

## March 22, 2021 Work Session

The City Council of the City of Idaho Falls met in Council Work Session, Monday, March 22, 2021, in the Council Chambers in the City Annex Building located at 680 Park Avenue in Idaho Falls, Idaho at 3:00 p.m.

### Call to Order and Roll Call:

There were present:

Mayor Rebecca L. Noah Casper  
Council President Michelle Ziel-Dingman  
Councilor John Radford (via WebEx)  
Councilor Thomas Hally  
Councilor Jim Freeman  
Councilor Jim Francis  
Councilor Shelly Smede

Also present:

Rick Cloutier, Idaho Falls Regional Airport Director  
Ryan Tew, Human Resources Director  
Pamela Alexander, Municipal Services Director  
Dana Briggs, Economic Development Coordinator  
Randy Fife, City Attorney  
Kathy Hampton, City Clerk

### Calendars, Announcements and Reports:

Mayor Casper announced March 22-26 as City Employee Appreciation Week. She indicated she will be visiting various departments throughout the week and will be distributing ice cream sandwiches. She then read the City of Idaho Falls Employee Appreciation Week Proclamation. Mayor Casper stated March 19 was the deadline for submittal of letters for the Metropolitan Statistical Area (MSA).

March 25, Idaho Falls Power (IFP) Board Meeting; City Club; and City Council Meeting  
March 26, Association of Idaho Cities (AIC) Board Meeting, virtual  
March 29, AIC Board Meeting, non-virtual; Imagine IF  
March 30, Mayor's Scholarship Fund Awards Event  
April 2, Budget Workshop  
April 3, Zoo clean-up day  
April 6, Zoo staff clean-up day  
April 28, AIC Spring District Meeting

Mayor Casper stated the Emergency Medical Technicians (EMTs) in the Idaho Falls Fire Department (IFFD) continue to offer Coronavirus (COVID-19) immunization clinics. She noted individuals 55-64 are now eligible, other individuals will be eligible in the upcoming weeks. She also stated the State legislative session is recessing until April 6 due to ten (10) cases of COVID-19. She briefly reviewed House Bills (HB) and Senate Bills (SB): HB195 (residential picketing of elected officials, was defeated); HB197 (misdemeanors on the local level, is being held in committee); HB332 (offering income tax relief/rebate, was recently introduced); SB1087 (tobacco use for indoor/outdoor public entities, needs a sponsor); SB1103 (Air Travel Enhancement Program, is in committee); SB1149 (municipal broadband, may stay in State affairs although a bill passed that would allow for the creation of 9-member broadband committee); and SB1108 (property tax caps, failed by one (1) vote).

### Liaison Reports and Council Concerns:

## March 22, 2021 Work Session

Council President Dingman had no items to report.

Councilor Radford reiterated Imagine IF is continuing – there have been four (4) neighborhood meetings with one (1) more neighborhood meeting to occur on March 31, and the website allows a survey and opportunity for community/citizen involvement. He stated IFP is offering ten (10) scholarships in lieu of the Idaho Consumer-Owned Utilities Association's (ICUA) annual Youth Rally. He also stated Idaho Falls Fiber (IFF) has installed a new hut at Community Park for the neighborhood in close proximity.

Councilor Freeman stated the golf courses will be opening in the coming week.

Councilor Francis reiterated the zoo clean-up days on April 3 on 6.

Councilor Smede had no items to report.

Councilor Hally stated, per the New York Times, that Idaho Falls was listed as the number one (1) City for non-masking. He recommended masks continue to be worn. Mayor Casper concurred.

### Acceptance and/or Receipt of Minutes:

It was moved by Councilor Francis, seconded by Councilor Freeman, that Council receive the recommendations from the Planning and Zoning Commission Meeting of March 16, 2021, pursuant to the Local Land Use Planning Act (LLUPA). Roll call as follows: Aye – Councilors Radford, Freeman, Smede, Francis, Dingman, Hally. Nay – none. Motion carried.

