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The City Council of the City of Idaho Falls met in Special Meeting (Council Work Session), Monday, April 22, 2019, 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
Councilmember Thomas Hally
Councilmember John Radford
Councilmember Jim Francis
Councilmember Michelle Ziel-Dingman
Councilmember Jim Freeman
Councilmember Shelly Smede (arrived at 3:03 p.m.)

Also present:

Pamela Alexander, Municipal Services Director
Josh Roos, Treasurer
Mark Hagedorn, Controller
Megan Ricks, Accountant
Rick Cloutier, Airport Director
Ryan Tew, Human Resources Director
Brad Cramer, Community Development Services Director
Dana Briggs, Economic Development Coordinator
Joel Tisdale, Police Lieutenant
Randy Fife, City Attorney
Kathy Hampton, City Clerk

Mayor Casper called the meeting to order at 3:01 p.m.

Mayor Casper stated an item, an appeal for a Child Care Worker license, was inadvertently omitted from the agenda. As an appeal must be heard within a certain amount of time it was moved by Councilmember Francis, seconded by Councilmember Radford, to add an item to the agenda – Hearing for a Child Care Worker License Denial Appeal. The Good Faith reason is the applicant was given written notice of the scheduled hearing occurring at the conclusion of today's Work Session although the item was inadvertently omitted from the agenda. The delay of the appeal may cause difficulty for the applicant and the Child Care facility. The associated Action Item is to approve or deny the appeal. Roll call as follows: Aye – Councilmembers Freeman, Radford, Francis, Dingman, Hally. Nay – none. Motion carried.

Due to the number of attendees for the Airport agenda item, it was also moved by Councilmember Dingman, seconded by Councilmember Radford, to move the agenda item, Leasing Policy Review from the Idaho Falls Airport, to the second item following the Municipal Services presentation. Roll call as follows: Aye – Councilmembers Freeman, Francis, Hally, Radford, Dingman. Abstain – Councilmember Smede. Nay – none. Motion carried.

Quarterly Finance Presentation:

Director Alexander noted this second quarter financial review will include budget to actual overview; expenditure overview; and, investment overview. The following was presented with general discussion throughout:

Fiscal Year 2018/19 Budget to Actual Revenue Reporting:

Total Revenues and Reserves:

2018/19 Budget = \$196,790,793

Year to Date = \$93,547,776

Percentage Received = 47.54%

Year-End Forecast = \$174,677,476

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Fiscal Year 2018/19 Budget to Actual Expenditures:

2018/19 Budget = \$206,598,558

Year to Date = \$71,375,809

Percentage Expended = 35%

Year-End Forecast = \$174,677,476

The on-going expense for Wages/Benefits is at 47%.

10-Year Historical Actual Revenue to Expenditures (March – September):

Mr. Hagedorn stated there is typically more revenue than expenditures half way through the year due to construction costs, outdoor projects, etc. The expenditures are then accelerated the second half of the year.

Fiscal Year 2018/19 General Fund Budget to Actual Revenue Reporting:

2018/19 Budget = \$46,790,933

Year to Date = \$25,360,283

Percentage Expended = 54.20%

Year-End Forecast = \$61,695,150

Mr. Hagedorn stated Miscellaneous, including unscheduled, unplanned, one-time transactions, can be difficult to predict and typically occur the later part of the year. Taxes and Franchises fees are received in January and July.

Fiscal Year 2018/19 General Fund Budget to Actual Expenditures:

2018/19 Budget = \$46,299,339

Year to Date = \$20,501,922

Percentage Expended = 44%

Year-End Forecast = \$46,553,041

Mr. Hagedorn stated the City is expecting to be over-budget on salaries and wages. This is being driven by the Idaho Falls Fire Department (IFFD), which is approximately 6% higher than expected this time of year. Mr. Hagedorn noted the IFFD is currently working on this issue.

10-year Historical General Fund Actual Revenue to Expenditures:

Mr. Hagedorn stated more revenues are expected in March than expenditures which should break even by the end of the year. He noted there is carryover from the IFFD due to the fire season. He also noted Bonneville County went through a software integration, therefore their payments were delayed. That project has been completed.

Mr. Roos stated the current banking relationships have changed in the previous quarter as the City previously utilized four (4) banks with 18 accounts, this has been condensed to two (2) banks with 10 accounts. He indicated this change has helped with the internal processes (eliminating hand written checks and physical bank deposits) and has created high interest sweep accounts and Money Market Accounts. He believes this has been a smooth transition and is working well.

