

MINUTES OF A CONTINUED MEETING
OF THE COEUR D'ALENE CITY COUNCIL
HELD ON MARCH 28, 2013 AT 12:00 NOON
IN THE LIBRARY COMMUNITY ROOM

The Mayor and Council met in a continued session at the Library Community Room on March 28, 2013 at 12:00 Noon, there being present upon roll call a quorum of the Council.

Sandi Bloem, Mayor

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

Denny Davis, Chairman)

Rod Colwell)	Lake City Development Corporation Representatives
Justin Druffel)	
Dave Patzer)	
Brad Jordan)	
Scott Hoskins)	
Tony Berns)	

Jim Elder)	LCDC Members Absent
Al Hassel)	
Deanna Goodlander)	

Jon Ingalls)	Members of City Staff Present
Renata McLeod)	
Troy Tymesen)	
Mike Gridley)	
Judy House)	

Mayor Bloem opened the meeting and invited Lake City Development Corporation (LCDC) Executive Director Tony Berns to begin the discussion of the agenda items. Chairman Davis stated that this was an opportunity to provide the City and the citizens an update of the Board's priorities.

LCDC Strategic Priorities - Mr. Berns presented a description of their two districts, the Lake District and the River District. He provided an overview of the vision and mission of LCDC and mentioned that a similar detailed presentation was made on February 5, 2013 to the City Council and that video is available on the city web page.

a. Education: They have funded public ADA improvements to the Sorensen and School. They continue to have a focus on the Higher Education Campus, the four-corner area and potential student housing. The four-corner area is the area surrounding Memorial Field, the County campus, the Human Rights building, previous Johnson Warehouse, and the old Kerr oil site. LCDC strategically purchased properties along Lincoln Way (renamed to Park Avenue) to have the ability to add those properties to the old BNSF railroad right-of-way property for a combined redevelopment of that area. Councilman McEvers asked if LCDC considered the infrastructure within the Higher Education Campus as completing their commitment or if they had additional plans for that area. Chairman Davis stated that they do not have any plans to build buildings, as they understand that the three education institutions are planning to seek funding for the buildings. However, they want to stay at the table and hear opportunities as they arise. Chairman Davis stated that they do not have specific plans for the properties along Park Avenue; they have considered open space, student and/or faculty housing, and some other type of private housing development. They will discuss this further at their April strategic planning meeting. Mayor Bloem asked for clarification regarding the four-corners planning. Chairman Davis stated that they are looking at a broad footprint in master planning the four-corner area and are looking at including the old BNSF right-of-way area long Northwest Boulevard up to the Riverstone development.

Commissioner Jordan asked if there was any movement with BLM regarding the disposition of their property. Mr. Gridley stated that the City has submitted a Lease Application through the Recreation and Public Purposes Act. As part of the application process, the City is required to submit a master plan for the area. The City has met with NIC and they have expressed interest in the property. The Parks and Recreation Commission have offered to take the lead in meeting with stakeholders to begin that master planning process. Simultaneously, NIC and the City have agreed to jointly pursue a Congressional Gift of the land for community use. Councilman McEvers stated that there are restrictions through the lease, including that it cannot be used commercially. Mr. Gridley stated that civic facilities and uses are allowable; however, if it were a Congressional Gift there would not be use restrictions. Commissioner Jordan stated that some citizens have asked about the removal of the track and why the City did not leave them in for future light rail; however, the old tracks are not suited for newer uses. Commissioner Hoskins asked if the Lease Agreement would have a set time line requirement for the installation of new uses/facilities. Mr. Gridley stated that he is unaware of time constraints for the master planning process and the term of the lease would not be less than five years and no more than 25 years. BLM has been supportive of this property coming to the community for community use. Councilman Edinger asked for clarification as to what needs to be sent to BLM, and if it would include the four-corners. Mr. Gridley clarified that the only plan that needs to go to BLM would be what is planned for the BLM property that will be leased to the City. Councilman Edinger asked about the carousel and the field of dreams going into the four-corner area. Mr. Gridley stated that it is time for the community to look at all the options for the property; however, it will be difficult to put any commercial activities on the BLM land. Councilmember Kennedy stated that the Parks and Recreation Commission had stated that they would have time to facilitate the discussion of the stakeholders.

