER 1 PREVIOUS YEAR	(10,084,931)
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RECEIPTS

LOCAL FUNDING SOURCES		
Line 2	Property tax levy (for roads, streets and bridges)	200,000
Line 3	Sale of assets	
Line 4	Interest income	473
Line 5	Fund transfers from non-highway accounts.	258,336
Line 6	Proceeds from sale of bonds (include LIDs)	
Line 7	Proceeds from issue of notes (include loans)	
Line 8	Local impact fees	339,655
Line 9	Local option registration fee	
Line 10	All other LOCAL receipts or transfers in.	2,635,007
Line 11	Total Local Funding (sum lines 2 through 10).	3,433,471
STATE FUNDING SOURCES		
Line 12	Highway user revenue	1,470,730
Line 13	Sales tax/Inventory replacement tax	
Line 14	Sales tax/Revenue sharing	
Line 15	Other State funds (specify)	
Line 16	All other STATE receipts or transfers.	
Line 17	Total State Funding (sum lines 12 through 16).	1,470,730
FEDERAL FUNDING SOURCES		
Line 18	National Forest Reserve Apportionment	
Line 19	Critical bridge	
Line 20	STP Rural	
Line 21	STP Urban.	79,443
Line 22	All other FEDERAL receipts or transfers	
Line 23	Total Federal Funding (sum lines 18 through 22)	79,443
Line 24	TOTAL RECEIPTS (sum lines 11, 17, 23)	4,983,644

DISBURSEMENTS		
NEW CONSTRUCTION		
Line 25	Roads	
Line 26	Bridges, culverts and storm drainage	
Line 27	RR Crossing	
Line 28	Other (specify - including salaries and benefits).	
Line 29	Total New Construction (sum lines 25 through 28).	-
RECONSTRUCTION/REPLACEMENT/REHABILITATION		
Line 30	Roads (rebuilt, realign, or 2" overlay upgrade).	1,149,368
Line 31	Bridges, culverts and storm drainage	836,641
Line 32	RR Crossing.	
Line 33	Other (specify - including salaries and benefits). . sidewalks	102,264
Line 34	Total Reconstruction/Replacement (sum lines 30 through 33).	2,088,273
ROUTINE MAINTENANCE		
Line 35	Chip sealing or seal coating.	
Line 36	Patching	316,162
Line 37	Snow removal	179,458
Line 38	Grading/blading	201,654
Line 39	RR Crossing.	
Line 40	Other (drainage, culverts, traffic control, special projects, safety training).	556,454
Line 41	Total Routine Maintenance (sum lines 35 through 40)	1,253,728
EQUIPMENT		
Line 42	New equipment purchase - automotive, heavy, other.	30,199
Line 43	Equipment lease - Equipment purchase	
Line 44	Equipment maintenance.	359,781
Line 45	Other (specify).	
Line 46	Total Equipment (sum lines 42 through 45)	389,980
ADMINISTRATION		
Line 47	Administrative salaries and expenses.	586,327
OTHER		
Line 48	Right-of-way and property purchases	17,809
Line 49	Property leases	
Line 50	Street lighting	615,698
Line 51	Professional services - audit, clerical, and legal.	1,054
Line 52	Professional services - engineering.	107,539
Line 53	Interest - bond (include LIDs).	16,336
Line 54	Interest - notes (include loans).	
Line 55	Redemption - bond (include LIDs)	110,200
Line 56	Redemption - notes (include loans)	
Line 57	Payments TO other local government.	
Line 58	Fund transfers to non-highway accounts.	
Line 59	All other local expenditures	
Line 60	Total Other (sum lines 48 through 59)	868,636
Line 61	TOTAL DISBURSEMENTS (sum lines 29, 34, 41, 46, 47, 60).	5,186,944
Line 62	RECEIPTS OVER DISBURSEMENTS (line 24 - line 61).	(203,300)
Line 63	OTHER ADJUSTMENTS (Audit adjustment and etc.).	
Line 64	CLOSING BALANCE (sum lines 1, 62, 63)	(10,288,231)
Line 65	Funds on Line 64 obligated for specific future projects.	
Line 66	Funds on Line 64 retained for general funds and operations.	

Line 67	ENDING BALANCE (line 64 minus the sum of lines 65, 66)	(10,288,231)
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RESOLUTION NO. 12-053

A RESOLUTION OF THE CITY OF COEUR D'ALENE, KOOTENAI COUNTY, IDAHO AUTHORIZING THE BELOW MENTIONED CONTRACTS AND OTHER ACTIONS OF THE CITY OF COEUR D'ALENE INCLUDING APPROVING AN AGREEMENT WITH KOOTENAI COUNTY FOR BILLING SERVICES FOR COMMERCIAL SOLID WASTE ACCOUNTS WITHIN THE CITY LIMITS; AND APPROVING A MEMORANDUM OF AGREEMENT FOR PUD-1-11 WITH NORTH IDAHO COLLEGE.

WHEREAS, it has been recommended that the City of Coeur d'Alene enter into the contract(s), agreement(s) or other actions listed below pursuant to the terms and conditions set forth in the contract(s), agreement(s) and other action(s) documents attached hereto as Exhibits "A through B" and by reference made a part hereof as summarized as follows:

- A) Approving an Agreement with Kootenai County for billing Services for Commercial Solid Waste Accounts within the City Limits;
- B) Approving a Memorandum of Agreement for PUD-1-11 with North Idaho College;

AND;

WHEREAS, it is deemed to be in the best interests of the City of Coeur d'Alene and the citizens thereof to enter into such agreements or other actions; NOW, THEREFORE,

BE IT RESOLVED, by the Mayor and City Council of the City of Coeur d'Alene that the City enter into agreements or other actions for the subject matter, as set forth in substantially the form attached hereto as Exhibits "A through B" and incorporated herein by reference with the provision that the Mayor, City Administrator, and City Attorney are hereby authorized to modify said agreements or other actions so long as the substantive provisions of the agreements or other actions remain intact.

BE IT FURTHER RESOLVED, that the Mayor and City Clerk be and they are hereby authorized to execute such agreements or other actions on behalf of the City.

DATED this 18th day of December, 2012.

Sandi Bloem, Mayor

ATTEST

Susan K. Weathers, City Clerk

Motion by _____, Seconded by _____, to adopt the foregoing resolution.

ROLL CALL:

COUNCIL MEMBER KENNEDY Voted _____

COUNCIL MEMBER GOODLANDER Voted _____

COUNCIL MEMBER MCEVERS Voted _____

COUNCIL MEMBER ADAMS Voted _____

COUNCIL MEMBER GOOKIN Voted _____

COUNCIL MEMBER EDINGER Voted _____

_____ was absent. Motion _____.



CITY OF COEUR D'ALENE

FINANCE DEPARTMENT

CITY HALL, 710 E. MULLAN
COEUR D'ALENE, IDAHO 83816-3964
208/769-2225 – FAX 208/769-2284

Staff Report

Date: December 3, 2012
From: Troy Tymesen, Finance Director
Subject: Coeur d'Alene Billing Services Agreement

Decision Point:

To approve and continue the agreement with Kootenai County for billing services for commercial solid waste accounts within the City limits of Coeur d'Alene.

History:

Since 2006 the City has been a party to the Coeur d' Alene Billing Services Agreement. The City is already billing customers on a monthly basis for residential garbage service and commercial container rent. This partnership between the City and County streamlines the billing process because the City also bills for commercial garbage yardage. Prior to this agreement commercial customers received a separate bill from Kootenai County for commercial garbage yardage. Kootenai County provides assistance to the City on the Solid Waste Joint Powers agreement.

Financial Analysis:

The City added a new line item to its existing utility bill post card at no additional cost and did not need to add any staff. The County is proposing to trade for this service by accepting 204 tons of street sweepings, leaves and other waste debris per calendar year. This is an increase in tonnage from the former contract and a broader definition of debris. Kootenai County Solid Waste is a utility and an enterprise fund, which means that there is a fee charged for this service.

Performance Analysis:

This agreement enhances customer service because the customers in the City get one bill for garbage service. The contracted waste hauler has been instrumental in assisting with the information conversion. The County Sanitation Department will receive a monthly cash flow previously some of the commercial accounts were billed quarterly instead of monthly.

Decision Point/Recommendation:

To approve and continue the contract with Kootenai County for billing services for commercial solid waste accounts within the City limits of Coeur d'Alene.

Coeur d'Alene Billing Services Agreement

This agreement is entered into this 18th day of December, 2012, for the mutual benefit of the respective parties hereto: Kootenai County (Solid Waste), a political subdivision of the State of Idaho, whose mailing address is P.O. Box 9000, Coeur d'Alene, ID 83816, hereinafter referred to as County; and City of Coeur d'Alene, a municipal corporation organized pursuant to the laws of the State of Idaho, hereinafter referred to as City.

This agreement is for billing services for commercial solid waste accounts within the city limits of Coeur d'Alene, Idaho. This agreement does not replace the Solid Waste Participation Agreement between the City and County enacted in May 2010. This agreement does expand the City's role to provide for collection of commercial disposal fees for the County.

Purpose

This contract is for billing services for commercial solid waste accounts within the city limits as they exist now or in the future. Garbage service for the City will be accomplished through an existing contract entitled "*Coeur d'Alene Solid Waste Services Contract*". Commercial businesses collected under the Solid Waste Services Contract shall be billed through the City's Finance Department.

Definitions

City: Means the City of Coeur d'Alene, a political subdivision of the State of Idaho whose mailing address is 710 Mullan Avenue, Coeur d'Alene, ID 83814.

Commercial Account or Commercial Customer: All improved properties used for other than residential use that generate garbage for disposal in the County's solid waste system.

County: Means Kootenai County, a political subdivision of the State of Idaho whose mailing address is PO Box 9000, Coeur d'Alene, ID 83816.

Term and Termination

Term: This Agreement shall be in effect for calendar years 2013, 2014 and 2015. The term may be extended by the parties for an additional 3 calendar year term.

Termination: Unless the parties mutually agree to extend the term of this Agreement, it will automatically terminate on the last calendar day of 2015. In addition either party may terminate this Agreement for any reason by giving the other party 90 days written notice to the address for each party contained herein.

City's Responsibility

Subject to the additional terms of this Agreement, the City shall be responsible to:

- Establish all new accounts after the effective date of this Agreement
- Provide billing of all commercial solid waste accounts on a monthly basis
- Provide customer service staff during business hours to answer questions and concerns about accounts
- Maintain a billing system that allows the County and the contracted solid waste collector to reconcile charges for solid waste collections.
- Work with the County and Customer to resolve past due payments.
- The City may charge a late charge or fee for all delinquent accounts in accordance with the established City policies and procedures. All late fees collected by the City shall be retained by the City.
- Provide the County with a monthly list of all delinquent accounts.
- Provide the County, upon request, account information maintained by the City for any delinquent account.
- In the event that the City shuts off an account, the City will notify the County of the shutoff within 1 business day. The City will subsequently notify the County within 1 business day of the account being reactivated.
- Provide a monthly comprehensive account status report of all accounts to the County's Auditor and Solid Waste Department.
- To the extent allowed by law, City agrees to indemnify, defend and hold the County harmless for any liability that may accrue by reason of any act or omission in the performance of this Agreement on the part of the City, its agents, employees, assignees or anyone subcontracting with the City for the performance of this contract.

County's Responsibility

Subject to the additional terms of this Agreement, the County shall be responsible to:

- Maintain a billing interface between the contracted solid waste service and the City to assist in reconciliation of accounts and to notify the customers of the billing change.
- Coordinate delinquent accounts with the City so that solid waste disposal services are not provided to delinquent accounts until such time as they are no longer delinquent.
- In exchange, for the City agreeing to provide the contracted billing services, the County will receive for disposal, without charge, up to 204 tons of street sweepings, leaves and other waste debris per calendar year from the City.
- Pursue payment for those delinquent accounts requested by the City.
- Provide City staff with training on the County's solid waste billing procedures and fee structures.
- Provide the City with at least 30 days' notice of all rate changes and/or adjustments.
- Provide the City with a monthly report detailing all adjustments or changes to accounts for the next month's bill. To ensure that the City has sufficient time to prepare bills, the report must be received by the City no later than the 5 days following receipt from the City's contracted service provider.
- Pay for all custom programming required to the City's computer system needed to implement this Agreement along with all necessary maintenance of the software.