Treasurer's Report (break down of different City funds):

Mr. Roos stated General Fund fluctuates throughout the year. The Finance and Investment Committee has recommended the General Fund balance stay no lower than \$8M. The Recreation and Golf Fund balances generally increase during the summer months. The Fire Capital Fund was established to record and report the payback of Fire Station 1. The Zoo Capital Improvement Fund is in the final stages of the Maeck Education Center project. There is recommendation by Finance to transfer \$900,000 from the Ambulance Fund to the General Fund to true-up for wild land fire expenditures.

Treasurers Report (investment reconciliation):

Broken into two (2) sections – investment institutions and types of securities within the institutions. Total for month of March = \$107M.

Market Review:

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The Federal Open Market Committee (FOMC) announced in March they will maintain the federal funds rate in a target range of 2.25% to 2.5%, it is speculated there will not be a rate increase (as previously expected) until 2020. The Yield Curve has become inverted between the one (1) and five (5) year mark.

Current Investments – Investment portfolio = \$105,445,848.88. This includes agencies; CD's; Corporate Bonds; Treasury; Money Market; and, Commercial Paper. Mr. Roos noted no more than 50% of investments should be in one (1) type of security. He stated the City is now in compliance with the investment policy.

Investments Date of Maturity (0-48 Months = \$105,445,848.88)

Mr. Roos stated the City wants to have a steady cash flow of money coming in in order to fund projects.

Investment Overview:

Clearwater Analytics is continuing with the dashboard and reporting. Mr. Roos anticipates presentation of the dashboard at the next quarterly presentation. Next Finance and Investment Committee will be held April 25, 2019. Director Alexander believes presentations at the committee meetings have been beneficial. Several Councilmembers expressed their appreciation to the finance team and the improved system.

General Fund Management:

- General fund departments should manage within their approved budget and any overages should be communicated to City Council
- Importance of general fund departments bringing 2018/19 budgeted items before City Council by July/August 2019
- Any new unbudgeted project(s) with ongoing costs to the general fund should be prioritized against budgeted projects and analyzed against revenue

Mr. Hagedorn stated Municipal Services Department is monitoring IFFD forecasted overages; Ambulance Fund cash; change in methodology for inter-fund transfers for 2019/20 budget; and, available General Fund cash and encumbrance carryover. He reviewed the 10-year comparison for the Ambulance Fund, stating the cash balance decrease began in 2014. He believes the wild land fire expenses need to be segregated from the Ambulance Fund. It was noted the third-party collection service began in 2014-2015. There have been many factors/issues with the increased revenues and expenses within the Ambulance Fund. Mayor Casper stated a future IFFD presentation will occur to address these issues. General comments followed.

Leasing Policy Review:

Director Cloutier indicated most Idaho Falls Regional Airport (IDA) leases are not currently in compliance with the Federal Aviation Administration (FAA) policy, guidelines, or best practices. Therefore, IDA staff is attempting to bring the leases back into conformance to meet grant assurances and guidelines and to ensure IDA has revenue that cover actual costs of lease rates and fair market values. Director Cloutier stated the FAA requires the leases maintain control of land and future needs of the airport. He also stated the FAA does not allow continued long-term renewal of leases and, considers anything over fifty (50) years a permanent transfer of property. He indicated many existing hangars do not meet the needs of the flying community and many hangars are not being used for aircraft storage. Airport hangars are to be used for aeronautical uses only with the exception of incidental non-aeronautical uses provided an aeronautical use is involved. Many hangars do not meet code and are in unserviceable conditions. The FAA requires the airport to be a self-sustaining enterprise (no tax dollars are taken from the City or County), provide adequate control of land parcels, and, ensure suitable hangar facilities are available. Director Cloutier stated the idea behind the leases is to allow the airport to control the use of land better than has been done in the past. He briefly discussed a reversion clause which will allow the airport to charge tenants a fee, in addition to lease rates, to ensure adequate long-term funding. Many of the current hangars have been allowed to extend leases and many do not have a clause to determine what happens at the end of the lease. Director Cloutier stated, per discussion with Mr. Fife, that when a lease ends with no future terms, the tenant will need to move the property or it becomes ownership of the airport. He stated a change is needed in order to control revenue and to ensure hangars are being used properly. He indicated there are numerous commercial and non-commercial leases including the industrial complex adjacent to the

