

**CITY OF HAYDEN LAKE
MINUTES OF REGULAR CITY COUNCIL MEETING
May 19, 2008**

CALL TO ORDER

The regular meeting of the Hayden Lake City Council was called to order at 4:00 p.m. on Monday, May 19, 2008 by Mayor Morris. Council members present were Council members Bob Grant, Evelyn Meany and Tom Gorman. Council member Todd Walker was absent. Attorney Pete Bredeson, Code Enforcement Officer Dick Pelton and Deputy City Clerk Burnell Daugherty were also present. Visitors present were Lee Anderson, CPA and several local high school students.

Councilman Gorman led the Council in the Pledge of Allegiance.

PUBLIC HEARING – ORDINANCE #223

At 4:00 pm, Mayor Morris re-opened the public hearing for Ordinance #223 which would amend the City's Zoning Ordinance to add a definition of "structure" and a back yard setback requirement.

There were no citizens present who wished to speak and no written testimony was offered to be read into the record. Therefore, Mayor Morris closed the public hearing so that the Council could begin deliberating on the proposed amendment. Councilmember Gorman stated that he was fine with the proposed amendment so long as the words "fence" and "wall" were removed from the proposed definition of structure.

Councilmember GORMAN then moved to adopt the proposed Findings and Recommendation of the Council acting as the Planning and Zoning Commission to adopt the proposed amendment, which was seconded by Councilmember MEANY. A roll call vote was taken: Councilmember GRANT , "aye", Councilmember MEANY, "aye", Councilmember GORMAN, "aye". The motion unanimously carried.

Councilmember GORMAN then moved to adopt the proposed Findings and Order of the Council to adopt the proposed amendment, which was seconded by Councilmember MEANY. A roll call vote was taken: Councilmember GRANT , "aye", Councilmember MEANY, "aye", and Councilmember GORMAN, "aye". The motion was unanimously carried.

Councilmember GORMAN then moved to adopt Ordinance #223 by reading of Title only. Councilmember MEANY seconded the motion. A roll call vote was taken: Councilmember GRANT , "aye", Councilmember MEANY, "aye", and Councilmember GORMAN, "aye". The motion was unanimously carried.

Mayor Morris then read Ordinance #223 by Title.

Councilmember GRANT then moved to adopt Ordinance #223 under suspension of the rule requiring the reading of the Ordinance on three (3) separate occasions. Councilmember MEANY seconded the motion. A roll call vote was taken: Councilmember GRANT , “aye”, Councilmember MEANY, “aye”, and Councilmember GORMAN, “aye”. The motion was unanimously carried.

Councilmember GORMAN moved to adopt Ordinance #223 as prepared, with the modifications proposed by him. Such motion was seconded by Councilmember GRANT. The motion carried.

Mayor Morris then called for a motion to publish Ordinance #223 by summary. **Councilmember MEANY made this motion, seconded by Councilmember GORMAN. The motion carried.**

At 4:20 p.m., Mayor Morris reconvened the regular City Council meeting.

AGENDA

Councilmember MEANY then moved to approve the consent agenda for this meeting, along with the minutes of the regular meeting held on May 6, 2008 and unpaid bills for approval and any paid bills pending approval, which was seconded by Councilmember GORMAN. The motion carried.

FY 2007 AUDIT REPORT

Lee Anderson of Anderson Bros. CPAs, PA presented the City's Audit Report for FY 2007. Mr. Anderson indicated that the Audit Report reflects that the audited financial statements contained therein are fairly stated and accurate. He then began to explain the notes to the financial statements, including the fact that the City is classified as a Phase III government since its budget does not exceed \$10,000,000.00. Mr. Anderson stated that this classification might change if the City were to book its street infrastructure assets. Councilmember Meany asked Mr. Anderson if other Cities do so. Mr. Anderson indicated that other Cities do not unless they have to.

Councilmember MEANY then asked Mr. Anderson whether or not the City should be funding the depreciation for its street infrastructure assets. Mr. Anderson indicated that this was a good point and that the City should at least have these assets assessed by an engineering firm. Councilmember GRANT then stated that the City already has something to that effect that Welch-Comer prepared and also questioned where the funding for depreciation would come from. Mr. Anderson stated that such funding would be supplied by the City's General Fund. Mayor Morris then stated that this was something to look at and asked Mr. Anderson if the City needed to take such action. Mr. Anderson responded that the City didn't really need to do so at this time.

Mr. Anderson stated that the City's Water Fund is surviving on the amount of the Fund's depreciation expense, since it is a non-cash expense. He then conveyed to the Council that the Water Fund is supposed to generate income, unlike other City Funds which are supposed to break even.

Mr. Anderson then advised the Council that the reporting requirements for governmental entities have changed since the last fiscal year with respect to "internal control deficiencies". Auditors of such entities are now required to report such deficiencies in the audit. Mr. Anderson disclosed that he has found five (5) "significant deficiencies".

The first of these deficiencies disclosed by Mr. Anderson involves the lack of financial statements prepared by City staff. Councilmember Meany stated that, during her previous conversations with Mr. Anderson, he suggested that the City either outsource for such services or hire additional part-time staff. Mr. Anderson confirmed Councilmember Meany's statement and went on to state that it's difficult for city clerks to perform these services given the several other demands on their time.