- To the extent allowed by law, County agrees to indemnify, defend and hold the City harmless for any liability that may accrue by reason of any act or omission in the performance of this agreement on the part of the County, its agents, employees, assignees or anyone subcontracting with the County for the performance of this contract.

General Provisions

Time is of the Essence: Time is of the essence in this agreement.

Section Headings: The section headings of this agreement are for clarity in reading and not intended to limit or expand the contents of the respective sections to which they appertain.

Promise of Cooperation: Should circumstances change, operational difficulties arise or misunderstandings develop, the parties agree to meet and confer at the request of either party to discuss the issue and proposed solutions. Further, each party agrees not to bring claim, initiate other legal action or suspend performance without meeting directly with the other party regarding the subject matter of the disagreement.

Venue and Choice of Law: Should any legal claim or dispute arise between the parties, the proper place of venue shall be in the First Judicial District, Kootenai County, Idaho, and laws of Idaho shall apply.

Attorney Fees: If any action shall be brought to enforce any provision of this Agreement, the prevailing party shall be entitled to recover from the other party as part of the prevailing party's costs, reasonable attorney's fees the amount of which shall be fixed by the Court and shall be made a part of any judgment or decree rendered.

Assignment: Neither party may assign its rights or obligations under this Agreement without the other party's express consent.

Integration: This instrument and all appendices and amendments hereto embody the entire agreement of the parties regarding the subject matter hereof. There are no promises, terms, conditions, or obligations other than those contained herein; and this Agreement shall supersede all previous communications, representations or agreements, either oral or written, between the parties.

Severability: If any section, subsection, sentence, clause or phrase of this Agreement is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of the Agreement are not affected thereby. It is the intent of the parties that no portion of it, provision or regulation contained in it, become inoperative or fail by reason of unconstitutionality or invalidity of any other section, subsection, sentence, clause, phrase, provision or regulation of this Agreement.

Amendments: The parties agree that this Agreement may only be amended in writing and signed by both parties. The parties agree that this Agreement shall not be amended by a change of any law.

IN WITNESS WHEREOF the Mayor and City Clerk of the City of Coeur d'Alene have executed this contract on behalf of the CITY, and the COUNTY has caused the same to be signed, the day and year first above written.

CITY OF COEUR D'ALENE

KOOTENAI COUNTY
BOARD OF COMMISSIONERS

SANDI BLOEM, MAYOR

W. TODD TONDEE, Chairman

ATTEST:

ATTEST:
CLIFFORD T. HAYES, CLERK

SUSAN K. WEATHERS, CITY CLERK

By: _____
DEPUTY CLERK

STATE OF IDAHO)
) ss:
County of Kootenai)

On this 18th day of December, 2012, before me, a Notary Public, personally appeared **SANDI BLOEM** and **SUSAN K. WEATHERS**, known to me to be the Mayor and City Clerk, respectively of the City of Coeur d'Alene, and the person who executed the foregoing instrument on behalf of the City, and acknowledged to me that said City of Coeur d'Alene executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notary Seal the day and year in this certificate first above written.

Notary Public in and for the State of Idaho
Residing at: _____
Commission expires: _____

STATE OF IDAHO)
) ss:
County of Kootenai)

On this ____ day of December, 2012, before me, a Notary Public, personally appeared **W. TODD TONDEE**, known to me to be the Chairman of the Board of County Commissioners, for Kootenai County and the person who executed the foregoing instrument on behalf of the County, and acknowledged to me that said Kootenai County executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notary Seal the day and year in this certificate first above written.

Notary Public in and for the State of Idaho
Residing at: _____
Commission expires: _____

CITY COUNCIL STAFF REPORT

DATE: DECEMBER 18, 2012
TO: CITY COUNCIL
FROM: SEAN HOLM, PLANNER
SUBJECT: PUD-1-11 - MEMORANDUM OF AGREEMENT

DECISION POINT

Approve memorandum of agreement for PUD-1-11 "North Idaho College"

HISTORY

The Planning Commission approved PUD-1-11 on December 13, 2011 and the Planning Department approved the Final Development Plan on November 28, 2012.

PERFORMANCE ANALYSIS

It has been past practice to memorialize the Final Development Plan, in accordance with Section 17.09.478 of the Municipal Code, by requiring a memorandum of agreement that is approved by the City Council, signed by the Mayor and property owner and recorded in the Kootenai County Recorder's Office. This request is in keeping with that procedure.

FINANCIAL ANALYSIS

There is no financial impact associated with the proposed memorandum of agreement.

QUALITY OF LIFE ANALYSIS

The memorandum of agreement will provide any future buyers of the property with information on the agreement.

DECISION POINT RECOMMENDATION

Approve the memorandum of agreement for PUD-1-11.

MEMORANDUM OF AGREEMENT

MEMORANDUM OF AGREEMENT, entered into this 11th day of December, 2012 by and between the City of Coeur d'Alene, Kootenai County, Idaho, a municipal corporation organized and existing under the laws of the State of Idaho, hereinafter referred to as the "City," and North Idaho College, hereinafter referred to as the "Owner."

WITNESSETH:

WHEREAS, the "Owner" has received approval for a Planned Unit Development, which Planned Unit Development includes certain terms, conditions and agreements, which the parties wish to memorialize as applicable to the real property to which this Planned Unit Development attaches.

NOW, THEREFORE the parties agree as follows:

1. The real property to which the below listed terms, conditions, and agreements apply particularly is described as follows:

18.78 acres legally described as a portion of Section 14, Township 50 North, Range 4 West, Boise Meridian, Kootenai County, Idaho; more specifically described in the legal description on file in the Planning Department. The property is more commonly known as a portion of the NIC campus north of River Ave. bound by the Spokane River shoreline (west), the Wastewater treatment plant (north), and the BNSF Railroad and adjacent neighborhood (east), frequently identified as the Education Corridor.

The parties agree that the following constituted agreement to which the owner, owner's heirs, assigns, and successors in interest, must comply during and after the development of the aforementioned Planned Unit Development.

- A. Preliminary Planned Unit Development Plan (PUD-1-11) approved by Planning Commission on December 13, 2011.
- B. Final Planned Unit Development Plan (PUD-1-11) approved by Planning Department on November 28, 2012.
- C. List of exhibits.

Exhibit 1- PUD Boundaries- Legend dated November 2012

Exhibit 2- PUD Uses dated November 2012

Exhibit 3- PUD Utilities dated November 2012

- Exhibit 4- Open Space & Landscape Development dated November 2012
- Exhibit 5- Near Term Phase (1-5 Years) dated November 2012
- Exhibit 6- Mid Term Phase (5 to 15 Years) dated November 2012
- Exhibit 7- Long Term Phase (15 to 50 Years) dated November 2012
- Exhibit 8- Education Corridor Phase 1A dated April 2011
- Exhibit 9- Education Corridor Lighting dated April 2011
- Exhibit 10- Education Corridor Tree Planting Plan, April 2011
- Exhibit 11- Education Corridor Shrub Planting Plan, April 2011
- Exhibit 12- Education Corridor Materials/Lighting Plan, April 2011
- Exhibit 13- Education Corridor Irrigation Plan, April 2011
- Exhibit 14- Education Corridor Irrigation Details, April 2011
- Exhibit 15- Education Corridor Planting Details, April 2011
- Exhibit 16- Education Corridor Site Details, April 2011
- Exhibit 17- Education Corridor Storm water Pollution Prevention plan,
April 2011
- Exhibit 18- PUD Building Site Diagrams (1-9) dated November 2011

WHEREAS, said terms, conditions, and agreements are on file at City Hall in the Offices the Planning Director, and City Clerk.

IN WITNESS WHEREOF, the Mayor and City Clerk of the City of Coeur d'Alene have executed this contract on behalf of said City, the City Clerk has affixed the seal of said City hereto, and North Idaho College, Owner, has caused the same to be executed the day and year first above written.

CITY OF COEUR D'ALENE,
KOOTENAI COUNTY, IDAHO

NORTH IDAHO COLLEGE

By: _____
Sandi Bloem, Mayor

By:  _____
Ron Dorn

ATTEST:

Susan K. Weathers, City Clerk

STATE OF IDAHO)
) ss.
County of Kootenai)

On this ____ day of _____, 2012, before me, a Notary Public, personally appeared Sandi Bloem and Susan K. Weathers, known to me to be the Mayor and City Clerk, respectively, of the City of Coeur d'Alene and the persons who executed the foregoing instrument and acknowledged to me that said City of Coeur d'Alene executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year in this certificate first above written.

Notary Public for Idaho
Residing at Coeur d'Alene
My Commission expires:

STATE OF IDAHO)
) ss.
County of Kootenai)

On this 11th day of December, 2012, before me, a Notary Public, personally appeared, North Idaho College, known to me to be the Owner that executed the foregoing agreement, and acknowledged to me that said North Idaho College executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year in this certificate first above written.



Carol A Jones

Notary Public for Idaho
Residing at 3348 E Grand Tower Dr. Hayden, ID
My Commission expires: 07/19/2016
Kootenai County

MEMORANDUM

DATE: NOVEMBER 27, 2012
TO: MAYOR BLOEM AND THE CITY COUNCIL
FROM: RENATA MCLEOD, PROJECT COORDINATOR
RE: REQUEST FOR PUBLIC HEARING

I am requesting the City Council set a public hearing for the Council meeting scheduled January 15, 2013, to hear public testimony regarding the Community Development Block Grant (CDBG) 2013-2018 Consolidated Plan/Action Plan, for the HUD CDBG funds directly allocated to the City of Coeur d'Alene.

ANNOUNCEMENTS

OTHER COMMITTEE MINUTES
(Requiring Council Action)

December 10, 2012
**GENERAL SERVICES COMMITTEE
MINUTES**

COMMITTEE MEMBERS PRESENT

Mike Kennedy, Chairperson
Ron Edinger
Steve Adams

CITIZENS PRESENT

Frank Orzel
Lauren Chaffin, Principal Planner, Kootenai County
Tom Hasslinger, CDA Press

STAFF PRESENT

Troy Tymesen, Finance Director
Jon Ingalls, Deputy City Administrator
Mike Gridley, City Attorney
Wendy Gabriel, City Administrator
Juanita Knight, Senior Legal Assistant

**Item 1. Street Maintenance / Annual Finance Report.
(Consent Calendar)**

Troy Tymesen, Finance Director, is requesting Council approve the Annual Road and Street Financial Report for the fiscal year ending September 30, 2012. Mr. Tymesen noted in his staff report that Idaho Code requires the certification of road fund receipts and disbursements be completed and sent to the Idaho State controller by the 31st of December for the preceding fiscal budget year for cities, counties, and highway districts. The report is an accounting of the dollars used in maintaining, creating, and improving the road network overseen by the City. The report is a collaborative effort with the Street Maintenance Department and the Finance Department. The certification and timelines of the report is critical to the City receiving funding from the State's highway User tax disbursement. The revenue received during fiscal year 2011-12 was \$1,470,730.00.

Councilman Kennedy asked about Line 47 - *Administration*. What of the administration of outsource contracts is in that? Mr. Tymesen said this is administration from departments outside of the Street Dept. Part of it is for the contracts the City enters into that Legal and Administration review. Councilman Kennedy asked if outsourced legal council is included in this. Mr. Tymesen said yes.

Councilman Kennedy asked about Lines 74 and 75 - *Routine Maintenance* regarding chip sealing & sealcoating. It appears from the report the City didn't do that routine maintenance. Mr. Tymesen stated the City Engineer is not a big fan of chip seal or sealcoating.

Councilman Adams asked why the City Engineer is not a fan of chip sealing or sealcoating. Mr. Tymesen said the City Engineer, if he were here, would say the life expectancy is not improved with that process. He believes sealcoating is pretty much a painting and the chip sealing does not increase the integrity of the asphalt for any great return on that investment. He is much more comfortable with building it the right way from the start.

Councilman Adams asked about Line 50 - *Street lighting*, does that include traffic signals? Mr. Tymesen said that line is for annual operation for maintenance and power for street lights as well as traffic signal maintenance and power expense. Most new signal costs tie into the project costs.