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airport. If the commercial business is providing a service to the airport they are allowed different lease rates. Director Cloutier stated the non-negotiable proposal of the leases is to bring the airport into compliance with the FAA, allow a revisionary clause or apply an additional fee, and, that inspection reports take place prior to a lease renewal to ensure the buildings are up to code. He indicated current leases will not be modified but renewal leases will be required to meet the FAA guidelines. Mr. Fife clarified the reversion clauses. He believes there has not been a standardized method for leases. He stated previously a transfer included consent of the City, often with no changes, so there was no standardization and also no quality control from the landlord side. He believes there is a more proactive approach. Mr. Fife indicated leases can be negotiable according to FAA guidelines. He also indicated he would move to adopt a standardized lease, with very few changes to each lease, to qualify for FAA standards. Director Cloutier stated there are approximately 200 leases. He indicated several leases will be expiring in the next few years and he would prefer to make adjustments to said leases, including a 30-day notice of inspection, to bring those leases into compliance. Councilmember Francis questioned the timeframe of the FAA standards. Director Cloutier indicated leases are typically twenty (20) years with an automatic ten (10) year extension for up to fifty (50) years. He noted the FAA guidance is thirty (30) years with some exceptions depending upon the investment. Mayor Casper questioned compliance practices to this point. Director Cloutier stated requirements have been consistent for the past few years, with a few changes. He stated IDA has been out of compliance for the past twenty (20) years but has not been reprimanded as the FAA region is large and things slip through the cracks. IDA is due for their compliance inspection this year so these changes are now necessary. It was noted compliance inspections occur every 10-15 years. Councilmember Francis questioned future lease agreements. Mr. Fife stated he prefers a template for lease agreements although specific changes could be negotiated. Director Cloutier agreed as long as it falls within compliance. He noted he wanted to address the Council with the information prior to disseminating the information to the public. Councilmember Radford believes there is a vibrant general aviation community, he also believes the airline community needs to be heard for balance with the FAA guidelines. Director Cloutier stated fair market value needs to be considered for the aviation community, the City, as well as IDA, and should be phased in. Following general discussion, there was consensus of the Council for Director Cloutier to proceed with a template lease agreement conforming to the FAA guidelines. Mayor Casper recommended the public contact the elected officials and Director Cloutier with any comments.

Acceptance and/or Receipt of Minutes:

There were no minutes to accept.

Calendars, Announcements and Reports:

April 23, Fire Chief Dave Hanneman Public Retirement Reception; and, Association of Idaho Cities (AIC) Spring District Workshop
April 25, Idaho Falls Power (IFP) Board Meeting; and, City Council Meeting
April 26, Idaho Humanities Council (IHC) Distinguished Humanities Lecture
April 27, Worker's Memorial Day Dedication; and, Earth Day

Liaison Reports and Concerns:

Councilmember Hally had no items to report.

Councilmember Smede had no items to report.

Councilmember Freeman stated the Idaho Falls Police Department (IFPD) School Resource Officer (SRO) will be performing park patrol this upcoming summer; there are four (4) new officers being sworn in on April 30; and, Coffee with a Cop will be held April 26. He also stated Public Works is currently performing remediation on the recharging site near Sandy Downs; and, a construction update will occur at Budget Watch.

Councilmember Francis stated the first shipment of 40 tons of glass was shipped on April 18 for recycling; Clean and Green will be held May 3-13, which includes hazardous waste disposal with Bonneville County; Rosehill Cemetery clean-up will be held May 4; the Senior Citizens Center delivered 5506 meals for the Meals on Wheels program in March, this amount substantially increases each month/quarter; and, upcoming Human Resources Leadership Academy dates were reviewed.

Councilmember Radford stated RECreateIF survey forms are available online and, the IFP Board survey will be reviewed at the April 25 IFP Board Meeting.

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Councilmember Dingman had no items to report.

Discussion of Targhee Regional Public Transportation Authority (TRPTA) Status and Funding:

Mayor Casper stated, per a recently-held emergency meeting, the TRPTA Board has voted to dissolve TRPTA due to financial insolvency. However, TRPTA has requested the City consider releasing the quarterly payment, in the amount \$35,000, to help satisfy some obligations during the wind-down period, including payroll. Unfortunately, TRPTA does not have a timeline for the wind-down period. Councilmember Dingman stated the TRPTA attorney is researching the legal process regarding the dissolution. She believes the request for the City payment will be matched by the Federal Transit Administration (FTA) funds, for a total of \$105,000, to assist with significant liabilities. Councilmember Radford questioned the TRPTA assets. Councilmember Dingman stated upon the sale of the facility, 90% of the funds will be returned to FTA with TRPTA keeping 10%, any vehicle sold for \$5000 or more will require 85% of the profit returned to FTA, TRPTA will keep any amount of vehicles sold for less than \$5000. She also stated the board is hopeful to dissolve TRPTA in an orderly fashion, the timeframe could be in approximately 90 days in a phased-approach. Mayor Casper indicated the FTA fund match is not guaranteed. She reminded the Council of the previous request from TRPTA for in-kind services. This request prompted additional discussion regarding FTA sanctions and withholding the City payment pending those sanctions. Mayor Casper stated TRPTA has not been, and may not be, cleared from those sanctions. She also stated separate discussions will need to occur regarding future transportation needs for citizens. General discussion followed regarding the City funding, public transportation service and rates, the FTA match and sanctions, the TRPTA sanctions, PERSI (Public Employee Retirement System of Idaho) and payroll payments, and, TRPTA liabilities. Mayor Casper recommended a plan from the TRPTA Board be received prior to releasing City funds (taxpayer dollars). Following additional comments, the Council will request whether or not the donation would elicit a match donation from FTA; an assurance that any donated funds be utilized for TRPTA services and not the TRPTA debt; how the \$35,000 would be spent; a plan for dissolution; and, a statement of TRPTA assets and liabilities. Councilmember Smede expressed her appreciation to Councilmember Dingman as a TRPTA board member, realizing the difficulty of this result.

City Employee Wages and Benefits Discussion, Part 1:

Mayor Casper stated additional Human Resources (HR) discussions will occur in upcoming Council Work Sessions. Director Tew reviewed the following research data and projected increase with general discussion throughout:

Inflation-

U.S. Bureau of Labor Statistics, Consumer Price Index (CPI) Actual: March 2018 to March 2019 (U.S.) – 1.9%;

Actual: March 2018 to March 2019 (West) – 2.4%

The Livingston Survey - Federal Reserve Bank of Philadelphia, CPI projected 2019 – 2.3%; CPI projected 2020 – 2.2%

Idaho Division of Financial Management Forecast, CPI projected 2019 – 2.5%

Director Tew clarified this is projection only and not his suggestion for City adoption as there are additional budgetary factors and concerns to consider.

2019-2020 Potential Budget Impact-

<u>Increase %</u>	<u>General Fund</u>	<u>Whole - City</u>
0.5	\$126,456	\$212,896
1.0	\$252, 907	\$425,793
1.5	\$379,359	\$638,689
2.0	\$505,814	\$851,587
2.5	\$632,265	\$1,064,480

Director Tew noted the Whole - City includes the General Fund and the Enterprise Funds. Mayor Casper stated the current path of an increase each year is an unsustainable path and a decrease of services or personnel may need to occur. Director Alexander concurred. Mayor Casper believes this is a tough balancing act. Councilmember Francis indicated if employees are held on health insurance costs, the City is picking up the inflation cost. He believes this is part of the inflation adjustment element that needs to be considered. Councilmember Radford stated previous discussions have occurred regarding fees covering the cost of services, he believes this is the cost of doing business

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and taxes should reflect this although there is the statutory limitation on any tax increase. Director Tew stated the base these increase amounts were calculated on includes the step increases and longevity pay. He indicated step increases could be removed although he would advise against it. He clarified if step increases were removed the savings would be approximately \$300,000, however, it is a deferred cost and this amount would need to be caught up at a later point. Councilmember Francis questioned the amount of step increase cost with no inflation increase. Director Tew stated the amount is approximately \$316,000. Ms. Ricks believes the Potential Budget Impact amounts include the annual wage base pay, longevity, and, the step increase. Director Tew stated he will request this clarification from the Controller for future discussion. General discussion followed regarding longevity pay, levy amounts, market value, and, future benefits discussions. It was noted the inflation increase amount in the previous year was 2.5%.

Community Development Block Grant (CDBG): Consolidated Annual Performance and Evaluation Report (CAPER) Process Review:

Director Cramer stated the CAPER process occurs once a year and the Public Hearing has been scheduled for the April 25, 2019, Council Meeting. There are no funding requests for the CAPER process.

Annexation Principles Review:

Director Cramer stated the Statement of Annexation Principles have been reformatted, including the requested changes, following the April 8 Council Work Session discussion. He believes the revised document would be helpful to include with public meetings. He indicated this document could be adopted by resolution of the Council. Mayor Casper questioned the document as best practices. Director Cramer believes this statement could be successfully used in most cases. He stated most properties using a utility service understand the process. For the properties that do not have a utility service this statement would help to clarify the process of property selection. Councilmember Smede requested “annexation agreement without utilities” be included in the Category B bullet points. Brief discussion followed regarding the definition and inclusion of fringe. Mayor Casper concurred with the adoption by resolution.