b. Workforce Housing: Mr. Berns reported that LCDC has collaborated with Whitewater Creek Development in the River District to provide rental housing. Additionally they are looking for a mixed use/housing opportunity in the Midtown area. Councilman Kennedy thought that the last discussion on Midtown was to follow up with the neighborhoods. Mr. Berns stated that there have been some attempts to meet with the neighborhood but they have not received a response indicating they would like to proceed. Commissioner Jordan stated he was at the previously held community meeting and the neighborhood stated that they would not mind housing for seniors but not family rentals. He believes that Midtown is a good location for senior housing.

Councilman Gookin stated that he received an email from a citizen who stated that there was a lot of LCDC funding spent in Midtown and then it appeared LCDC went away. Councilman Gookin stated that he would have preferred for the area to grow organically. The citizen suggested that LCDC consider relaxing the sidewalk fees and restrictions to allow more activities on the empty lots. Mr. Berns stated that there have been efforts to start a Midtown business association; however, only two business owners regularly attended the meetings. Councilman Gookin suggested that the downtown model may not work in Midtown, and that he would support relaxing any fees/restrictions to motivate commercial activity. Commissioner Davis stated that LCDC is open to suggestions, and at one point, they talked to groups about outdoor markets, but there has not been follow through. He clarified that LCDC does have authority over sidewalks, but they are open to discussions of use of the parking lot. Mr. Berns stated that some Midtown stakeholders tried a First Saturday open market and the first one did not succeed. Councilman McEvers stated that the residents also have a stake in Midtown and that the commercial businesses seem to be going well; however, the residents have a lot to say about noise and what use they want in their backyard. He asked if LCDC sees this area workforce housing as different from Riverstone. Chairman Davis stated that the original plan was all right; however, the condominium model would not financially work, and the rental model was not desirable to the neighbors. Commissioner Jordan stated that he remembers that in the 1980's the citizens wanted to know when they would get revitalization in Midtown, so this has been going on for some time. LCDC is willing to collaborate and bring in a critical mass. Councilman Gookin suggested that the Museum or the Human Rights Institute move to Midtown. He believes that providing housing using governmental dollars is competing with the private sector, when LCDC could help the nonprofit instead. A Museum is neutral and would potentially help build up the neighborhood. One of his objections as to how LCDC has handled downtown is that he believes there were opportunities to directly assist a business owner. For example, when someone wants to change a retail store to a restaurant, they would need about \$80,000 in improvements to make it happen. LCDC could have paid for the improvements, which would stay with the building and increase property taxes. He suggested that LCDC apply that theory to Midtown. Councilman Kennedy stated that he believes that would be problematic for those outside the boundary and that he believes LCDC has increased the number of stores in the downtown due to their investments. He believes that private investment often follows a public investment. Chairman Davis stated he understood the suggestion to be to add resources to an existing building, and with some of the constraints

of building codes and being bound by safety codes, and it would be dependent upon where they put the money. LCDC previously funded facade grants in the downtown and have entered into owner participation agreements for items that the public has access to. LCDC has been criticized for crossing into the private property line, so they try to stay within the public property line. He stated that they are still open to requests and discussions regarding funding opportunities. Mr. Gridley stated that he believes that the money does need to go for a public benefit. Commissioner Jordan stated that they have had many discussions regarding public benefit and they have to be legally cautious. He also stated that he did not believe they could resolve the issue of competing with private business in Midtown. At the community meeting, the biggest opponent did not have a problem with senior housing and they are open to helping the businesses there.

c. Job Retention / Job Creation: LCDC has had partnerships and efforts to facilitate jobs within the Downtown, Northwest Boulevard, Midtown, and the Mill River areas. A current focus area is east of the US Bank Call Center; they are waiting for the owners to determine what they are interested in doing with the property. He provided a copy of a recent LCDC Newsletter that included discussion points regarding job creation. Councilman McEvers asked if in their efforts to create jobs they consider the job's value, whether it is a minimum wage position essentially and how do they approach it. Chairman Davis stated a lot of it is reactive, as they are limited on how they can create jobs, such as with the call center, to be prepared as opportunities arise. They would love higher paying jobs, and they do not have a strict mathematical equation for job creation. Commissioner Colwell said it would be impossible to mathematically dictate, as there are so many parts to a project. Commissioner Jordan said that the call center has higher than minimum wage jobs and that they financed the sewer line on Seltice Way so other opportunities can come forward. Mr. Berns stated that they look at the Higher Education Campus as a long-term opportunity for higher paying jobs. Additionally, they work with Jobs Plus when they can.