Councilman Edinger asked if the City is in charge of all the traffic signals and street lighting. Mr. Tymesen said there are street lights that the City owns and the City takes care of those totally. There are street lights that are maintained by Avista and the City pays an extra charge for Avista to maintain them. Kootenai Electric has street lights overseen for the City as well. All of the traffic signals the City is in control of.

Councilman Edinger asked about the traffic signal at Appleway and I-95. Mr. Tymesen said the state oversees the operation and the timing of those lights.

MOTION: by Councilman Edinger seconded by Councilman Adams, that Council approve the Annual Road and Street Financial Report for the fiscal year ending September 30, 2012

Item 2. Annual Agreement / Audit Services.
(Agenda Resolution No. 12-055)

Troy Tymesen is requesting Council enter into the annual engagement agreement with Magnuson, McHugh and Company, PA accounting firm to conduct the 2011-2012 Fiscal Year Audit. Mr. Tymesen noted in his staff report that the City conducts an annual audit to comply with the state statues and the National Recognized Municipal Securities Information Repositories (NRMSIRs). Mr. Tymesen added that last year the City solicited quotes for audit services from two other qualified municipal audit firms. Both quotes were over 22% higher than the proposal from Magnuson, McHugh. This year the City contacted a firm in Missoula and they declined to quote because of the reasonable fee currently being charged. The financial plan for the City includes the quoted cost of \$29,500.00, including the single audit as presented by Magnuson, McHugh.

Councilman Kennedy asked a question that he feels most citizen will have. Magnuson, McHugh has done the audits in the past. The City recently had a significant embezzlement situation. Why didn't the auditors catch that and how should the Council review this request for approval in light of the embezzlement? Mr. Tymesen said it would be the fact that this CPA firm is audited by another CPA firm on their transaction. Their policies and procedures and steps are accurate and in compliance with everything they get to work through as auditors. They are a very respected auditing firm. Mr. Tymesen said the auditors are very good at what they do and most everything that was done in the embezzlement was done in such a manner that the audit trail had been covered. It took staff members to look at the entities that the City was dealing with to confirm who was getting the money. The books balanced. The audit trail was covered. It came down to showing where the detail was, what the bank records showed, what the vendor that was supposed to be receiving, and why there was a difference. With the size of the City's budget, it is impossible for the auditors to drill through every transaction. Mr. Tymesen noted that those receiving money from the City are part of the audit process.

Councilman Kennedy asked if there are additional checks that could have been made or can be made in the future to prevent this from happening again. Mr. Tymesen said the opportunity for someone to take money is always present so audits will always get better. The City will send out over 300 deposits to employees on payday. If he puts another sets of eyes on that transaction, there is not enough time to get that done. So the City has to go with the fact that the employee will say something if they don't get what they are supposed to...that is part of the auditing process. The City has learned from what took place and understands better an area to improve on (the bank relationship). The City could spend the money for one full time employee to go over every transaction but that would not bring a big return to the City or its constituents.

Councilman Kennedy said most people's understanding is that an audit is scrubbing every transaction, but it is not. Mr. Tymesen said not even in the private sector is an audit scrubbing every transaction. The auditors will randomly pull 100 transactions and they will scrub those transactions. What happened with the embezzlement was an individual was able to cover up the transaction in such a manner that it matched the dollar amounts that was approved. It looked like it went to the vendor, and when the vendor was called, they said the City did not owe them any money. Mr. Tymesen said this will happen in only one situation he has run into, and that was where the individual was able to move the bulk of the money. It was a very rare occurrence for someone to hit all the checks and balance in such a fashion that it did not trigger itself in an audit nor did it trigger the City running over its intended expenses in that area. The vendor, the person receiving the money, was not looking for any more money.

Councilman Edinger asked if the City has a forensic audit of any kind? Mr. Tymesen said we do. We have staff that is continually working through the transactions and in place is the fact that the employee that cuts the checks to pay the vendor cannot sign the checks. That process is also what the auditors look at. The auditors spend time with the City Administrator as well as department heads asking questions and if there is any areas of concern.

Councilman Edinger asked if the people working in finance are bonded. Mr. Tymesen said he is bonded for \$100,000. The Deputy Finance Director is bonded and they have a loss prevention bond for up to \$10,000. Basically, everyone at the City is bonded for this type of activity.

Councilman Adams asked questions he received from a citizen. 1) In addition to the cost increase, what are other changes to this agreement from previous agreements? Mr. Tymesen said none. 2) What has the City done to prevent future embezzlement issues? Mr. Tymesen said the City has eradicated any automated clearing house (ACH) transactions outside of payroll. 3) Does the audit cover operational aspects of the figures that will appear in the financials, i.e. sources of tracking money flows, etc.? Mr. Tymesen said it shows in the annual audit. They have to certify that. A lot of staff time has been into this to prepare a comprehensive annual financial report. That is partly why this dollar amount is staying down at the level it is for a city of our size. The Deputy City Finance Director does the bulk of that work to produce that document. It saves the city a lot of money. 4) Did the FY 2011-2012 audit reveal any issues that would reveal potential for embezzlement? Mr. Tymesen said he spent hours with the auditors looking at ways and transactions as someone creative could attempt to get money. They looked at the City's software as well as cash handling and believe it is set up in such a way as to prevent future risks of embezzlement. 5) Does Magnuson, McHugh bear any responsibility for the embezzlement? Mr. Tymesen said the auditors were informed within hours of staff uncovering the situation. This size of money, based on the amount of money the city handles, would not show up as "material". That is difficult to say but at the same time, when you spread the dollars over the years it was going on, it was not material to the audit by standard and norms. Mr. Tymesen said his comfort with going with Magnuson and McHugh is the fact that their name is on the line. The City will get the most thorough audit that anyone would NOT want to have. He is not saying that any of the previous audits were not, but they will learn from this as well. The City will learn from it and there is an insurance company that is changing its ways of operation as well. There are bankers that are looking at additional levels of software. The ripple effect from this unfortunate situation is well beyond the city limits. 6) Since key numbers related to the largest project undertaken by the City will not appear in the City's financials, but in LCDC's as a component unit, will this audit include them? Mr. Tymesen responded yes. 7) Does this audit include auditing of any of LCDC financials that will appear in the City's statements. Mr. Tymesen said as a component unit as those audited numbers come in, they double check it to make sure it all balances together.

Councilman Kennedy noted that LCDC has its own audit process, separate from the City.

Councilman Kennedy reiterated that the City was not the only victim in the embezzlement. In fact the biggest victim was the insurance company for whom the individual was underreporting income. Councilman Kennedy said he does not raise these questions to be critical of Mr. Tymesen, staff, or the auditors. He is just aware that folks have these questions and the questions need to be answered. Mr. Tymesen said he appreciates the questions as well because we need to learn and understand what took place, which they have done. There are good practices that have come from this situation.

MOTION: by Councilman Adams, seconded by Councilman Edinger, that Council adopt Resolution No. 12-055 approving the annual engagement agreement with Magnuson, McHugh and Company, PA accounting firm to conduct the 2011-2012 Fiscal Year audit.

Item 3. Services Agreement / Coeur d'Alene Billing.
(CC Resolution No. 12-053)

Troy Tymesen is requesting Council approve the agreement with Kootenai County for billing services for commercial solid waste accounts within the City limits of Coeur d'Alene. Mr. Tymesen noted in his staff report that since 2006 the City has been a party to the Coeur d' Alene Billing Services Agreement. The City is already billing customers on a monthly basis for residential garbage service and commercial container rent. This partnership between the City and County streamlines the billing process because the City also bills for commercial garbage yardage. Prior to this agreement commercial customers received a separate bill from Kootenai County for commercial garbage yardage. Kootenai County provides assistance to the City on the Solid Waste Joint Powers agreement. The City added a new line item to its existing utility bill post card at no additional cost and did not need to add any staff. The County is proposing to trade for this service by accepting 204 tons of street sweepings, leaves and other waste debris per calendar year. This is an increase in tonnage from the former contract and a broader definition of debris. Kootenai County Solid Waste is a utility and an enterprise fund, which means that there is a fee charged for this service. This agreement enhances customer service because the customers in the City get one bill for garbage service. The contracted waste hauler has been instrumental in assisting with the information conversion. The County Sanitation Department will receive a monthly cash flow previously some of the commercial accounts were billed quarterly instead of monthly.

Councilman Edinger said in speaking with Tim Martin, Street Superintendent, he said there was more tonnage due to the leaves being so wet. Mr. Tymesen said the county does an equitable job at looking at that. The tonnage is not radically different from the previous year, therefore not a huge increase. He believes they may exceed around \$1,200 from what was forecasted from last year.

MOTION: by Councilman Edinger, seconded by Councilman Adams, that Council adopt Resolution No. 12-053 approving the contract with Kootenai County for billing services for commercial solid waste accounts within the City limits of Coeur d'Alene.

The meeting adjourned at 12:46 p.m.

Respectfully submitted,

Juanita Knight
Recording Secretary



CITY OF COEUR D'ALENE

FINANCE DEPARTMENT

CITY HALL, 710 E. MULLAN
COEUR D'ALENE, IDAHO 83816-3964
208/769-2225 – FAX 208/769-2284

Staff Report

Date: December 3, 2012
From: Troy Tymesen, Finance Director
Subject: Annual Agreement for the City Audit

DECISION POINT:

To enter into the annual engagement agreement with Magnuson, McHugh & Company, PA accounting firm to conduct the 2011-2012 Fiscal Year audit.

HISTORY:

The City conducts an annual audit to comply with the state statutes and the National Recognized Municipal Securities Information Repositories (NRMSIRs).

FINANCIAL ANALYSIS:

Last year the City solicited quotes for audit services from two other qualified municipal audit firms. One quote was received from Eide Bailey and one was received from LarsonAllen CPA firm in Spokane. Both of the quotes were over 22% higher than the proposal from Magnuson, McHugh. This year the City contacted Tompkins and Peter, CPA, P.C. from Missoula and they declined to quote because of the reasonable fee currently being charged. The financial plan for the City includes the quoted cost, of \$29,500.00, including the single audit as presented by Magnuson McHugh.

PERFORMANCE ANALYSIS:

Magnuson, McHugh & Company has provided audit services for the City and its bond holders in the past and it is being done at a reasonable cost when comparing it to other firms.

DECISION POINT:

To enter into the annual engagement agreement with Magnuson, McHugh & Company, PA accounting firm to conduct the 2011-2012 Fiscal Year audit.

RESOLUTION NO. 12-055

A RESOLUTION OF THE CITY OF COEUR D'ALENE, KOOTENAI COUNTY, IDAHO AUTHORIZING AN AGREEMENT FOR AUDIT SERVICES, WITH MAGNUSON, MCHUGH & COMPANY, PA, ITS PRINCIPAL PLACE OF BUSINESS AT 2100 NORTHWEST BLVD., COEUR D'ALENE, ID 83814.

WHEREAS, the General Services Committee of the City of Coeur d'Alene has recommended that the City of Coeur d'Alene enter into an Agreement with Magnuson, McHugh & Company, PA, for the 2011-2012 Fiscal Year Audit pursuant to terms and conditions set forth in an agreement, a copy of which is attached hereto as Exhibit "A" and by reference made a part hereof; and

WHEREAS, it is deemed to be in the best interests of the City of Coeur d'Alene and the citizens thereof to enter into such agreement; NOW, THEREFORE,

BE IT RESOLVED, by the Mayor and City Council of the City of Coeur d'Alene that the City enter into an Agreement for the 2011-2012 Fiscal Year Audit, in substantially the form attached hereto as Exhibit "A" and incorporated herein by reference with the provision that the Mayor, City Administrator, and City Attorney are hereby authorized to modify said agreement to the extent the substantive provisions of the agreement remain intact.

BE IT FURTHER RESOLVED, that the Mayor and City Clerk be and they are hereby authorized to execute such agreement on behalf of the City.

DATED this 18th day of December, 2012.

Sandi Bloem, Mayor

ATTEST:

Susan K. Weathers, City Clerk

Motion by _____, Seconded by _____, to adopt the foregoing resolution.

