

April 5, 2021 Work Session

The City Council of the City of Idaho Falls met in Council Work Session, Monday, April 5, 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

Also present:

Lisa Burtenshaw
Pamela Alexander, Municipal Services Director
Mark Hagedorn, Controller
Josh Roos, Treasurer (via WebEx)
Keith Simovic, Moss Adams Senior Manager, Engagement Reviewer (via WebEx)
PJ Holm, Parks and Recreation Director
Randy Fife, City Attorney
Kathy Hampton, City Clerk

Vote of Consent and Administration of Oath of Office for Lisa Burtenshaw to fill the vacancy for Council Seat No. 2:

Mayor Casper stated following the announcement of Councilor Shelly Smede's resignation the City allowed 14 days for members of the public to submit applications for the Council seat. She noted ten (10) individuals applied, which included some outstanding community members. Mayor Casper believes Ms. Burtenshaw's experience with local governments, working with the Board of Trustees for School District 91 for a number of years, and working with budgeting and the State legislators made her stand out as an applicant. Therefore, Mayor Casper stated she is pleased to appoint Ms. Burtenshaw to this position. Council President Dingman believes Ms. Burtenshaw is an excellent fit for this role. Councilor Hally believes Ms. Burtenshaw's experience and judgement is data driven, he believes she'll fit in well with this Council. It then was moved by Council President Dingman, seconded by Councilor Hally, to consent to the appointment of Lisa Burtenshaw to fill the vacancy for Council Seat No. 2. Roll call as follows: Aye – Councilors Francis, Freeman, Hally, Radford, Dingman. Nay – none. Motion carried. Mayor Casper then administered the Oath of Office to Ms. Burtenshaw. Councilor Burtenshaw took her seat.

Calendars, Coronavirus (COVID-19) Update, Announcements, Reports, and Legislative Update:

April 7, Zoo staff clean-up day (was moved from April 6 due to weather conditions)
April 14, Idaho Falls Auditorium District (IFAD)
April 19, City Council Work Session
April 21, potential Bonneville Metropolitan Planning Organization (BMPO) Policy Board Meeting
April 22, Idaho Falls Power (IFP) Board Meeting; and City Council Meeting
April 28, Association of Idaho Cities (AIC) Spring District Meeting

Mayor Casper requested knowing if Councilmembers will attend meetings of the Council virtually or physically to allow for proper room set-up/seating arrangements. She announced Council liaison assignments will not be updated at this time. Mayor Casper indicated there has been an increase in violence over the previous year for Asian American and Pacific Islander (AAPI) individuals, which may be attributed to COVID-19. Councilor Francis stated there has been concern for crimes regarding AAPI. He indicated public safety should be contacted in these instances.

April 5, 2021 Work Session

He believes the City may need to take action going forward including partnership(s) with various organization(s). Mayor Casper stated Idaho Falls has a very strong Japanese/American league. She indicated preliminary data will be distributed to the Councilmembers. Per COVID-19, Mayor Casper stated all residents 16+ are eligible to receive the vaccine. She also stated the Idaho Falls Fire Department (IFFD) has been assisting in the delivery of the Moderna and Johnson & Johnson vaccines. She noted those individuals who may be 16 and 17 years old are only eligible for the Pfizer vaccine. She also noted another strain of COVID (B117) may impact younger individuals, may be more deadly, and may be more contagious. She recommended that mask wearing continue. Mayor Casper stated the State legislators will return to session on April 6. She believes the current bills that address property taxes are disappointing as they are assuming City spending is the issue, which is not the case. She also believes the proposed reform won't help citizens and will cause cities to reduce public safety spending, etc. She stated cities can't serve more people with fewer resources.

Liaison Reports and Councilmember Concerns:

Councilor Hally announced he shot a hole-in-one at Sage Lakes Golf Course, hole number three (3). He also shared a personal experience with an Asian individual. He believes Idaho has a history with Asians and their culture. He is unsure if this (increase in violence) is related to COVID-19 but he sees a broader spectrum of racism throughout the country.

Councilor Radford stated he recently visited Ryder Park, he expressed his appreciation to the Parks and Recreation (P&R) Department.

Councilor Francis stated the zoo will open April 10. He also stated dirt is scheduled to be moved in the following week for the splash pad, which is on schedule to be finished by Memorial Day; playground equipment is to be replaced at Central Park; and several roads will be paved at Rose Hill Cemetery in spring 2021. Councilor Francis indicated, per the P&R Commission Meeting, Bonneville County Commissioner Jon Walker has suggested snow mobiles should not be driven on Palisades Reservoir and there should be no travel on the back-country roads at this time. Councilor Francis announced National Public Safety Telecommunicators Week April 11-17; Animal Control Officer Appreciation Week April 11-17; and Mike Cosens retirement will be held on April 21.