d. Public Parking: LCDC has worked with the Downtown Association and Kootenai County and the City regarding downtown parking opportunities. Additionally, they plan for improvements to the Midtown existing lots. The long-term strategy includes the Old Federal building block as a place for structured parking. The Federal Court house building is on the historic register and managed by the State Parks and Recreation Department, so it will continue to stay at that location. Councilman Adams asked how many spaces would be anticipated at the proposed downtown 4th Street facility. Mr. Berns stated they have reviewed a stackable model, a single floor would have 100-150 stalls, with the option to add more floors later, or they could look at a mixed-use option. Chairman Davis stated that they looked at a single floor as one concept at an approximate cost of \$1.5 million and that they have planned for the project prior to the close of the district.

e. Midtown Redevelopment: Mr. Berns stated that the Midtown area has been discussed earlier and reiterated it will continue to be a focus area for LCDC. LCDC still hopes that a team of Midtown stakeholders will form to progress forward.

f. Downtown Vitalization: Mr. Berns stated that the downtown area is still a focus area for LCDC. They are looking at the potential of pocket parks.

g. Public Space: LCDC is currently focusing in on McEuen Park and looking at the potential of “Sherman Park” as a downtown pocket park. Public space successes include the Library, Kroc Center, Prairie Trail, Riverstone Park, and Johnston Park in Mill River. They own a structure at 728 Sherman Avenue, which was acquired to allow the City the option for the connection of 8th Street through to the Library area. They do own the Library parking lot (referred to as the Jameson Asset). They also own several parcels on Young Avenue for future public use and recently discussed using these parcels as potentially boat trailer parking. Councilman Gookin stated that he has received complaints regarding the homes that LCDC owns and the lack of quality, specifically homes at Young Avenue, Sherman Avenue, and Park Avenue and asked if something could be done to clean those properties. Chairman Davis stated that it is an issue of how to manage tenant issues in combination with how much money to invest in the units prior to demolishing the structures. He clarified that the rent does defer some of the cost of purchasing the homes. They did take one house down for the River Avenue relocation, and can consider that when homes are vacated, realizing that they would lose some income. Councilman Gookin stated that he felt that would go a long way with the neighbors. Mr. Berns stated that they have stakeholders in the community that challenge them about not providing enough living accommodations that are more affordable to a certain demographic. Councilman Gookin felt that could be addressed by the Riverstone apartment investment. Councilman Edinger asked if there were college students living in the homes. Mr. Berns stated that there was.

Mr. Gridley wanted to discuss the opportunity of acquisition of the Mill River area BNSF property, as a great place to put in a trail. BNSF owns that land in fee and they are willing to sell the land. There have been previous discussions with LCDC to purchase the BNSF property and reconfigure the park within Mill River. Currently there has been difficulty finding someone to do an appraisal, which is the first step, with the next step being the funding options. Mr. Gridley clarified that there are no restrictions on the property due to BNSF ownership in fee.

DISCUSSION: Councilman Gookin asked how much more increment LCDC is estimating to bring in over its life span. Mr. Berns stated that one could estimate the amount based on the current \$5.3 million value from both districts, as they believe it should hold steady at that amount. Chairman Davis clarified that each District has a different end date. Councilman Gookin felt that the priorities would be better stated as goals, and clarified that these would be the plan for the life of the Districts. Mr. Berns stated that these are the strategic categories and that annually they set goals to achieve certain categories. Councilman Gookin asked the Board if there were any concerns regarding the future. Commissioner Patzer stated that November election is a concern, as Councilman Gookin has gone on the record stating he would end the urban renewal district if he got the right number of votes. Councilman Gookin responded that it was good that they were aware of that.