ROLL CALL:

COUNCIL MEMBER GOODLANDER Voted _____

COUNCIL MEMBER MCEVERS Voted _____

COUNCIL MEMBER GOOKIN Voted _____

COUNCIL MEMBER KENNEDY Voted _____

COUNCIL MEMBER ADAMS Voted _____

COUNCIL MEMBER EDINGER Voted _____

_____ was absent. Motion _____.



October 19, 2012

To the Honorable Mayor and City Council
City of Coeur d'Alene
710 Mullan Avenue
Coeur d'Alene, ID 83814

We are pleased to confirm our understanding of the services we are to provide for the City of Coeur d'Alene for the periods or year ended September 30, 2012. We will audit the basic financial statements of the City of Coeur d'Alene as of September 30, 2012 and for the fiscal year then ended. In addition, we will audit the entity's compliance over major federal award programs for the period ended September 30, 2012.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information be presented to supplement the 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 the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI 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. Police Retirement Trust Fund: Schedule of Employer Contributions, Schedule of funding progress, Five Year Trend Information & Annual Development Pension Cost.
4. Schedule fo Fuding Progress for Postemployment Benefit Plans.

Supplementary information other than RSI will accompany the City of Coeur d'Alene's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

1. Combining and Individual Fund Financial Statements.
2. Schedule of Expenditures of Federal Awards

2100 Northwest Blvd., Suite 400 • PO Box 1379 • Coeur d'Alene, ID 83816-1379

208-765-9500 • 800-735-1135 • Fax: 208-667-9174 or 208-770-2300 • cpas@mmcocpa.com

Audit of the Financial Statements

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards of the Comptroller General of the United States of America, and will include tests of the accounting records of the City of Coeur d'Alene and other procedures we consider necessary to enable us to express an unqualified opinion that the basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to express opinions on each opinion unit. If any of our opinions are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit, we will not issue a report as a result of this engagement.

Our procedures will include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with customers, creditors, and financial institutions. Also, we will request written representations from your attorneys as part of the engagement, and they may bill you for responding to that inquiry. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

An audit of the financial statements 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. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements of each opinion unit are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us. Also, an audit is not designed to detect error or fraud that is immaterial to the financial statements. The entity's management is responsible for establishing and maintaining a sound system of internal control, which is the best means of preventing or detecting errors, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements and abuse. Because the determination of abuse is subjective, Government Auditing Standards does not expect auditors to provide reasonable assurance of detecting abuse. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

A financial statement audit includes obtaining an understanding of the entity and its environment, including its 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. An audit is not designed to provide assurance on internal control or to identify material weaknesses or significant deficiencies. However, we will communicate to you and those charged with governance any material weaknesses or significant deficiencies that come to our attention.

In accordance with the requirements of Government Auditing Standards, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

Audit of Major Program Compliance

Our audit of the City of Coeur d'Alene's major federal award program(s) compliance will be made in accordance with the requirements of the Single Audit Act, as amended; and the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and will include tests of accounting records, a determination of major programs in accordance with Circular A-133, and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. If our opinion on compliance for any major program is other than unqualified, we will fully discuss the reasons with you in advance.

Magnuson, McHugh & Company, P.A

Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the entity has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major federal award programs. Our procedures will consist of determining major federal programs and performing the applicable procedures described in the U.S. Office of Management and Budget Circular A-133 Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to Circular A-133.

Also, as required by Circular A-133, we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal award programs. However, our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management's Responsibilities

We understand that you are responsible for the financial statements and for making all financial records and related information required for our audit available to us on a timely basis, and that you are responsible for the accuracy and completeness of that information. This management responsibility includes: (a) establishing and maintaining adequate records and related internal control policies and procedures, (b) selecting and applying accounting principles, (c) safeguarding assets, (d) identifying all federal awards expended during the period, and (e) identifying and ensuring that the entity complies with laws, regulations, grants, and contracts applicable to its activities and its federal award programs.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited financial statements, or if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

We may advise you about appropriate accounting principles and their application and may assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. Management is also responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the management representation letter that the effects of any uncorrected misstatements, resulting from errors or fraud, 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 agree that management is responsible for: (a) the design and implementation of programs and controls to prevent and detect fraud, (b) informing us about any fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements or major federal award programs, and (c) informing us about any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, short sellers, or others.

Magnuson, McHugh & Company, P.A

CPAs and Consultants

In addition, as required by Circular A-133, it is management's responsibility to prepare the schedule of expenditures of federal awards in accordance with Circular A-133 requirements, follow up and take corrective action on reported audit findings from prior periods and to prepare a summary schedule of prior audit findings, and follow up on current year audit findings and prepare a corrective action plan for such findings. Management is also responsible for submitting the reporting package and data collection form to the appropriate parties. Management will also make the auditor aware of any significant vendor relationships where the vendor is responsible for program compliance. You agree that you will confirm your understanding of your responsibilities as defined in this letter to us in your management representation letter.

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

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Fees and Timing

The timing of our audit will be scheduled for performance and completion as follows: Interim fieldwork is to begin December 10th through 14th, final fieldwork to begin January 15th with the reports being issued as soon as possible after fieldwork is complete.

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 fee 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 \$29,500 with a single audit or \$26,900 without a single audit. 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 30 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(s). 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 fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. 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.

Magnuson, McHugh & Company, P.A

CPAs and Consultants

Other Matters

The audit documentation for this engagement is the property of Magnuson, McHugh & Company and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulators and federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Magnuson, McHugh & Company's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report. Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

With respect to any nonattest services we perform, City of Coeur d'Alene's management is responsible for: (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. Within the scope of this engagement we will perform the following nonattest services:

1. With regard to our provision of health benefits administration, the City of Coeur d'Alene is the legal administrator and has assigned a competent individual who is familiar with the operation of the plan, oversees our work and internal controls and makes policy decisions regarding it. The service we provide is not complex and is reviewed by this individual on an ongoing basis.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

At the conclusion of our audit engagement, we will communicate to Mayor and City council the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

In accordance with the requirements of Government Auditing Standards, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

Magnuson, McHugh & Company, P.A

CPAs and Consultants

If the foregoing is in accordance with your understanding, please indicate your agreement by signing the duplicate copy of this letter and returning it to us. If you have any questions, please let us know.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Sincerely,

Magnuson, McHugh & Company, P.A.

Magnuson, McHugh & Company, P.A.

RESPONSE:

This letter correctly sets forth our understanding.

The City of Coeur d'Alene

Approved by: _____

Title: _____

Date: _____

Magnuson, McHugh & Company, P.A.

CPAs and Consultants

Evans & Poulsen P.A.

Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Edward G. Evans, CPA
Jeffrey D. Poulsen, CPA

System Review Report

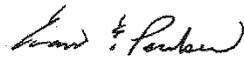
November 5, 2010

To the Owners of
Magnuson, McHugh & Company, 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 Magnuson, McHugh & Company, P.A. (the firm) in effect for the year ended July 31, 2010. 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. 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 the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Magnuson, McHugh & Company, P.A. in effect for the year ended July 31, 2010, has been suitably designed and complied with to provided 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*. Magnuson, McHugh & Company, P.A. has received a peer review rating of *pass*.


Evans & Poulsen, P.A.

1360 Albion Avenue • Burley, Idaho 83318 • (208) 678-1300 • Fax (208) 678-1301 • evanscpa@pmt.org

Magnuson, McHugh & Company, P.A.

OTHER BUSINESS

RESOLUTION NO. 12-054

A RESOLUTION DECLARING THE INTENTION OF THE MEMBERS OF THE COUNCIL OF THE CITY OF COEUR D'ALENE, KOOTENAI COUNTY, IDAHO, TO CREATE LOCAL IMPROVEMENT DISTRICT NO. 151; DESCRIBING THE BOUNDARIES OF THE PROPOSED DISTRICT AND THE PROPERTY PROPOSED TO BE ASSESSED; GENERALLY DESCRIBING THE IMPROVEMENTS PROPOSED TO BE CONSTRUCTED; STATING THE PORTION OF THE TOTAL COST WHICH WILL BE PAID BY THE LEVY OF ASSESSMENTS AND THAT WHICH WILL BE PAID FROM OTHER SOURCES; DESCRIBING THE METHOD OF ASSESSMENT; STATING THE TIME AND PLACE WHEN AND WHERE PROTESTS MAY BE FILED AND WHEN AND WHERE A PUBLIC HEARING WILL BE HELD TO CONSIDER ANY SUCH PROTESTS; PROVIDING FOR THE EFFECTIVE DATE OF THIS RESOLUTION; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, the City of Coeur d'Alene, Kootenai County, Idaho (the "City"), is a body politic and corporate created and existing under and pursuant to the provisions of the Constitution and laws of the State of Idaho;

WHEREAS, the City desires to finance certain costs of the design and construction of improvements to Front Avenue situate in the City, as hereinafter described (collectively, the "Improvements");

WHEREAS, pursuant to Title 50, chapter 17, Idaho Code, the City is authorized and empowered to create local improvement districts and to construct improvements pursuant thereto, and, in accordance with Section 50-1706, Idaho Code, on December 4, 2012, the City adopted Resolution No. 12-051 initiating the creation of a local improvement district to finance a portion of the construction of the Improvements;

WHEREAS, the members of the Council of the City (the "Council") are of the opinion that it is in the best interest of the owners of property and of the inhabitants within the proposed local improvement district that the proposed local improvement district be created for the purpose of financing a portion of the construction of the Improvements;

WHEREAS, Sections 50-1707 and 50-1708, Idaho Code, provide that the Council give notice of its intention to create the local improvement district to finance certain of the Improvements, and to levy assessments to pay all or a part thereof.

THEREFORE, IT IS RESOLVED by the Council as follows:

Section 1. The Council hereby determines and states that it is the City's intention to form a local improvement district to be designated "City of Coeur d'Alene Local Improvement District No. 151" ("LID No. 151") to finance a portion of the cost of the Improvements.

Section 2. The boundaries of the proposed LID No. 151 are described in Exhibit A, attached hereto and hereby made a part hereof. All property situate within the boundaries of proposed LID No. 151 and specially benefited by the Improvements will be assessed. The Council is of the opinion that said description is sufficient to inform the owners of (i) the property proposed to be assessed and (ii) the public improvements that are proposed to be constructed therein.

Section 3. A general description of the Improvements is as follows:

(i) The design and construction of street and streetscape improvements including paving, curb, sidewalk, trees, landscaping, lighting, irrigation and power systems, street furniture, erosion and site control, and other related infrastructure.

(ii) Costs of construction will include, but are not limited to, engineering, legal, accounting, costs of bond issuance, costs of interim financing, costs of financial advice, the funding of a guarantee fund or reserve account to secure payment of financing, and other costs incidental thereto. All work will be performed and all materials supplied after the advertisement for bids therefor by giving notice calling for sealed bids for the construction of work.

Section 4. The estimated total cost of the proposed Improvements is approximately \$2,900,000, approximately 39% of which shall be borne by and assessed against the properties specially benefited by such Improvements, based upon a benefits derived method of assessment as set forth in Section 50-1707, Idaho Code, and approximately 61% of which shall be paid from the general funds of the City.

Section 5. That protests against said Improvements or against the creation of said LID No. 151 shall be in writing and filed at City Hall at 710 E. Mullan, Coeur d'Alene, Idaho, on or before 4:00 p.m. on January 2, 2013; and such protests shall be heard and considered by the Council at a public hearing to be held at the Community Room of the Coeur d'Alene Public Library, 702 E. Front Avenue, Coeur d'Alene, Idaho, on January 2, 2013, at 6:00 p.m.

Section 6. That the City Clerk is hereby directed to (1) give notice of the passage of this Resolution and the time within which protests will be heard and considered by the Council as herein provided, in the form attached hereto as Exhibit B, which describes the general character of the Improvements to be made and the estimated total cost thereof, and includes a reference to this Resolution on file in the Council's office to obtain further information in regard thereto, and (2) cause such notice to be published in the Coeur d'Alene Press, a daily newspaper of general circulation within the City and the official newspaper thereof, in three consecutive daily issues, and (3) cause a copy of such notice to be mailed to each owner of property in the proposed LID No. 151 if known, or his agent if known or, if not known, a post office in the City where the Improvements are to be made. The first publication of such notice and the mailing of the same, whichever is later, shall be no later than ten (10) days before the date of the expiration of the filing of protests and the public hearing.