### Airport – Discussion: Alaska Airline Air Service Agreement:

Director Cloutier stated Alaska Airlines has announced daily year-round service from the Idaho Falls Regional Airport (IDA) to Seattle beginning June 17, 2021. He noted Seattle has been the most requested destination by the community. He believes this service will be a very popular route. Director Cloutier then reviewed the following:

Revenue Guarantee Structure-

Minimum Revenue Guarantee required

- Two-year guarantee: June 17, 2021 through June 16, 2023
- \$500,000 a year for two (2) years (\$1M total)
- Provide minimum revenue guarantee of “Actual Costs” for each flight plus a premium of 5% (all revenue)

Director Cloutier reviewed examples for minimum revenue guarantee.

- 2-year aggregate – no payments are required until the end of the two-year period. This will allow the service to mature and establish.
- 30-day cancellation if not performing

Director Cloutier stated there will be continuous monitoring to ensure success and to communicate with Council.

Risk analysis-

- Current market will support the non-stop service; IDA currently fills 62% of airline seats (this is 25% higher than the national average); IDA generates 49 passengers per day to Seattle and 500 connecting passengers per day through Seattle; and in 2019, IDA filled 89% of airline seats.
- Break-even point is reasonable with the current demand; current average fare is \$189; IDA just needs to have 46 passengers out of 76 seats.
- Break-even point is reasonable with the projected demand; reduced average fare of \$150; IDA just needs to have 57 passengers out of 76 seats.

Director Cloutier suggested an Air Service Advisory Committee be established. The committee would include business leaders to assist and monitor service and secure pledges to off-set costs; would assist with business development for the services; and would assist with developing other future groups. Director Cloutier stated next steps would include execution of the contract; would move \$500,000 budget allocation into a separate account to be rolled over to FY-22; creation of Air Service Advisory Committee; and FY-23 budget remainder of funds, if needed.

### March 22, 2021 Work Session

Council President Dingman reiterated Seattle is the most requested destination. She believes it's in the best interest to transfer these budgeted dollars into a separate account for airport use; the City must invest in this service to send the right message; and the risk is minimal. She is in favor of moving forward with the agreement and setting up this account. Councilor Francis questioned this amount being previously budgeted for airport operations. Council President Dingman confirmed this amount was reserved for potential COVID issues although the pandemic did not affect IDA as anticipated. Per Councilor Freeman, Director Cloutier stated, per the Air Service Advisory Committee, this money could potentially be allocated to future airport routes if not needed at this time. Councilor Hally believes this could add a potential connection to Hawaii. Per Councilor Smede, Director Cloutier stated there are approximately 500 passengers per day. Brief general comments followed. Per Councilor Francis, Director Cloutier stated this agreement is not uncommon; if Alaska Airlines is successful after two (2) years the agreement would continue, although if not successful for IDA, IDA would owe per the agreement; and this would need to be discussed during the budget session. Mayor Casper noted the Air Service Advisory Committee would be working to secure pledges for assistance. Also per Councilor Francis, Mr. Fife explained the Non-Disclosure clause. Per Mayor Casper, Director Cloutier stated Alaska and American Airlines have entered into a co-shared business agreement. He believes this will give a one-stop destination to hundreds of passengers, and this will help regulate fares. It was then moved by Council President Dingman, seconded by Councilor Freeman, to approve the Air Service Agreement with Alaska Airlines Inc. and give authorization for the Mayor to execute the necessary documents. Roll call as follows: Aye – Councilors Dingman, Radford, Francis, Smede, Hally, Freeman. Nay – none. Motion carried.