Councilman Edinger asked if Winco or the new condominium project near Coeur d'Alene North have approached LCDC for funding. Mr. Berns stated that he has had discussions with both, but neither have submitted an application yet.

Mr. Gridley stated that he has briefly talked with Mr. Berns regarding the old Atlas Mill site, owned by Stimson Lumber Company. He understands that Stimson had an option to buy the railroad that runs through their property, which has expired. It is not in the City limits or within the LCDC district, but it is a piece that could connect the trails. He asked if there was support to resolve the railroad issue now, as he believes the property is not being developed due to the railroad dividing property. He is uncertain what the City could do, but possibly write some letters, etc. Commissioner Jordan asked how this property meshes with acquiring the trail land discussed earlier. Mr. Gridley stated that as property comes in for development/annexation, the City would work with the developer to link the trail systems. Councilman McEver asked if the property was annexed would the City require something for the public like a trail. Mr. Gridley stated that generally annexation fees are required and that historically the City has traded those fees for trails and/or park property, which is a part of annexation negotiations. Commissioner Jordan asked for clarification if Mr. Gridley was asking LCDC to acquire the property prior to annexation. Mr. Gridley stated that he was suggesting that they do their best to acquire the BNSF property (located in Mill River between Huetter Road and the western edge of the Old Atlas Mill) right now, as it would make sense for us to control it, and could later sell off edges and pieces. It is important to act now, as once the land is gone it is gone.

Mr. Berns asked Councilman Gookin to clarify what he meant by organic growth in reference to the Midtown discussions. Councilman Gookin stated that is when something happens naturally and the government does not artificially stimulate something with governmental money. Mr. Berns questioned if that meant that he would not support an economic development tool to help cities stimulate growth. Councilman Gookin questioned if Mr. Berns felt there would be no growth if government did not step in. Mr. Berns clarified that it is a tool to keep your community competitive and that these tools are used to help areas that would languish for years otherwise, such as Riverstone. Councilman Gookin stated that there are pros and cons to it, and unless you had a scientific lab where you could test the two, it is hard to justify one versus the other. He stated that the presence of urban renewal does affect property taxes, but wondered if it justifies the cost. He stated that these are philosophical questions and that he is not against urban renewal, he thinks there are a lot of things LCDC has done that he does agree with such as the first phase of Riverstone, the higher education campus infrastructure, as that is exactly what urban renewal should do. There is a lot of potential since urban renewal does exist, if someone came in with a proposal for 200 jobs. However, there are items that LCDC has funded that could have been funded under other means, such as a bond for McEuen. He stated that in the past several years LCDC has been more focused on what he believes it was intended to do, rather than crony capitalism. Councilman Kennedy stated that he does not believe any of this would happen under Councilman Gookin's leadership and that accusing LCDC of crony capitalism is out of line. Councilman Gookin believes that giving money to people who already have a ton of money is crony capitalism.

Motion by Edinger to Adjourn. Mayor Bloem stated that there is another item to be discussed and would call for a 2-minute recess to allow LCDC to adjourn their meeting.

The Mayor called for a two-minute break at 1:24 p.m. The meeting resumed at 1:30 p.m.

**BOND ELECTION ORDINANCE NO. 3461
COUNCIL BILL NO. 13-1008**

AN ORDINANCE CALLING A SPECIAL MUNICIPAL REVENUE BOND ELECTION TO BE HELD FOR THE PURPOSE OF SUBMITTING TO THE QUALIFIED ELECTORS OF THE CITY OF COEUR D'ALENE, KOOTENAI COUNTY, IDAHO, THE PROPOSITION OF THE ISSUANCE OF UP TO \$36,365,000 NEGOTIABLE REVENUE BONDS OF THE CITY OF COEUR D'ALENE, KOOTENAI COUNTY, IDAHO, TO FINANCE CERTAIN IMPROVEMENTS TO ITS WASTEWATER TREATMENT FACILITY SYSTEM, AND PROVIDING FOR THE ISSUANCE AND PAYMENT OF SUCH BONDS AND DESIGN AND CONSTRUCTION OF SAID IMPROVEMENTS.