Proof of publication shall be by affidavit of the publisher and proof of mailing shall be by affidavit of the City Clerk.

DATED this 18th day of December, 2012.

CITY OF COEUR D'ALENE, KOOTENAI
COUNTY, IDAHO

Sandi Bloem, Mayor

ATTEST:

Susan Weathers, City Clerk

I, the undersigned, City Clerk of the City of Coeur d'Alene, Kootenai County, Idaho, hereby certify that the foregoing Resolution is a full, true, and correct copy of a Resolution duly adopted at a regular meeting of the City, at the regular meeting place thereof, on December 18, 2012, of which meeting all members of the Council had due notice and at which a majority thereof were present; and that at said meeting said Resolution was adopted by the following vote:

Motion by _____, Seconded by _____, to adopt the foregoing resolution.

ROLL CALL:

COUNCIL MEMBER KENNEDY Voted _____

COUNCIL MEMBER GOODLANDER Voted _____

COUNCIL MEMBER MCEVERS Voted _____

COUNCIL MEMBER ADAMS Voted _____

COUNCIL MEMBER GOOKIN Voted _____

COUNCIL MEMBER EDINGER Voted _____

_____ was absent. Motion _____.

I further certify that I have carefully compared the same with the Resolution on file and of record in my office; that said Resolution is a full, true, and correct copy of the Resolution adopted at said meeting; and that said Resolution has not been amended, modified, or rescinded since the date hereto, and is now in full force and effect.

IN WITNESS WHEREOF, I have set my hand on December ____, 2012.

Susan Weathers, City Clerk

EXHIBIT A
DESCRIPTION OF BOUNDARIES OF LID NO. 151

Lot 7, 8, 9, 10, 11 and 12, Block P of the plat of Coeur d'Alene and King's Addition as recorded in Book C of Deeds, page 144, records of Kootenai County, Idaho;

Lot 7, 8, 9, 10, 11 and 12, Block Q of the plat of Coeur d'Alene and King's Addition as recorded in Book C of Deeds, page 144, records of Kootenai County, Idaho;

Lot 7, 8, 9, 10, 11 and 12, Block R of the plat of Coeur d'Alene and King's Addition as recorded in Book C of Deeds, page 144, records of Kootenai County, Idaho;

All condominium Units within Parkside Condominium as recorded in Book K of Plats, Page 167 through 167I, records of Kootenai County, Idaho.

TOGETHER WITH the following tax number descriptions:

Tax No. 854 Book 19, Page 157 - 4/27/1906

Beginning at SW corner of Second and Sherman St. in town of Coeur d'Alene; thence Westerly along South line of Sherman St. extended 150 feet to point on South line of Sherman St. as extended; thence Southwesterly along North boundary of right of way of Coeur d'Alene and Spokane Ry. Co. Ltd. 175 feet more or less to point on West side of Second St. 89 feet South of beginning; thence North along West line of Second St. 89 ft. to beginning.

Tax No. 1237

All of the East 250 feet of Block W., Coeur d'Alene and King's Addition to Coeur d'Alene, except easements and the East 65 feet S. of pilings belonging to the Northern Pacific Railway and the West 94 feet SW of Union dock belonging to the Idaho Western Railway Company.

(N.P. Deed, Bk. 34, Pg. 174)

Tax No. 5135 Book 183, Page 3

(Block W, CDA & Kings) That portion of land acquired by the City of Coeur d'Alene from the Northern Pacific Railroad Company by deed dated May 26, 1958, recorded in Book 173 of Deeds at Page 423, lying West of the line 30 feet West and parallel to the West line of Third Street extended Southerly and lying South of the South line of Front Avenue, excepting and not including any portion of said land so acquired from the Northern Pacific Railroad Company South of a line 110 feet South of and parallel to the South line of Front Avenue.

Tax No. 6141 Book 203, Page 179

Beginning at the Southeast Corner of Block U, Town of Coeur d'Alene and King's Addition thereto, Kootenai County, Idaho, as now recognized; thence North along the East line of said Block U, 110.0 feet to a point on the South Alley line as established by Suit Number 2700;

thence West parallel with the North line of said Block U and along the South Alley line, 242.05 feet to a point 60 feet East of the West line of said Block U extended South; thence South parallel with the East line of said Block U, 22 feet more or less to a point on the South line of said Block U; thence Southeasterly along said Southerly line of Block U, 158 feet more or less to a point 230 feet distant from, at right angles, the North line of said Block U; thence East along said South line of Block U, 111 feet more or less to the point of the beginning.

Tax No. 6632 Description furnished by Owner

A tract of land, being a portion of Block "W" of Coeur d'Alene and Kings Addition to Coeur d'Alene and of Government Lot 9, Section 13, Township 50 North, Range 4 West, B.M., Kootenai County, Idaho, described as follows:

Beginning at a point 156 feet Westerly from the extended West line of Third Street, measured at right angles to said West line, and on the Southwest side of the Old Union Dock (not in existence), said point being the most Easterly corner of that certain tract conveyed in Book of Deeds 195, page 186, thence N. 41°02' West along the Southwest side of the Old Union Dock 99.85 feet to a point on the South line of the present Front Street: thence N. 57°52' West along the South line of said Front Street, 41.8 feet; thence S. 1°00' West along a line parallel with and 17.3 feet distant from the East wall of Northshore Lodge, 255.3 feet; thence S. 89°00' East along a line parallel with and 5.0 feet distant from the South wall of the Convention building, 86.7 ft. to a point on the face of the existing sea wall; thence along the face of said sea wall N. 53°58' East, 18.25 feet: thence N. 1°31' E., 148.54 ft. to the point of beginning.

Tax No. 7957 Book 248, Page 411 - 7/12/71

A tract of land in Government Lot 9, Section 13, Township 50 North, Range 4 West, B.M., Kootenai County, Idaho, being a portion of Reserve Block of Coeur d'Alene and Kings Addition to Coeur d'Alene, and described as follows: Beginning at the Southeast corner, or Corner No. 1, of the Fort Sherman Military Reservation (abandoned, thence South 0°21' West along the extended East line of said Reservation 77.0 feet to a point on the South line of Sherman Avenue, said point being the Northwest corner of the Templin Cafe property, thence South 71°05' East along the South line of Sherman Avenue 52.75 feet to a point being the Northeast corner of said Templin Cafe property and also the Northwest corner of the City of Coeur d'Alene's Dock Street, thence South 89°39' East, 40.0 feet to the Northeast corner of City property, thence South 0°21' West along the East line of said City property and also parallel to and 90.0 feet distant from said East Reservation line 19.51 feet to a point on the South line of Sherman Avenue, thence along the South line of Sherman Avenue South 78°09' East, 59.45 feet, thence continuing along the South line of Sherman Avenue South 81°19' East, 16.35 feet to the true point of beginning for this description, being a point which is Northeasterly 15.0 feet, measured at right angles, from the centerline of the tracks of the Chicago, Milwaukee, St. Paul and Pacific Railroad Company, thence continuing along the South line of Sherman Avenue South 83°31' East, 33.67 feet, thence continuing along the South line of Sherman Avenue South 86°08' East, 23.21 feet to the South line of the right of way of the Great Northern Railway, thence along said right of way line as follows: South 63°33' East, 42.25 feet, thence South 61°05' East, 50.0 feet, thence South 58°10' East, 50.0 feet, thence South 55°15' East 84.0 feet to a point which is Northeasterly 15.0 feet, measured at right angles, from the centerline of the tracks of the said Chicago, Milwaukee, St.

Paul and Pacific Railroad Company, thence Northwesterly, along a line parallel to and 15.0 feet distant from, measured at right angles, the centerline of said tracks, to the true point of beginning, chord distances and bearings from the aforesaid point being as follows: North 66°26' West, 120.26 feet, thence North 63°38' West, 95.25 feet, thence North 59°07' West, 63.10 feet to the true point of beginning.

Tax No. 7967 From Copy of Contract - 1971

A parcel of land situated in Reserve Block in Town of Coeur d'Alene and Kings Addition thereto, Kootenai County State of Idaho, Section 13, Township 50 North, Range 4 West, B.M., being a 30 foot strip of land 15 feet in width on each side of the centerline of track of the Great Northern Railway, formerly the Coeur d'Alene and Spokane Railway Company, Limited, as originally constructed and now abandoned. Said centerline is described as follows: Beginning at a point on the West side of Second Street where the centerline of Sand Street produced intersects same, thence North 57° West, 103 feet to a point, thence on a curve to the left of 478.3 feet radius for a distance of 104 feet, more or less, to an intersection with the South side of Sherman Street, produced, and end of the centerline description.

Tax No. 8008 From First Fed. Sav. & Loan - 1971

A tract of land being portions of Block W and the Reserve Block of Coeur d'Alene and King's Addition to Coeur d'Alene, and lying in Government Lot 9, Section 13, Township 50 North, Range 4 West B.M., Kootenai County, State of Idaho and including the riparian lands and rights adjacent thereto, described as beginning at the Southeast corner of Corner No. 1 of the Fort Sherman Military Reservation (Abandoned), thence S. 0°21' W. along the extended East line of said Reservation, 77.0 feet to a point on the South line of Sherman Avenue and being the Northwest corner of the Templin Cafe property, thence S. 71°05' E. along the South line of Sherman Avenue, 52.75 feet to a point being the Northeast corner of the Templin Cafe property, and also the Northwest corner of the City of Coeur d'Alene's Dock Street, thence S. 89° 39' E. 40.0 feet to the Northeast corner of said City property, thence S. 0°21' W. along the East line of said City property and also running parallel to and 90.0 feet distant from said East Reservation line, 35.97 feet to a point of intersection with a line parallel to and 25 feet Southerly from the center line of the track of the Chicago, Milwaukee, St. Paul and Pacific Railroad Company, said point of intersection being the True Point of Beginning for this description, thence S. 0°21' W. along said East line of City property, 177.03 feet, thence S. 89°39' E. along the North line of said City property, 87.0 feet to a corner of said City property, thence S. 0°21' W. along the East line and extended East line of said City property, 73.40 feet to a point in Lake Coeur d'Alene, thence continuing along Lake Coeur d'Alene, S. 68°34' E. 71.6 feet, thence S. 25°36' E. 14.0 feet, thence S. 0°36' E. 255.0 feet, thence S. 23° 36' E. 147.3 feet, thence S. 62.°31 E. 120.7 feet; thence S. 89°26' E. 132.5 feet, thence N. 1°51' E. 199.35 feet to a corner of an existing concrete sea wall, thence along said sea wall N. 85°46' E. 39.3 feet, thence along said sea Wall N. 53°58' E. 27.60 feet, thence leaving Lake Coeur d'Alene N. 89°00' W. along a line parallel with and 5.0 feet distance from the South wall of the Convention building, 86.7 feet, thence N. 1°00' E. along a line parallel with and 17.3 feet distant from the East wall of Northshore Lodge, 255.3 feet to a point on the South line of present Front Street, thence N. 57°52' W. along the South line of Front Street, 115.98 feet to a point on the extended West line of Second Street, thence N. 1° E. along the West line of extended Second Street, 25.24 feet to a point of intersection with a line parallel

to and 25 feet Southerly from the center line of the track of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, thence along said 25 foot line N. 66°26' W. 163.39 feet, thence along said 25 foot line N. 63°38' W. 99.45 feet, thence along said 25 foot line N. 59° W. 126.48 feet to the True Point of Beginning for this description.

Tax #11671 2/14/80 - B-304-770 Quitclaim Deed

A part of Government Lot 9, Section 13, Township 50 North, Range 4 West, Boise Meridian, Kootenai County, Idaho, more particularly described as follows: Beginning at a point that is the intersection of the East right of way line of First Street with a line that is 10 feet South and parallel to the centerline of the Chicago, Milwaukee, St. Paul and Pacific Railroad; thence southeasterly along said parallel line, the tangents and chord calls as follows: South 59°00' East, 134.75 feet; South 63°06'45" East, 96.74 feet; South 66°26' East, 158.96 feet to the West right of way line of Second Street and the East property line of the Western Frontiers, Inc. property extended; thence South 1°00' West along said extended line, 15.22 feet; thence northwesterly along a line that is 25 feet South and parallel to the centerline of said Railroad, the tangents and chord calls as follows: North 66°26' West 163.39 feet; North 63°38' West, 99.45 feet; North 59°00' West, 126.48 feet to the East right of way line of First Street; thence North 0°21' East, 17.42 feet to the Point of Beginning, CONTAINING approximately 5,769 square feet or 0.13 acre.