Economic Development Incentive Program Overview:

Ms. Briggs stated Title 1, Chapter 16, was approved March 8, 2012. She reviewed 1-16-2, Eligibility Requirements and Criteria including initiation of building permit timeframe; creation of number of positions; hourly wage; benefits; new capital investment; and, waiver amounts. She also reviewed 1-16-3, Available Incentives including, expedited permitting process and waiver of fees. Director Cramer stated the Building Division salary and benefits are typically covered by permit fees, any fee waiver would generally be a large-scale project. He indicated in a good year fees received may not be a large impact or burden to the General Fund. He also indicated there is a cap on fee waivers so the taxpayer is not paying waived fees for a business. Ms. Briggs believes the Council (at the time this ordinance was approved) addressed the balance of qualification and ensuring a quality company could qualify. She indicated this ordinance may need to be reevaluated to address future businesses. Ms. Briggs reviewed 1-16-4: Application Procedures; 1-16-5: Evaluation, and, 1-16-6: Incentive Agreement including the adoption of a resolution for a particular applicant. She stated there are also incentives offered at varying levels and varying entities for small businesses including Idaho Falls Business Assistance Corporation (IFBAC), CDBG, Idaho Falls Redevelopment Agency (IFRA), and, Small Business Administration at the Local, State, and National levels. Ms. Briggs noted there are not many cities that offer a similar large-business incentive. She indicated there is limited assistance from the State level, therefore, these incentives must be provided by the municipalities. She believes there is a place for this incentive within the community. Director Cramer clarified the Council has the flexibility to approve or not approve a resolution on an individual basis. Brief discussion followed regarding housing, unemployment, the tax base, the Insurance Service Office (ISO) rating, and fee waivers. Director Cramer clarified this is not a tax waiver, these are one-time fees.

Hearing for a Child Care Worker License Appeal:

Mayor Casper opened the appeal hearing. Lt. Tisdale stated Ms. Trevizo submitted application for a Child Care Worker Certification (CCWC) license on March 21, 2019. He also stated, per the application process, Captain Bill Squires reviewed the background check and it was determined Ms. Trevizo was accused and arrested for domestic battery on January 1, 2019. Ms. Trevizo was able to plead down the charge to disturbing the peace. It was noted Ms.

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Trevizo admitted to committing the battery, therefore, Capt. Squires denied the application. Ms. Trevizo stated she did receive the charge and she is not proud of the charge. She reviewed the events of the specific evening. She stated after multiple court appearances, the charge was reduced. Ms. Trevizo stated she now has a son and she could take her son to the daycare where employed. She indicated she has currently been working at Eastern Idaho Community Action Partnership (EICAP) in Blackfoot as a license is not required in the City of Blackfoot although she would prefer to work in the City of Idaho Falls. Councilmember Dingman noted Ms. Trevizo's charge does not relate to the self-declaration statements on the CCWC application. Mr. Fife stated the application was denied based on 6-3-8(A) admitting to conduct constituting a violation of criminal law for any misdemeanor involving violence. Councilmember Radford questioned if 6-3-8(A) is read prior to signing the application. Ms. Hampton indicated 6-3-8(A) is not read, the applicant reads and initials the self-declaration statement as applicable and signs the application. Mayor Casper closed the appeal hearing. Councilmember Hally stated he errs on the side of the child. Councilmember Smede indicated since this was a recent incident, she believes more time is needed to heal and grow. Councilmember Radford supports the appeal as he indicated there was no violence against a child. Councilmember Francis believes 6-3-8 applies but he is also concerned for the recent timeframe of the incident. Councilmember Freeman believes EICAP has good control and they would see any potential issue. It was then moved by Councilmember Radford, seconded by Councilmember Dingman, to sustain the Child Care Worker License Appeal. Roll call as follows: Aye – Councilmembers Dingman, Freeman, Radford. Nay – Councilmembers Francis, Hally, Smede. There being a tie, Mayor Casper voted nay. Appeal denied. Mayor Casper encouraged Ms. Trevizo to re-apply for the CCWC after a track record in Blackfoot, possibly in six (6) months.

There being no further business, the meeting adjourned at 6:55 p.m.

s/ Kathy Hampton

CITY CLERK

s/ Rebecca L. Noah Casper

MAYOR