STAFF REPORT: Mr. Gridley stated that Wastewater Treatment Superintendent Sid Fredrickson would join him in presenting this item. Mr. Gridley stated that the Wastewater Treatment utility has a draft permit regarding the discharge into the Spokane River, which stems from the Clean Water Act, which sets forth standards they must meet. The City has gone to court seeking a Judicial Confirmation but has not received a ruling yet. Councilman Adams has stated that he will appeal a favorable ruling, which could be a yearlong delay that would interrupt the compliance schedule that needs to be met. Therefore, the next option is to seek a bond election vote at the May 21, 2013 election, and the City would need to provide it to the County Clerk by Friday, March 29, 2013. Another option would be to pay for improvements in cash, which would cause a substantial increase in wastewater rates. Mr. Gridley provided a copy of a letter sent to the City of St. Maries regarding violations as an example of what the penalties can be for violating the act.

Mr. Fredrickson provided a brief history of the growth of the plant and the Total Daily Maximum Load (TDML) standards. In 1998, the Washington Department of Ecology listed the Spokane River as impaired. He was a member of a collaborative stakeholders group that met for three years, and when they got to an implementation strategy, Idaho and DEQ were not included. The Spokane River Stewardship Partnership (SRSP) was then formed to advocate for reasonable standards. In 2010, the City filed a lawsuit with EPA. In 2011, the EPA agreed with our model scenarios and agreed that Idaho would have the same discharge standards as Washington, which meant a stay of the lawsuit, which has not been withdrawn. In late 2012, the City received draft permits. He noted that he is in disagreement with the heavy metals loading language included in the draft. In 2013, he received a call from DEQ stating that if he can justify our compliance schedule, it can be included in the permit, which would be a good thing.

Mr. Gridley stated that it is staff's position to move forward with the bond election to prevent any harm. The reality is that daily fines up to \$37,000 could occur against the City. This work was approved as a long-term plan and the best way to insure the City does not have compliance issues or violates the schedule, would be to go to an election in May. It would require 50% plus 1 majority vote for approval. Councilman Edinger stated that this situation should have never happened. He asked if the Judge comes back with a favorable ruling and how long would someone have to file an appeal. Mr. Gridley stated that the person appealing has 42 days after

that decision to appeal and that would be too late to do an election. Councilman Edinger asked if there was an election and the people vote it down, what happens. He clarified that he is in favor of public vote on certain issues, but this is something the City has to do, and with McEuen the City did not have to do that project. Mr. Gridley stated that he could not imagine 50% plus one would not want to meet law, but if it is not approved and the Judicial Confirmation is approved, then the Judicial Confirmation would trump the election. However, the City would have to wait until the appeal is over. The November election would be another option.

Councilman Kennedy asked if he understood correctly that the interest rate would currently be 2% now and 3.5% later. Mr. Tymesen confirmed that to be correct. Councilman Edinger asked what the cost was to have an election in May. Mr. Fredrickson stated that he was not sure of cost, so he estimated \$75,000, which includes attorney cost, information disbursement costs (getting fact sheets out, etc.), and cost of appeal.

Councilman Edinger asked if rates could go up and if the EPA could put a moratorium against new construction. Mr. Fredrickson clarified that a moratorium happened in 1979/1980 through 1982. Councilman Gookin clarified that the \$75,000 is an estimate and the City does not believe it would spend it in its entirety and asked when fines are actually assessed. Mr. Fredrickson explained that the first milestone in the permit is one year after date of permit, which will be to furnish an engineering report. The next large milestone is three years after the permit, which is to furnish the results of a pilot test to DEQ, including the bid, construction, operation of the pilot, and collecting information for one full year. Councilman Gookin clarified that fines would not occur right away. Mr. Fredrickson stated that in one year there could be a compliance penalty; however, he is not too worried about that milestone. The three-year milestone is the greatest concern. In addition, the final date of the permit is expected to be this summer. Councilman Gookin asked if the fines would be phased in. Mr. Fredrickson said in three years, if there were non-compliance, the City would be fined. St. Maries has a three-year history of violations and will be fined and/or they will enter into a settlement agreement. Councilman Gookin stated that the blogs, letters, and newspaper are all over with information and there needs to be an understanding that the City has to stay on top of this requirement. Mr. Gridley reiterated that this is not something that is going away, the City has taken a strong stance by suing the EPA, the Clean Water Act fines are not going to go away, the hammer is there. The treatment facilities need to be built, run, and information needs to be collected. If the City does not get in the ground now, it does not allow for any correcting time if results are not where they need to be. He recommends the City going forward to the May election.