Tax #11899 Quitclaim Deed B-305/899 4/25/80

A part of Government Lot 9, Section 13, Township 50 North, Range 4 West, Boise Meridian, Kootenai County, Idaho, more particularly described as follows: Beginning at a point that is the intersection of the South Right-of-Way line of Sherman Avenue with a line that is 10 feet North and parallel to the centerline of the Chicago, Milwaukee, St. Paul and Pacific Railroad; thence, Southeasterly along said parallel line, the tangents, and chord calls as follows: South 59°00' East, 75.10 feet; thence South 63°07'26" East, 94.16 feet; thence South 66°23' East, 150.69 feet to the West Right-of-Way Line of Second Street and the East Property Line of the Western Frontiers, Inc. property extended; thence North 1°00' East along said Extended West Line of Second Street, 0.34 feet; thence North 55°15' West, 24.28 feet to a point that is 15 feet from the centerline of said Railroad; thence Northwesterly along a line that is 15 feet North and parallel to the centerline of said Railroad, the tangents and chord calls as follows: North 66°23' West, 126.73 feet; thence North 63°07'37" West, 93.52 feet; thence North 59°00' West, 63.76 feet to the South right-of-Way Line of Sherman Avenue; thence North 82°48' West along said South Right-of-Way Line, 12.39 feet to the place of Beginning, CONTAINING approximately 1,488 square feet.

Tax #11900 Quitclaim Deed B-305/899 - 4/25/80

A part of Government Lot 9, Section 13, Township 50 North, Range 4 West, Boise Meridian, Kootenai County, Idaho, more particularly described as follows: Beginning at a point that is on the West Right-of-Way Line of Second Street and 10 feet South, measured at right angles from the centerline of the Chicago, Milwaukee, St. Paul and Pacific Railroad; thence South 1°00' West, 15.22 feet; thence South 66°23' East parallel to and 25 feet measured at right angles, from said centerline, 33 feet, more or less, to the Present Right-of-Way Line of Front Street; thence along a curve to the right and along said Present Right-of-Way Line of Front Street to a point

that is 10 feet South, measured at right angles, from the said centerline, of the Railroad; thence North 66°23' West, parallel to and 10 feet from said centerline 13 feet, more or less, to the Point of Beginning, CONTAINING approximately 309 square feet.

Tax No. 13074 Book 329, page 221 QC deed 3-23-84

A portion of CDA & KINGS ADD. in Sec. 13, Twp. 50N, R 4 WBM Kootenai County, ID described as follows: BEGINNING at the SE corner of Tax No. 11,900 (Book 305, Page 899); thence N 66°24'32" West, 33 feet, more or less, along the southerly line of said Tax No. 11,900 to the SW corner thereof, being also a point on the west right of way line of Second St. extended and the east line of Tax No. 8008 described in Book 58, page 145; thence S 1°00' W, 25.24 feet along said east line; thence S 57°52' E, 157.78 feet along a north line of said Tax No. 8008 and Tax No. 6632; thence N 41°02' W, 38.8 feet along the southerly line of what was the Old Union dock; thence N 01°00' E, 21.8 feet, parallel with and 101.8 feet distance from, measured at right angles to, the west line of Second St. to the southerly line of vacated Sand St. being a point on the southwesterly line of that property (Red Collar Line, Inc. and Gardner Supply to City of CDA) described in Book 183 of Deeds, Page 14; thence northwesterly 89.8 feet, more or less, along said southerly line of vacated Sand Street to its intersection with the SE corner of Tax No. 11,900 and the true point of beginning, containing 3,617 sq.ft. more or less.

Tax No. 14322 PAGE 1 OF 1, INSTRUMENT REFERENCE ORDINANCE
RECORDATION INFO: INSTR. NO. 1151885
DATE - 6-19-89

A part of 'Block U and Sand Street in COEUR d'ALENE AND KING'S ADDITION, according to the plat on file in Book A of Deeds at page 346 in the office of the Recorder of Kootenai County, Idaho; situated in Government Lot 9, Section 13, Township 50 North, Range 4 West, B.M.; more particularly described as follows: COMMENCING at corner No. 1 of the Fort Sherman Military Reservation (abandoned), from which the Southeast corner of Tract 43, Lot 49 on the East boundary of the Fort Sherman Military Reservation, according to the 1966 BLM Plat of the Dependent Resurvey and Survey of Irregular Tracts, bears North 0°27'00" East, 11.90 feet; thence South 73°21'56" East, 519.83 feet to the present Northwest corner. of said Block U; thence South 1°40'00" West, 105.72 feet along the West boundary of said Block U; thence 14.89 feet along the arc of a 30.00 ft. radius curve left, said curve having a chord bearing South 12°33'23" East, 17.74 feet to a point on the South boundary of the alley, the POINT OF BEGINNING; thence 17.53 feet along the arc of a 30.00 foot radius curve left, said curve having a chord bearing South 43°30'53" East, 17.28 feet; thence South 60°15'11" East, 162.24 feet to an iron rod, 30 inches long, 5/8 inches diameter, with a plastic cap marked PLS 832; thence 5.69 feet along the arc of a 230.00 foot radius curve left, said curve having a chord bearing South 60°57'44" East, 5.69 feet; thence North 54°42'24" West, 125.03 feet to an iron rod, 30 inches long, 5/8 inch diameter, with a plastic cap marked PLS 832; thence North 1°40'00" West, 22.00 feet to a pk nail; thence North 88°24'00" West, 56.34 feet to the POINT OF BEGINNING.

Tax No. 14323

PAGE 1 OF 1, INSTRUMENT REFERENCE ORDINANCE
RECORDATION INFO: INSTR. NO. 1151885
DATE – 6-19-89

A part of Sand Street adjacent to Block W in COEUR d'ALENE AND KING'S ADDITION, according to the plat on file in Book A of Deeds at page 346 in the office of the Recorder of Kootenai County, Idaho; situated in Government Lot 9, Section 13, Township 50 North, Range 4 West, B.M.; more particularly described as follows: COMMENCING at corner No. 1 of the Fort Sherman Military Reservation (abandoned), from which the Southeast corner of Tract 43, Lot 49 on the East boundary of the Fort Sherman Military Reservation, according to the 1966 BLM Plat of the Dependent Resurvey and Survey of Irregular Tracts, bears North 0°27'00" East, 11.90 feet; thence South 78°52'49" East, 815.32 feet (of record as South 78°40' East, 816.3 feet) to the present Northeast corner of said Block U; thence South 1°40'00" West, 230.00 feet along the East boundary of said Block U to the Southeast corner of said Block U; thence continuing South 1°40'00" West, 60.00 feet to a point on the South boundary of Front Street, according to the Record of Survey on file in Book 4 at page 4; thence North 88°11'22" West, 132.31 feet along the South boundary of said Front Street to the POINT OF BEGINNING; thence continuing North 88°11'22" West, 23.69 feet along the South boundary of said Front Street; thence North 49°46'00" West, 40.22 feet; thence South 60°15'11" East, 13.00 feet; thence 47.67 feet along the arc of a 300.00 foot radius curve left, said curve having a chord bearing South 64°48'19" East, 47.62 feet to the POINT OF BEGINNING.

Tax No. 14324

PAGE 1 OF 1, INSTRUMENT REFERENCE ORDINANCE
RECORDATION INFO: INSTR. NO. 1151885
DATE – 6-19-89

A part of Sand Street adjacent to Block U in COEUR d'ALENE AND KING'S ADDITION, according to the plat on file in Book A of Deeds at page 346 in the office of the Recorder of Kootenai County, Idaho; situated in Government Lot 9, Section 13, Township 50 North, Range 4 West, B.M.; more particularly described as follows: COMMENCING at corner No. 1 of the Fort Sherman Military Reservation (abandoned), from which the Southeast corner of Tract 43, Lot 49 on the East boundary of the Fort Sherman Military Reservation, according to the 1966 BLM Plat of the Dependent Resurvey and Survey of Irregular Tracts, bears North 0°27'00" East, 11.90 feet; thence South 78°52'49" East, 815.32 feet (of record as South 78°40' East, 816.3 feet) to the present Northeast corner of said Block U; thence South 1°40'00" West, 230.00 feet along the East boundary of said Block U to the Southeast corner of said Block U, the POINT OF BEGINNING; thence continuing South 1°40'00" West, 6.03 feet; thence North 88°11'22" West, 35.34 feet; thence 51.52 feet along the arc of a 230.00 foot radius curve right, said curve having a chord bearing North 81°46'21" West, 51.41 feet; thence South 88°22'51" East, 86.41 feet along the South boundary of said Block U to the POINT OF BEGINNING.

Tax No. 16210

PAGE 1 OF 1, RECORDING INFO: INSTRUMENT REF. QCD
INSTRUMENT NO. 1362123
RECORDING DATE - 7-11-94

A tract of land located adjacent to Government Lot 9, Section 13, Township 50 North, Range 4 West, B.M., and a portion of Block W in the AMENDED COEUR D'ALENE and KING'S ADDITION, according to the plat on file in Book C of Deeds at Page 144, in the office of the Recorder of Kootenai County, Idaho; more particularly described as follows, to-wit: COMMENCING at corner No 1 of the Fort Sherman Military Reservation (abandoned), from which the southeast corner of Tract 43, Lot 49, on the east boundary of the Fort Sherman Military Reservation (abandoned), according to the 1966 BLM Plat of the Dependent Resurvey and Survey of Irregular Tracts, bears North 0°27'00" East, 11.90 feet; thence South 47°07'33" East, 956.34 feet to the REAL POINT OF BEGINNING on the south face of an existing sea wall at the southwest corner of State Easement No 5148, according to the Disclaimer of Interest on file as Instrument No. 1101248; from which the West 1/4 section corner of said Section 13 bears North 17°08'51" West, 2664.04 feet (of record as North 16°30'11" West); thence traversing the limits of said Disclaimer of Interest, as follows, to-wit: North 1°37'00" East, 30.00 feet along the west limit of State Easement No. 5148; thence North 90°00'00" East, 21.70 feet along the north limit of State Easement No's. 5148 and 5149; thence South 18°26'00" East, 25.30 feet along the easterly limit of State Easement No. 5149; thence South 10°48'00" East, 7.19 feet along said easterly limit of State Easement No. 5149 to the south face of an existing sea wall; thence North 88°03'30" West, 31.91 feet and leaving said Disclaimer of Interest line, along the south face of said existing sea wall returning to the real point of beginning.