#### Human Resources, Municipal Services – Report: Compensation Committee:

Mayor Casper stated discussions within this committee has been occurring for the previous 18 months. She also stated the goal is not to make employees worse-off. She noted, per previous budget discussions, the employees' compensation structure is unsustainable over time. Director Tew stated committee members consist of himself, Fire Chief Duane Nelson, Police Chief Bryce Johnson, Director Alexander, Parks and Recreation Director PJ Holm, and Public Works Director Chris Fredericksen. He also stated a compensation philosophy was created including competitive, equitable, and fit for the culture; and the committee focus included sustainability of current pay structure, is the compensation structure outdated, and does the compensation structure fit the City need. He noted this does not include benefits, this is wages only. Director Tew reviewed an overview of current pay structure including grade/range and steps (there are 16 grades, steps are within the grade over the course of 20 years, aiming for mid-point at 4.5 years); hourly rate increases every 1-4 years; longevity calculated as an hourly rate; wage adjustment discussion annually; and percentages between steps are inconsistent. Director Alexander reiterated the employee compensation is unsustainable, this is also unpredictable. She noted, per discussions regarding position control, positions should not be hired unless they are approved in the budget by Mayor and Council. She stated the compensation is discussed annually during the budget sessions although she believes this should be incorporated into the pay structure to help with the predictability. She also stated the City doesn't formalize a market study. She believes a market study should be performed every two (2) years. She noted 80% of the total General Fund is budgeted/allocated to salary, wages, benefits, and longevity for the General Fund departments; and Public Safety and Parks take the majority of the General Fund budget. Per Councilor Freeman, Director Alexander was unsure of the Enterprise Funds. Director Alexander reviewed an overview of the pay structure stating the percentage increase is not consistent. She also reviewed the proposed change to the pay structure: 4.5% for 1-2 years, 3.5% at 3-4 years, 3% for 5 years, and 1.25% for 6-19 years. Director Tew noted there are 11 steps in the current pay structure although it takes 20 years to get to the maximum pay due to the gaps in the increases. He also noted the proposed change would have an increase each year. Director Alexander stated this proposed change would re-set the pay structure, and will cost more up front (estimated at approximately \$280,000, 60% of this from the General Fund for the 2021/22 FY budget) but will decrease over time. She also stated the longevity, previously moved into the hourly rate, will be bumped up to the closest step. Councilor Freeman noted after six (6) years at 1.25%, this may be

## March 22, 2021 Work Session

comparable in dollars to the 1-5 year increases. Director Alexander agreed. She also stated this does not preclude a market study. Director Tew stated, per a market study in September 2019 with comparable cities, the City was 5.5% over on wages and a 6.3% over on total compensation. He noted the City is currently 2.3% over on wages and 3.75% over on total compensation. He believes this needs to be considered. He noted the committee wanted a competitive plan, therefore the market-based factor was used. Director Alexander stated this proposed pay structure is a hybrid compromise. Director Tew briefly reviewed pay structures and longevity with other comparable cities.

Director Alexander stated the committee recommendations include:

- Retain grade and step model with proposed base pay changes to the pay structure: steps 1-4 development of skills and competencies; mid-point at year five (5); performance range year six (6) top out
- Update base pay structure to provide for consistent annual percentage increases
- Move longevity pay within the grade and step hourly rate

Director Alexander believes this will help departments and will be more predictable for costs. She noted longevity would not be awarded to any new employee after a certain time. She also noted long-term employees could be awarded by other means.

- Market study every two (2) years
- Structure does not preclude wage increases for positions that are currently below market

Director Tew stated a job evaluation is performed prior to changing a job to a higher grade.