Councilman Edinger stated that he understands that the bond election is to cover the City if there is an appeal. Councilman Kennedy asked if they approve going forward and then the Judge rules in favor of Judicial Confirmation and Councilman Adams decides not to appeal then could the item be pulled from the ballot. Mr. Gridley stated that it would remain on the ballot; however, the election has no effect, it only has an impact if someone appeals the original decision. Councilman Kennedy asked if the presence of opposition at the Judicial Confirmation hearing reduces the chances of approval. Bond Counsel Ms. Quade stated that she believes it does, although she believes that the City has evidence on their side for an ordinary and necessary determination. She reiterated that the appeal process is lengthy. Councilman Adams stated that the other element is that if the City vote to proceed with the election, while the Judge has not

rendered a decision, could the Judge render the petition mute. Ms. Quade stated that the election option is another path, so the Judge would not pull the request for Judicial Confirmation, it would just be two simultaneous paths; one does not invalidate the other.

Councilman Adams asked Mr. Fredrickson about the compliance schedule attached to the Supplemental Affidavit, which states that compliance is no later than ten years after the effective date of the final permit. Mr. Fredrickson stated that there is a one-year milestone, a three-year milestone, a five-year milestone, an eight-year milestone, and then full compliance at the ten-year milestone. Councilman Adams clarified that the City does not have a final permit and that the permit requirements are not finalized, and questioned how the City could finalize the sewer treatment improvements without a final permit and what the final discharge permits would be. Councilman Gookin asked Mr. Fredrickson if he has ever known what they really wanted through any upgrades and if the EPA has ever changed its requirements mid-way through a project. Mr. Fredrickson stated that the EPA has not changed standards; usually the standards are set in the draft permit. The only change he would anticipate in the final permit is that they would include a schedule for the organic. Councilman Adams asked about the clause regarding the immediate discharge requirements upon issuance of the 2013 permit, but felt that the City was already in compliance other than ammonia and phosphorus. Mr. Fredrickson stated that the City is on the edge on CBOD, which is why he is writing a letter for the compliance schedule, if EPA does not give us a compliance schedule the City would have to meet that day one of the final permit. Councilman Adams stated that the City has already issued \$28 million in bonds on the wastewater treatment plant and asked for clarification on how the funds were used. Mr. Fredrickson stated that Phase 4B, included a pump station, headworks, covers for clarifiers, and 5B new digester compliance, admin, lab, and shop. Councilman Adams stated with the next \$36 million plus the \$28, so for \$64 million what Million Gallons a Day (MGD's) would the City achieve. Mr. Fredrickson stated that they would achieve Tertiary treatment for up to 5 million gallons a day. Councilman Adams asked if the City wanted to get to 6 MGD and how much more that would cost. Mr. Fredrickson clarified that it would be approximately \$6 or \$7 million more and to get to our build out amount it would be 12 MGD. Councilman Adams asked if Mr. Fredrickson estimated that the cost of \$75 million would get the City to where it needs to be for a 100,000 population. Mr. Fredrickson stated that it would depend on density and he would estimate it to serve approximately a 60,000 population.

MOTION by Kennedy seconded by McEvers to approve ordinance 3461, an Ordinance calling a special municipal revenue bond election to be held for the purpose of submitting to the qualified electors of the City of Coeur d'Alene, Kootenai County, Idaho, the proposition of the issuance of up to \$36,365,000 negotiable revenue bonds of the City of Coeur d'Alene, Kootenai County, Idaho, to finance certain improvements to its Wastewater Treatment Facility system, and providing for the issuance and payment of such bonds and design and construction of said improvements.