Tax # 23047

DOCUMENT TYPE QCD
INSTRUMENT # 2318159
RECORDING DATE 06/27/2011

All of the BNSF (Burlington Northern Santa Fe) Railway Company (formerly Chicago, Milwaukee, St. Paul and Pacific Railroad) right-of-way lying West of Second Street and lying South of Sherman Avenue and lying northeasterly of the northeasterly line of that certain parcel conveyed to Western Frontiers, Inc., in deed recorded February 14, 1980 as Instrument No. 833522, as shown on the Record of Survey recorded in Book 2 at Page 15, under Instrument Number 827704 and lying southwesterly of the southwesterly line of that certain parcel conveyed to Western Frontiers, Inc., in deed recorded April 25, 1980 as Instrument No. 840010, as shown on the Record of Survey recorded in Book 2 at Page 67, under Instrument Number 837220; in a portion of the Reserved Block in the Corrected Plat of the Town of Coeur d'Alene and Kings Addition, situated in Government Lot 9, Section 13, Township 50 North, Range 4 West, Boise Meridian, City of Coeur d'Alene, Kootenai County, Idaho; Commencing at the intersection of the centerlines of Sherman Avenue and Second Street, monumented with an iron rod with an aluminum cap, 2 inches diameter, marked PLS 5574 in a monument box; from which an iron pipe with a brass cap, 3-1/4 inches diameter, marked T50N, R4W, S 13, KC, Bureau of Land Management, according to the Corner Perpetuation and Filing Record form recorded as Instrument Number 1797012, bears North 17°48'23" West, 1,510.39 feet; thence South 39°23'21" West, 47.48 feet to an existing PK nail at the intersection of the southerly right-of-way line of Sherman Avenue and the West right-of-way line of Second Street; thence South 1°07'38" West, 124.73 feet along the West right-of-way line of Second Street to a brass tack and washer

marked PLS 6374 at the northeasterly corner of the BNSF (Burlington Northern Santa Fe) Railway Company (formerly Chicago, Milwaukee, St. Paul and Pacific Railroad) amended right-of-way, the Point of Beginning; thence continuing South 1°07'38" West, 21.66 feet (of record as South 1°00' West, 21.66 feet) along the West line of Second Street to a brass tack and washer marked PLS 6374 at the southeasterly corner of said amended railroad right-of-way; thence traversing the southwesterly line of said amended railroad right-of-way the following three (3) courses:

1. North 66°19'41" West, 158.83 feet (of record as North 66°26' West, 158.96 feet) to an iron rod, 5/8 inch diameter, with a plastic cap marked PLS 832, a non-tangent point of curvature;
2. thence along the arc of a curve right, being concave to the northeast, through a central angle of 7°22'13", an arc distance of 96.82 feet and a chord bearing and distance of North 63°03'10" West, 96.75 feet (of record as North 63°06'45" West, 96.74 feet) to an iron rod, 1/2 inch diameter, with no cap;
3. thence North 58°57'28" West, 131.87 feet (of record as North 59°00' West) to an iron rod, 5/8 inch diameter, with a plastic cap marked PLS 6374 on the southerly right-of-way line of Sherman Avenue;

thence South 78°02'31" East, 56.91 feet (of record as South 78°09' East) along the southerly right-of-way line of Sherman Avenue; thence South 81°14'30" East, 3.68 feet (of record as South 82°48' East, 3.28 feet) along the southerly right-of-way line of Sherman Avenue to a brass tack and washer marked PLS 6374; thence traversing the northeasterly amended right-of-way line of the BNSF (Burlington Northern Santa Fe) Railway Company (formerly Chicago, Milwaukee, St. Paul and Pacific Railroad) the following three (3) courses:

1. South 58°57'28" East, 74.75 feet (of record as South 59°00' East, 75.10 feet) to an iron rod, 1/2 inch diameter, with a plastic cap marked LePard and Frame, a non-tangent point of curvature;
2. thence along the arc of a curve left, being concave to the northeast, through a central angle of 7°22'13", an arc distance of 94.16 feet and a chord bearing and distance of South 63°03'50" East, 94.10 feet (of record as South 63°07'26" East, 94.16 feet) to an iron rod, 5/8 inch diameter, with a plastic cap marked PLS 6374;
3. thence South 66°19'41" East, 150.54 feet (of record as South 66°23' East, 150.69 feet) to the Point of Beginning.

EXHIBIT B
NOTICE OF PUBLIC HEARING

PUBLIC HEARINGS

**Public Works Committee
Staff Report**

To: Public Works Committee
From: H. Sid Fredrickson, Wastewater Supt.
Date: November 13, 2012
Subj: Judicial Confirmation

DECISION POINT:

Council may wish to authorize Ms. Danielle Quade of the law firm Hawley Troxell to act as our bond counsel in preparing a Petition for Judicial Confirmation to authorize the city to issue revenue bonds to finance necessary wastewater capital improvements.

HISTORY:

In December 2001 the city received judicial confirmation to issue revenue bonds for “ordinary and necessary” capital improvements to the wastewater treatment plant in the amount of \$28 million.

This action allowed the city to secure low interest loans from the state to construct two major projects known as Phase 4B and Phase 5B. Phase 4B was completed in 2006 and Phase 5B was completed in 2011.

Idaho code allows cities to use two methods of entering into bonded indebtedness; a bond election or petitioning a district judge to find the requested projects to be “ordinary and necessary” and thus not required to comply with the requirements of Article VIII §3 of the Idaho constitution and authorizing the issuance of bonds.

Upcoming necessary capital improvements include advanced tertiary treatment to remove oxygen-depleting substances such as organic residuals, ammonia and phosphorus. These improvements will be constructed over a period of up to 5 or 6 years beginning in the spring of 2013. The early project, known as Phase 5C-1 will construct needed tankage and install filtration membranes to 1 million gallons per day (MGD) of capacity. The project will be operational in 2014. Assuming everything works as planned, the next phase, 5C-2, will take the capacity to 4.2 MGD and will be operational by 2018.

Attached is the anticipated timeline prepared by Ms. Quade.

FINANCIAL ANALYSIS:

We are anticipating that we will file for a state DEQ loan. It is uncertain if we will actually be offered a loan, but will try. We will be prioritized much higher by DEQ if we are in the process of seeking authorization to incur the loan.

As of this time the planning level cost estimate for Phase 5C-1 is \$10,580,000 and Phase 5C-2 is \$20,800,000 for a total of about over \$31,380,000.

The amount will be finalized before the final resolution goes to council for approval after the public hearing.

PERFORMANCE ANALYSIS:

The new discharge permit issued by the EPA will place very stringent limits on all oxygen-depleting substances. While the draft permit anticipates a compliance schedule of up to 10 years, it places time limits for certain milestones. It requires that the city has awarded the construction contract for the full project by 5 years after the effective date of the permit. It will further require that the project has been completed by 8 years after the permit date. By 10 years after the permit date, the city must be in full compliance.

Failure to meet these, and other, milestones can lead the state and EPA asking a federal judge to issue a compliance order with an accelerated compliance timeline.

Failure to meet final permit limits can result in a fine of \$37,000 per day per violation.

DECISION POINT:

Council may wish to authorize Ms. Danielle Quade of the law firm Hawley Troxell to act as our bond counsel in preparing a Petition for Judicial Confirmation to authorize the city to issue revenue bonds to finance necessary wastewater capital improvements.

CITY OF COEUR D'ALENE, STATE OF IDAHO

JUDICIAL CONFIRMATION TIMELINE
Idaho Code § 7-1301 et seq.

DATE/ TIMING	ACTIVITY	RESPONSIBILITY
11/13/12 (4:00 p.m.)	Public works presentation re project and judicial confirmation process	City/Bond Counsel
11/20/12 (6:00 p.m. - regular meeting)	Council meeting to adopt resolution approving Notice of Hearing to consider a Resolution authorizing filing of Petition for judicial confirmation	City/Bond Counsel
On or before 12/2/12	Publication of Notice of Hearing including time and place of hearing and summary of matter (§§ 7-1304 and 7-1306(2)) <i>[Once, at least 15 days prior to public hearing] (Submit to Coeur d'Alene Press by _____)</i>	Bond Counsel
On or before 12/3/12	Service of notice by certified mail (to those requesting notice of all meetings pursuant to § 7-1304) <i>[At least 14 days prior to public hearing]</i>	Political Subdivision
12/18/12 (6:00 p.m. - regular meeting)	Public Hearing to determine whether Council should adopt Resolution to authorize filing of Petition (§ 7-1304)	Political Subdivision
1/??/13 (6:00 p.m. - regular meeting)	Council meeting to adopt Resolution to approve filing of Petition (§ 7-1304) <i>[Not Less than 14 days after Public Hearing]</i>	Bond Counsel; Underwriter/Bank
1/7/13	File verified Petition and obtain hearing date (§ 7-1304)	Bond Counsel
For 3 consecutive weeks prior to hearing on petition, in main news section (far forward)	Publication of court clerk's notice of filing of Petition (§ 7-1306)	Bond Counsel
At least 30 days prior to hearing on petition	Posting of notice of filing Petition at main door of administrative office of City (§ 7-1306)	Bond Counsel
	Preparation and filing of memorandum and supporting affidavits	Bond Counsel
Unknown	Discovery	Opposing Parties
	Hearing on Petition (§ 7-1308)	Bond Counsel
Following hearing	Judge's Decision	
42 days after judgment rendered	Appeal period expires (§ 7-1309)	

TIMELINE (As of November 6, 2012)

INFORMATION SECTION

Including

Correspondence

Board, Commission, Committee Minutes

November 27, 2012
PUBLIC WORKS COMMITTEE
Workshop with WW Citizens Advisory Committee
10:30 a.m., Wastewater Conference Room

MINUTES

COMMITTEE MEMBERS PRESENT

Council Member Woody McEvers
Council Member Dan Gookin
Member Deanna Goodlander

STAFF PRESENT

Amy Ferguson, Executive Assistant
Sid Fredrickson, WW Supt. Council
Dave Shults, Capital Program Mgr.
Troy Tymesen, Finance Director

CITIZENS ADVISORY COMMITTEE & GUESTS

Sharmon Schmitt, Avista
Larry Jeffries, NIBCA
ShawnKoorn, HDR Engineering
Adrian Cronebaugh, KEA
Dave Clark, HDR Engineering
Wendell Wardell, SD 271
Craig Wilcox, Wells Fargo Advisors

Mr. Fredrickson welcomed everyone and introductions were made.

ShawnKoorn of HDR Engineering, presented a brief overview of the rate setting process, reviewed the rate study findings and conclusions, and reviewed the results of the draft CAP fee analysis. He noted that the rate study contains three components: (1) determining how much revenue is necessary to fund operating capital costs of the facility, (2) cost of service – allocated between the different customer classes (residential and commercial), and (3) rate design.

Financial planning considerations include financing of capital projects, use of capitalization fee revenues, funding of renewal and replacement capital projects, debt service coverage ratios, and maintaining reserve levels (operating, equipment, debt service). Expansion costs associated with oversizing are included in the calculation of cap fees paid by new customers, while upgrade costs serving the benefit of existing customers are paid through monthly rates.

Mr. Fredrickson said that there is new emphasis on CMOM, which stands for Capacity Management and Operations & Maintenance. The EPA is requiring that the utility manage the capacity of its system and provide adequate operations and maintenance. Prudent fiscal responsibility will also be driven by the new discharge permit.

Mr. Tymesen said that cash reserve levels are now required to be dedicated as a requirement for bond bank loans, etc. Shawn Koorn said that the financial markets are now expecting municipalities to have cash on hand equivalent to 6 months of operating expenses.

The five year rate study performed by HDR provides for annual rate adjustments, and also includes a 10 year forecast. They assumed minimal growth of less than 1% per year. The 10 year forecast corresponds to the 10 year permit compliance schedule, and O&M expenses were based on the 2012/13 budget and forecasts an average increase due to inflationary factors of 2.7% per year. They are proposing to fund the major capital improvements of Phase 5C through low interest loans. Additional O&M expenses are necessary for tertiary treatment (Phase 5C), starting in about 2014. The ten year capital improvement plan will be funded through rates, reserves, new long-term debt, and CAP fees. The Phase 5C project is the primary rate driver.

Mr. Clark discussed the existing facilities and plant capacity. Key issues include the Spokane River water quality requirements, needed treatment capacity, and constrained treatment plant site. Construction of new Phase 5C tertiary treatment facilities will be in steps, starting with an initial membrane filtration capacity of 1 mgd in Phase 5C.1, and then building more capacity in 5C.2 and 5C.3. Phases 5C.1 and 5C.2 need to be in place by 2019. Mr. Clark said that they think from the results of the pilot testing facility they have found a way to make permit compliance cost less. He reviewed the layout of the 5C.1 site, which includes covered, below-ground tanks.

Mr. Clark also reviewed the highlights by year of Idaho DEQ's 401 certification for compliance and noted that there are annual reporting requirements on the milestones in their progress every year. He mentioned that they don't have the permit yet, but may have it by New Years.

As soon as the new BOD permit comes out, it will require immediate compliance, with more restrictive requirements. Mr. Clark stated that there is a risk of compliance and the city need the new facilities to make sure that the plant complies with the ammonia and BOD limits.