Councilor Burtenshaw had no items to report.

Councilor Freeman stated Lindsay Boulevard is mostly closed for the railroad track crossing repair, and 1st Street is mostly closed from Northgate Mile to Holmes for water line and drainage work.

Council President Dingman stated the Civitan Club (with the funds from Alive After Five) will continue with the annual legacy project which partially funds a new playground for an Idaho Falls park. She indicated a formal announcement will be forthcoming.

Mayor Casper announced the agenda item from Parks and Recreation, Discussion of the Recreation Fund, will not be addressed in this meeting. Per Mayor Casper's request, it was moved by Councilor Freeman, seconded by Councilor Francis, to remove the Parks and Recreation discussion of the Recreation Fund from the agenda. The Good Faith reason is the Parks and Recreation Department is unprepared at this time to present. Roll call as follows: Aye – Councilors Francis, Burtenshaw, Hally, Freeman, Dingman. Abstain – Councilor Radford. Nay – none. Motion carried.

Presentation: 2019/2020 External Audit with Moss Adams:

Mr. Simovic recognized the core team of Moss Adams including himself, Sr. Manager and Engagement Reviewer; Julie Desimone, Partner and Technical Resource; Amanda Moore, Concurring Reviewer and Partner; and Nick Rowlands, In-charge Auditor. He then reviewed the following with general comments throughout:

April 5, 2021 Work Session

Nature of Services provided: independent auditors' report on the government-wide and fund financial statements of the City; assistance with, and technical review of the Comprehensive Annual Financial Report (CAFR) for compliance with Generally Accepted Accounting Principles (GAAP); report of independent auditors' on internal control in accordance with *Government Auditing Standards*; report of compliance/compliance testing as required by the Uniform Guidance; standalone set of audited financial statements and audit reports for IFP; and communication to those charged with governance.

Audit response to COVID – the audit was performed in a remote environment; utilized technology and electronic audit tools; updated risk assessments; internal controls testing of transaction before and after COVID; and review of the related disclosures for transparency.

Mr. Simovic stated significant audit areas included work orders-classification; customer billings (utility funds)-accuracy; pension liability-valuation; consistent application of internal controls in a remote-work environment; and audit of federal funds received and expended (Federal 'single audit').

Audit Opinion/Reports include financial statements (unmodified (clean) opinion on financial statement); government auditing standards report (significant deficiency-capital assets); passenger facility charges report (no reportable findings); and single audit report (no reportable compliance findings).

Required Audit Communications:

Audit Adjustments-

- To correct the calculation of deferred inflows and outflows in the annual Public Employee Retirement System of Idaho (PERSI) pension entries - \$369,000 impact
- To reclassify fiber assets in commercial operation to assets in service for accounting purposes - \$486,000 impact

Passed Adjustments-

- To assess the missed depreciation on fiber assets in commercial operation at year end, but not closed to assets in service - \$24,000 impact

Internal Control Recommendations:

Capital assets – 1) lack of timely, monthly reconciliations, 2) lack of physical inventory of capital assets, 3) certain projects not capitalized in a timely manner – significant deficiency

Other control deficiencies were noted, some of which are repeat comments from the prior year's audit. None of which rose to the level of a significant deficiency or material weakness.

Per Mayor Casper, Mr. Simovic stated staff is working on the final CAFR which should be finalized in the following week. Councilor Burtenshaw questioned passing up on the Passed Adjustments. Mr. Simovic indicated this small amount is fairly immaterial in the whole context of the CAFR document and, the amount does not impact the audit opinion.

Director Alexander expressed her appreciation to the City finance team consisting of Mr. Hagedorn, Mr. Roos, Bruce Young, Megan Ricks, David Smith, Derick Sorensen, and Cassie Auten, as well as a variety of staff from other departments. She stated staff has been working on prior audit findings and recommendations since 2018, with improvements and progression made each year. She also stated the high-risk liability capital assets have been prioritized. Director Alexander indicated staff has been searching for software that would meet the needs of all department, although this has not occurred within this fiscal year. She also indicated the team identified time and

April 5, 2021 Work Session

cash receipting as high-risk liability areas for the focus for software. She stated TimeClocks Plus software was added for time, cash receipting is still included in the AS400 for the time being. She also stated staff takes all recommendations from Moss Adams to improve processes or internal controls. Director Alexander reviewed the timeline for audit activities including closure of fiscal year-end (no later than October 30); prepare interim fieldwork documents (October-November); and final fieldwork and audit of final balances (December).