DISCUSSION: Councilman Kennedy reiterated that he regrets that the City has to do this; the questions discussed have been vetted for years by staff and previous City Council. Councilman Gookin noted that the dollar amount listed in Resolution 13-003 is different from the amount listed in the Ordinance proposed today. Ms. Quade clarified that the Judicial Confirmation is about ordinary and necessary, not about the costs. The funding costs and fees include underwriter agencies, required reserves, etc. and the amount in the Ordinance is the maximum

bond amount, which is not what the Judge is determining in Judicial Confirmation. Councilman Gookin asked Councilman Adams if he knows costs will increase, would he be willing to consider withdrawing his appeal. Councilman Adams stated that the Judge has not made a determination yet. Ms. Quade clarified that there will be additional costs; however the cost depends on whether or not the City can still get the DEQ loan. Mr. Tymesen stated that the least expensive money and the least amount of money without any underwriting would be the Judicial Confirmation and that an increased interest rate would be approximately \$8 million; however, not all the money would be used at the same time. Mr. Fredrickson stated that the City are required to have a full-scale pilot with findings at the end of 3 years, then the total development at end of 8 years, with two years for final improvements. He reiterated that not all of the money would be pulled at the beginning; it will be phased over years. Councilman Gookin clarified that from a financial standpoint it would be most favorable for the City to move forward with Judicial Confirmation. He clarified that he is for public vote, but no one showed up at the original hearing and to be fiscally responsible and to look at a lower rate and lower fees, the best way to do it is the Judicial Confirmation. Additionally, he stated that he does not believe that anyone in town would be upset if Councilman Adams would switch his position. Councilman Adams stated that from a principal standpoint he could not compromise the integrity of the Idaho Constitution for a couple of interest points. Councilman Kennedy stated that the Boise case contains a different set of facts, and Councilman Adams is misapplying the facts to this situation. In the Copsey case, it was ordinary but not necessary and was for a parking garage, not like our case that is both ordinary and necessary. He stated that there is a lot of misinformation and it should be clear that it is a different point than the Boise case. Councilman Adams stated that it is arguable that it is ordinary and necessary; however to spend half of the City's annual appropriation is not ordinary. Councilman Gookin thinks Councilman Adams has made his point and that in this case it would be best to move forward and fight the battle another day.

Councilman Edinger reiterated that this situation should have never happened but down the road, he does not want to see taxpayers see a massive increase. The City has fulfilled their obligations with DEQ and EPA, the interest rate on this will never get it any lower. He is going to vote no, because he thinks the City can do it the right way, through Judicial Confirmation. Councilman Kennedy voted the same way the other night, but does not want a misunderstanding of state law to prohibit what is the right things for the citizens (unless Councilman Adams rescind his promise of appeal). He expressed that he was concerned that someone else could appeal, so he will vote for the Ordinance in order to give the City options. Mayor Bloem stated that there is a worst-case scenario in which the City moves forward with a vote for the election, and it does not pass. Her concern is the enormous amount of information that the City needs to get out and educate the public by May 21st. In the case that the bond does not pass, it would be the worst case because the City would have to increase rates over five years. She stated that a substantial increase in fees would halt job creation, as the estimated increase in commercial fees would be cost prohibitive for businesses looking at relocation to Coeur d'Alene, as they could get a much lower rate in Post Falls and Hayden. Councilman McEvers feels it comes down to the lesser of two evils and does not want to go to a vote but feels like it is the only choice. Mayor Bloem stated that going to a vote is a protection, as Councilman Adams might say that he won't appeal, yet based on his record of voting one way then reversing it at the next meeting many times in the past, to be safe you better vote.

MOTION: Motion by Edinger to call for the question. Motion carried with Gookin and Adams voting no.

ROLL CALL: McEvers, Yes; Goodlander, Yes; Gookin, Yes; Edinger, No; Adams, Yes; Kennedy, Yes. **Motion carried.**

MOTION: Motion by McEvers, seconded by Kennedy, to suspend the rules and to adopt Ordinance No. 3461 by its having had one reading by title only.

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

ADJOURNED: Motion by McEvers, seconded by Edinger that, there being no further business before the Council, the meeting be adjourned. Motion carried.

The meeting adjourned at 2:23 p.m.

Sandi Bloem, Mayor

ATTEST:

Renata McLeod, City Clerk