Shawn Koorn discussed the timing of the 5C project and the costs associated with each phase and a summary of the capital projects. \$33.6M of infrastructure needs to be funded over the next 5 years, and \$14.5M over the next 5 years. HDR recommends an 8.5% rate adjustment for each of the first 3 years, followed by 8% adjustments for the following two years (5 years of total rate adjustments). The rate adjustments would be implemented in March of each year if approved by the council. Mr. Koorn reviewed the reserve fund balances projected through 2022 and stressed that rate adjustments are necessary to maintain debt service coverage requirements. He also pointed out that additional rate adjustments may be necessary in the following 5 year period to finish the Phase 5C program.

There was discussion regarding PCB removal. Mr. Clark said that the membrane filter process will remove much of the PCBs very well, but there will still be trace amounts of PCBs going into the effluent. The group of dischargers along the Spokane River are trying to promote a management method for regulating PCBs, rather than be regulated by numerical limits as proposed by Washington Ecology. Mr. Clark stressed that it is important to avoid numerical

effluent limits because the city won't be able to meet them with the current available technology..

Shawn Koorn said that cost of service considerations are based on volume and strength. Responsibility for costs of treatment are greater for customers having higher strength wastewater. Commercial customers typically have a higher strength wastewater, compared to residential customers. Mr. Koorn also reviewed the present and proposed rates and rate structure in comparison with several Idaho and Washington utilities.

Mr. Koorn presented an overview of the recommendation for adjustment to the capitalization fee. The purpose is to have growth pay for growth and to provide equity between existing and new customers. The cap fee is a one-time charge for new customers and the fee is presented per units of flow called population equivalents per customer category. Mr. Koorn reviewed the current and proposed cap fee and compared it to various Idaho and Washington entities.

Discussion ensued regarding mobile vendors not paying for wastewater while still dumping their gray water into the system. Mr. Fredrickson said that mobile vendors are regulated by Panhandle Health. Mr. Koorn said that there needs to be a policy to deal with that issue, but that you cannot be retroactive. Dump stations are charged as regular commercial. They are not metered and there is no way to tell how much is discharged. Mr. Fredrickson said that the city has worked with Kootenai County on the new dump station that they are rebuilding out by the jail, and the city will capture a CAP fee and a user fee. Kootenai County will also be taking samples to monitor strengths for at least a year. Councilman Gookin said that the city needs to find people who are skirting the system as a way to lower costs.

Mr. Koorn said that the next steps are to finalize the analysis and report for rate and CAP fee recommendations, judicial confirmation for obtaining loans for Phase 5C, ordinance/resolutions, and a council presentation. Mr. Fredrickson said that the council has set the public hearing date to consider the judicial confirmation on December 18th. Councilman Goodlander said that a presentation should also be made to the NIBCA. Mr. Fredrickson said that they did a condensed version of the presentation to the Chamber's Public Policy Committee. Mr. Jeffries said that he thought the presentation to the Public Policy Committee was very good and that the NIBCA would love to receive it.

The meeting adjourned at 12:27 p.m.

Respectfully submitted,

Amy C. Ferguson
Public Works Committee Liaison

CITY OF COEUR D'ALENE
Treasurer's Report of Cash and Investment Transactions

FUND	BALANCE 10/31/2012	RECEIPTS	DISBURSE- MENTS	BALANCE 11/30/2012
<u>General-Designated</u>	\$447,853	\$3,631	\$7,758	\$443,726
<u>General-Undesignated</u>	5,860,258	3,015,539	5,330,440	3,545,357
<u>Special Revenue:</u>				
Library	56,142	6,812	99,265	(36,311)
CDBG	(3,531)	3,531		-
Cemetery	52,110	17,770	14,464	55,416
Parks Capital Improvements	283,295	1,208	90,098	194,405
Impact Fees	2,489,078	53,678	699	2,542,057
Annexation Fees	530		8	522
Insurance	1,303,327	243	4,034	1,299,536
Cemetery P/C	1,849,514	24,200	25,137	1,848,577
Jewett House	10,037	381	1,006	9,412
Reforestation	11,938	147	1,990	10,095
Street Trees	167,075	4,530	4,851	166,754
Community Canopy	1,667	120	205	1,582
CdA Arts Commission	907		74	833
Public Art Fund	101,638	18	4,229	97,427
Public Art Fund - LCDC	499,266	88	2,149	497,205
Public Art Fund - Maintenance	119,912	21	1,573	118,360
<u>Debt Service:</u>				
2000, 2002 & 2006 G.O. Bonds	431,002	2,828	219	433,611
LID Guarantee	36,144	110	33	36,221
LID 130 Lakeside / Ramsey / Industrial Park	49,004			49,004
LID 146 Northwest Boulevard	48,000			48,000
LID 149 4th Street	-	1,046		1,046
<u>Capital Projects:</u>				
Street Projects	28,722	32,169	10,895	49,996
<u>Enterprise:</u>				
Street Lights	114,709	41,396	41,328	114,777
Water	452,106	540,529	385,279	607,356
Water Capitalization Fees	2,071,359	69,506	59,356	2,081,509
Wastewater	6,159,905	1,705,424	1,075,126	6,790,203
Wastewater-Reserved	1,515,291	27,500	481,516	1,061,275
WWTP Capitalization Fees	1,578,951	91,653	677,824	992,780
WW Property Mgmt	60,668			60,668
Sanitation	(207,530)	271,358	269,443	(205,615)
Public Parking	152,681	210,348	4,689	358,340
Stormwater Mgmt	27,361	115	14,875	12,601
Wastewater Debt Service	-	536,554	536,554	-
<u>Fiduciary Funds:</u>				
Kootenai County Solid Waste Billing	196,748	189,015	196,748	189,015
LID Advance Payments	234	887		1,121
Police Retirement	1,395,661	14,530	21,509	1,388,682
Sales Tax	1,935	1,267	1,935	1,267
BID	208,790	4,447	50,053	163,184
Homeless Trust Fund	476	440	476	440
GRAND TOTAL	\$27,573,233	\$6,873,039	\$9,415,838	\$25,030,433

CITY OF COEUR D'ALENE
 BUDGET STATUS REPORT
 TWO MONTH ENDED
 30-Nov-2012

FUND OR DEPARTMENT	TYPE OF EXPENDITURE	TOTAL BUDGETED	SPENT THRU 11/30/2012	PERCENT EXPENDED
Mayor/Council	Personnel Services	\$207,739	\$33,587	16%
	Services/Supplies	12,275	637	5%
Administration	Personnel Services	330,656	69,619	21%
	Services/Supplies	69,210	870	1%
Finance	Personnel Services	590,947	99,426	17%
	Services/Supplies	85,980	7,094	8%
Municipal Services	Personnel Services	923,631	164,690	18%
	Services/Supplies	437,018	109,964	25%
	Capital Outlay	9,000		
Human Resources	Personnel Services	214,763	38,059	18%
	Services/Supplies	26,900	3,892	14%
Legal	Personnel Services	1,335,864	229,089	17%
	Services/Supplies	93,033	7,233	8%
Planning	Personnel Services	450,912	77,562	17%
	Services/Supplies	24,600	484	2%
Building Maintenance	Personnel Services	279,060	46,108	17%
	Services/Supplies	119,359	14,036	12%
	Capital Outlay			
Police	Personnel Services	8,996,923	1,590,471	18%
	Services/Supplies	830,019	77,922	9%
	Capital Outlay	142,749	10,000	7%
Fire	Personnel Services	7,250,642	1,440,355	20%
	Services/Supplies	376,787	30,436	8%
	Capital Outlay			
General Government	Services/Supplies	192,635	191,885	100%
	Capital Outlay			
Byrne Grant (Federal)	Personnel Services	53,079	27,922	53%
	Services/Supplies	95,998	9,916	10%
	Capital Outlay		7,350	
COPS Grant	Personnel Services	69,819	32,407	46%
	Services/Supplies			
CdA Drug Task Force	Services/Supplies	36,700	2,001	5%
	Capital Outlay			
Streets	Personnel Services	1,800,904	296,603	16%
	Services/Supplies	589,400	33,451	6%
	Capital Outlay			

CITY OF COEUR D'ALENE
BUDGET STATUS REPORT
TWO MONTH ENDED
30-Nov-2012

FUND OR DEPARTMENT	TYPE OF EXPENDITURE	TOTAL BUDGETED	SPENT THRU 11/30/2012	PERCENT EXPENDED
ADA Sidewalk Abatement	Personnel Services	182,335	25,039	14%
	Services/Supplies	38,450	4,206	11%
Engineering Services	Personnel Services	508,936	89,524	18%
	Services/Supplies	729,500	12,151	2%
	Capital Outlay			
Parks	Personnel Services	1,257,438	188,899	15%
	Services/Supplies	408,450	27,268	7%
	Capital Outlay			
Recreation	Personnel Services	625,654	86,591	14%
	Services/Supplies	138,800	7,279	5%
Building Inspection	Personnel Services	697,044	121,936	17%
	Services/Supplies	24,395	2,187	9%
Total General Fund		<u>30,257,604</u>	<u>5,218,149</u>	<u>17%</u>
Library	Personnel Services	1,004,510	157,619	16%
	Services/Supplies	182,450	12,549	7%
	Capital Outlay	92,000	8,419	9%
CDBG	Services/Supplies	267,325		
Cemetery	Personnel Services	137,465	21,195	15%
	Services/Supplies	86,835	11,385	13%
	Capital Outlay	15,000		
Impact Fees	Services/Supplies	613,133		
Annexation Fees	Services/Supplies	70,000	70,000	100%
Parks Capital Improvements	Capital Outlay	881,215	152,742	17%
Insurance	Services/Supplies	264,000	32,558	12%
Cemetery Perpetual Care	Services/Supplies	98,000	16,220	17%
Jewett House	Services/Supplies	42,000	4,312	10%
Reforestation	Services/Supplies	1,500	1,988	133%
Street Trees	Services/Supplies	65,000	4,800	7%
Community Canopy	Services/Supplies	1,500	215	14%
CdA Arts Commission	Services/Supplies	7,000	74	1%
Public Art Fund	Services/Supplies	245,000	20,290	8%
Total Special Revenue		<u>4,073,933</u>	<u>514,366</u>	<u>13%</u>
Debt Service Fund		<u>1,381,865</u>	<u>97,000</u>	<u>7%</u>

CITY OF COEUR D'ALENE
BUDGET STATUS REPORT
TWO MONTH ENDED
30-Nov-2012

FUND OR DEPARTMENT	TYPE OF EXPENDITURE	TOTAL BUDGETED	SPENT THRU 11/30/2012	PERCENT EXPENDED
Govt Way - Dalton to Hanley	Capital Outlay		1,356	
Govt Way - Hanley to Prairie	Capital Outlay	420,000	9,524	2%
Levee Certification	Capital Outlay	250,000		
15th Street - Lunceford to Dalton	Capital Outlay			
3rd / Harrison signal	Capital Outlay	100,000		
Kathleen Avenue Widening	Capital Outlay			
Total Capital Projects Funds		770,000	10,880	1%
Street Lights	Services/Supplies	570,050	44,094	8%
Water	Personnel Services	1,569,132	249,352	16%
	Services/Supplies	4,167,607	165,647	4%
	Capital Outlay	1,865,550	98,744	5%
Water Capitalization Fees	Services/Supplies	850,000		
Wastewater	Personnel Services	2,231,295	339,917	15%
	Services/Supplies	6,247,788	159,656	3%
	Capital Outlay	8,384,600	211,318	3%
	Debt Service	2,133,241	536,555	25%
WW Capitalization	Services/Supplies	879,336		
Sanitation	Services/Supplies	3,285,480	560,041	17%
Public Parking	Services/Supplies	190,957	7,973	4%
	Capital Outlay	385,000		
Stormwater Mgmt	Personnel Services	97,846	17,097	17%
	Services/Supplies	526,121	8,164	2%
	Capital Outlay	300,000	63	0%
Total Enterprise Funds		33,684,003	2,398,621	7%
Kootenai County Solid Waste		2,200,000	196,748	9%
Police Retirement		176,000	29,233	17%
Business Improvement District		156,000	50,000	32%
Homeless Trust Fund		6,100	476	8%
Total Fiduciary Funds		2,538,100	276,457	11%
TOTALS:		\$72,705,505	\$8,515,473	12%