Mr. Anderson also represented that he knows of a city clerk that's retiring who might be interested in preparing financial statements on an hourly basis for the City. Mayor Morris stated that the lack of financial statement preparation by City staff has been going on for years. Mr. Anderson then stated that, as the independent auditor, he can assist the City with the preparation of such statements to a degree, but not to the point that his independency would come into question. He also suggested that the City could utilize two (2) accounting firms, one to perform the audit and one to prepare the financial statements.

The second deficiency discussed by Mr. Anderson is a lack of segregation of duties amongst City staff. Mr. Anderson stated that the City is understaffed, however, it doesn't have the funds to hire additional staff to correct this problem.

The third deficiency disclosed by Mr. Anderson involves the fact that depreciation for the Water Fund was never recorded in FY 2007. Mr. Anderson suggested that the City could estimate this amount to be \$50,000 per year. The fourth deficiency disclosed involved a large payable in the Street Fund which totaled approximately \$25,000.00.

The final deficiency discussed by Mr. Anderson involves the City's capital improvements. Mr. Anderson stated that the City must account for such assets that are contributed to the City. He stated that some municipalities even have forms for such contributions. With that, Mr. Anderson then concluded his report.

FELSING LOT LINE ADJUSTMENT

Mayor Morris asked for a motion to approve the written Findings and Order approving of the Felsing lot line adjustment. **Councilmember MEANY made this motion, seconded by Councilmember GORMAN. A roll call vote was taken:**

Councilmember GRANT , “aye”, Councilmember MEANY, “aye”, Councilmember GORMAN, “aye”. The motion unanimously carried.

LEGAL COUNSEL

Pete Bredeson, legal counsel to the City, discussed the letter that he received from Pat Braden, Deputy County Attorney, regarding the County’s agreement to allow the City to collect the City’s development impact fees within the City’s Area of City Impact. Councilmember Gorman then questioned Mr. Bredeson on the contents of the letter, specifically if Mr. Braden was implying that the County wanted to approve of the City’s current impact fee. Mr. Bredeson indicated that this was not his interpretation of the letter. Instead, Mr. Bredeson stated that he interpreted the letter to mean that the County was requesting approval of any future increases in such fees and/or any amendments to the Ordinance from which the fees originate.

Councilmember Gorman then asked Mr. Bredeson how the County was proposing that the fees should be collected. Mr. Bredeson responded by stating that Mr. Braden’s letter does not address that issue.

Councilmember Grant voiced his frustration with the County’s lack of action or response on this issue, which was echoed by the Mayor and the rest of the Council. Councilmember Grant asked Mr. Bredeson about the remaining issue of the foregone fees which the City has missed out on due to the County’s inaction on this issue. Mr. Bredeson requested that he be given the chance to meet with Mr. Braden to discuss this issue, along with the issue involving the mechanics of how the fees would be collected before the Council takes any further action with respect to this matter. The Mayor and Council directed Mr. Bredeson to do so.

LAW ENFORCEMENT

Councilmember Meany questioned Councilmember Grant about how the Police Chief was performing. Councilmember Grant responded that the Chief was doing a good job. Councilmember Meany asked whether the Chief could possibly patrol the grounds of the Hayden Lake Country Club, specifically around the clubhouse, during wedding parties this summer. Councilmember Grant responded that he thought such patrols would be possible and that he had talked with the Chief about working nights on a split shift basis. Councilman Grant went on to state that he will be happy to give the Chief information regarding the Country Club’s wedding schedule. Councilmember Meany stated that split shifts on weekend nights sounded like a good idea.

Councilmember Grant then stated that the Police Chief needed a new radar gun, since the current one was shot. **Councilmember GRANT made a motion, seconded by Councilmember MEANY, to approve the purchase of a new radar gun not to exceed \$1,200.00. The motion carried.**

STREETS AND WATER

Councilmember Grant questioned Councilmember Gorman on the status of discussions with the Idaho Department of Lands regarding the placement of buoys in Bervan Bay. Councilmember Gorman stated that he had not heard back from Carl Washburn yet in response to his letter to Mr. Washburn. Councilmember Gorman stated that he will follow up with Mr. Washburn tomorrow.

Mayor Morris stated that the City had received a bid from Centerpoint Striping for the re-striping of City streets. The amount of the bid is approximately \$6,000.00. Mayor Morris stated that Centerpoint performed re-striping for Lakes Highway District last year.

Councilmember Grant stated that he thought that the bid was high, since there are only six (6) miles of streets in the City, of which only 2.3 miles need striping. Councilmember Grant then stated that the Police Chief agrees with this estimate. Councilmember Grant proposed that someone talk with Centerpoint about the bid. Councilmember Gorman volunteered to do so. Councilmember Grant then brought up an issue as to whether re-striping of the fog line on Lakeview Drive was necessary and/or was included in Centerpoint's bid.

Mayor Morris thought that the fog line might be needed for the upcoming Coeur d'Alene Ironman Triathlon. Councilmember Gorman stated that he would talk to Centerpoint about this also.

MAYOR

Mayor Morris stated that she had recently visited the Tomb of the Unknowns in Washington, D.C. The Mayor described what a memorable event that was.

ADJOURN

With no further business before the Council, **Councilmember GRANT moved to adjourn the meeting at 5:34 p.m. Councilmember GORMAN seconded the motion. The motion carried.**

Nancy Morris, MAYOR

Lynn M. Hagman, City Clerk