Director Alexander reiterated audit findings and recommendations for capital assets – the capital asset reporting was not completed for field work, thus a delay in Moss Adams testing the data and processes; capital asset processes have multi-departmental responsibilities (inconsistencies of work order closures throughout the year (coordination)–Director Alexander noted the Municipal Services Department typically does not close work orders for other departments), reconciliations should occur on a monthly basis (routine activity), work orders must be maintained and/or closed to record assets and depreciation (resources to lead the charge); and system consolidation (prioritized timekeeping and cash receipting modules with a higher risk to liabilities, lack of a consistent environment to focus on routine maintenance of asset data). Mr. Hagedorn believes assets have not been a priority for the City due to other issues.

Director Alexander reviewed solutions and priorities over the next year including Capital Asset 101 training for all departments; consolidate capital asset software; hire two (2) positions (on hold due to budget reductions); and routine Information Technology (IT) reconciliation and documentation of user access. Mr. Hagedorn stated there are currently four (4) different software systems used for assets. He also stated discussion is occurring to migrate the four (4) systems into one (1) system. Mayor Casper believes money should be spent for one (1) software system. Per Councilor Freeman, Director Alexander stated the City-wide fleet management system was stood up earlier in the year. Per Councilor Burtenshaw, Director Alexander stated Moss Adams has not been approached for a software system recommendation. Mr. Simovic stated a (software system) recommendation may cause an independence issue with the auditors. Mr. Hagedorn stated software systems have been explored/researched, although this has been a difficult process. Per Council President Dingman, Mr. Hagedorn stated a capital investment includes any item more than \$10,000. He stated the overall value is looked at, although there are many factors. He indicated the City is in the process of tracking and identifying specific assets. Per Councilor Francis, Director Alexander stated she would prefer a software system that would be applicable for all departments in the next fiscal year. Mr. Hagedorn agreed. General comments followed.

Update: Aquatic Center Dehumidification:

Director Holm expressed his appreciation for the dehumidification (dehyde) system being included in the previous budget year. He noted \$1M will be placed in the next year's budget as encumbrance for this system as well. He stated discussion of this project has been occurring for several months. He also stated this system will be designed specifically for the facility. He noted the current dehydres were too small for the building, the new dehydres should last for the lifetime of the building. He also noted the Aquatic Center is 34 years old and due to the lack of the correct dehydres, significant deterioration has occurred to the building. He believes it's crucial to purchase this dehyde. Director Alexander stated a dehyde study was completed in the previous year. She reviewed the location of the dehyde at the facility (the north part of the building), stating Building Maintenance staff will be assisting with the system. She also stated this has been a multi-departmental project. Director Holm stated the lead time was estimated at 17 weeks, however, due to COVID and supply/demand the lead time was moved to 31 weeks with a four-month construction/installation process to follow. He indicated this project is top priority and is hopeful it will have a minimal impact to the user groups. Per Mayor Casper, Director Holm described the location of the dehyde system, stating the system will push out into the north side parking lot although no trees will be affected. Per Councilor Burtenshaw, Director Alexander stated the dehyde system is not anticipated to cause a noise issue. Per

April 5, 2021 Work Session

Mayor Casper, Director Holm stated the dehyde system will be fenced but not enclosed, will not be affected by weather, and the maximum square footage of the building plans have been met for any extension. He also described the duct work. Director Holm indicated the pool will be closed from November 7 through March 1 for installation of the system.

It was then moved by Councilor Hally, seconded by Councilor Freeman, to move into Executive Session (at 4:57 p.m.). The Executive Session is being called pursuant to the provisions of Idaho Code Section 74-206(1)(c) to acquire an interest in real property which is not owned by a public agency. The Executive Session will be held in the City Annex Conference Room. At the conclusion of the Executive Session the Council will not reconvene into Council Work Session. Roll call as follows: Aye – Councilors Dingman, Radford, Francis, Burtenshaw, Hally, Freeman. Nay – none. Motion carried.

The City Council of the City of Idaho Falls met in Executive Session, Monday, April 5, 2021 in the City Annex Conference Room in the City Annex Building located at 680 Park Avenue in Idaho Falls, Idaho at 5:04 p.m.

There were present:

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

Also present:

- Chris Fredericksen, Public Works Director
- Pamela Alexander, Municipal Services Director
- Duane Nelson, Fire Chief
- Randy Fife, City Attorney

The Executive Session was called pursuant to the provisions of Idaho Code Section 74-206(1)(c) to acquire an interest in real property which is not owned by a public agency.

There being no further business, the meeting adjourned at 6:16 p.m.

s/ Kathy Hampton
Kathy Hampton, City Clerk

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