Director Alexander requested Council and Mayor guidance to move forward prior to the budget session. Mayor Casper noted this information will feed into future budget discussions. Director Tew expressed his appreciation to the compensation committee for the challenging discussions. Council President Dingman commended the work by the committee. She believes change can be difficult; this is the chance to pursue market adjustments through a formal study every two (2) years; the Council wants the City to be a competitive employer although the Council also understands the limitations of a City budget; and this plan incorporates best practices, is predictable, and is sustainable. She noted there is not a retaining issue with City employees, she believes those retention rates will remain sustainable and high. She stated she supports this proposal as presented. Mayor Casper believes the pay grades will be tailored per the market study. She also believes this must be sustainable for the employee and the organization. Councilor Radford stated he would not support this proposal. He questioned the higher percentage for learners than those who are experienced. He believes the percentage should be spread out. Director Tew stated this is a standard practice, this allows the employee to be at the market rate. Councilor Radford believes this is offensive to long-term employees. Director Tew stated the current pay structure is comparable to the higher/lower increase. Director Alexander noted this is only for the standard hourly base pay. Councilor Francis questioned using market study versus inflation adjustment. Director Tew believes this approach would be competitive with other employers. Council President Dingman stated the market study allows competition with like-employees. She also stated the inflation adjustment doesn't allow the competition to keep employees. Director Alexander reiterated this proposal would allow an increase each year. Per Council President Dingman, Director Tew confirmed no employees' wages will decrease with this proposal, and the majority of employee turnover was not due to wages. Also per Council President Dingman, Director Alexander stated the turnover rate in 2019 was 7.75%. Director Tew noted retirements were included in this turnover rate, which is not typical. Mayor Casper noted a separate consultant was hired for the Department Director's market study. Per Mayor Casper, Director Tew stated the market study was performed by positions, and an additional market study could be performed prior to the two (2) years if needed. Councilor Freeman noted employees have the opportunity to move internally. Councilor Hally believes predictably makes planning easier. Councilor Smede expressed her appreciation to the compensation committee.

March 22, 2021 Work Session

Discussion: College of Eastern Idaho (CEI) Expansion and Real Estate Needs Final Proposal:

Mayor Casper stated this item was discussed at the March 11, Work Session. Director Alexander reminded the Council of the CEI proposed transfer of property:

Proposed transfer of property:

- Purchase property – approximately six (6) of 11.72 acres
  - 3-acre trade (CEI’s parcel on Hitt Road for the Community Gardens)
  - Drainage area (City would retain the ownership, CEI would retain the responsibility)

This would equal approximately six (6) acres

- Terms
  - Revalue land based on new acreage
  - Initial down payment
  - Annual payment of \$x for X years (although there could potentially be monthly payments)
  - Option to payroll early if funds become available
- Establish contract for ‘first right of refusal’ if cannot reach an agreement now

Ms. Briggs stated, per CEI, this is only a starting point. Director Alexander reviewed the CEI Concept Phase 3.2 map. She noted City staff prefers to retain the Community Garden in the current location. She also reviewed additional proposed maps of 6.4 acres and 7.8 acres. She noted there is a lot of infrastructure (utilities) within the Meppen Pond Area. Some of this infrastructure could be relocated although there would be a cost with any relocation. Mayor Casper noted any infrastructure needs would be discussed/coordinated with the directors. Councilor Freeman prefers the 7.8-acre parcel. He questioned a reduction of the storm pond. Council President Dingman concurs as she believes the best use for this space would be for CEI. She questioned the sale over a two-year timeframe due to the current elected officials. Councilor Francis stated he would support the 7.8-acre parcel with a slight modification/adjustment for a pocket park. Councilor Radford stated he is supportive of CEI. He questioned turning the Community Garden to CEI and their horticulture program. Per Mayor Casper, Ms. Briggs believes CEI would prefer a longer time-frame for payoff than two (2) years. Mr. Fife stated, per contract, this could be paid longer than two (2) years. He also stated restrictions, such as re-selling the property, could be included in a contract, although this is not typical. Per Councilor Radford, Director Alexander stated the City acquired the parcels in 1977 and 1978 as park and open space. She is unsure of the specific reason for acquiring the parcels. Per Councilor Freeman, Director Alexander is unsure of any water rights with the canal on the property. Councilor Hally stated he is in favor of enhancing CEI. He believes this could impact a large number of citizens in the community. Per Mayor Casper, there was consensus of the Council that there was no interest for the CEI 3-acre parcel on the east side of Hitt Road.

There being no further business, the meeting adjourned at 5:49 p.m.

s/ Kathy Hampton \_\_\_\_\_  
Kathy Hampton, City Clerk

s/ Rebecca L. Noah Casper \_\_\_\_\_  
Rebecca L. Noah Casper, Mayor