

January 28, 2019

The City Council of the City of Idaho Falls met in Special Meeting (Council Work Session), Monday, January 28, 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:

Mayor Rebecca L. Noah Casper
Councilmember Thomas Hally
Councilmember Jim Freeman
Councilmember Shelly Smede
Councilmember Jim Francis
Councilmember Michelle Dingman
Councilmember John Radford

Also Present:

Brad Cramer, Community Development Services Director
Rick Cloutier, Airport Director
Michael Kirkham, Assistant City Attorney
Abigail French, City Attorney Extern
Pamela Alexander, Municipal Services Director
Mark Hagedorn, City Controller
Josh Roos, City Treasurer
Megan Ricks, Accountant
Dave Hanneman, Fire Chief
Randy Fife, City Attorney
Kathy Hampton, City Clerk

Mayor Casper called the meeting to order at 3:03 p.m. with the following:

Acceptance and/or Receipt of Minutes:

There were no minutes to accept.

Calendar, Announcements and Reports:

February 6, Parks and Recreation (P&R) All Staff Mandatory Meeting; and, Idaho Falls Fire Department (IFFD) Annual Awards Ceremony
February 7, Road to the 2020 Census Presentation; and, Area of Impact Pre-Meeting
February 11, City Council Work Session
February 14, City Council Meeting
February 15, Idaho Falls Police Department (IFPD) Awards Ceremony
February 18, Presidents' Day, City offices closed
February 19, Area of Impact Meeting 3
February 22, Ribbon Cutting for Zoo Education Center
February 22-23, Engineering Week Activities - Mayor Casper briefly reviewed these activities
February 25, City Council Work Session
February 28, Idaho Falls Power (IFP) Board Meeting; and, City Council Meeting

Mayor Casper stated Councilmember Hally will be undergoing medical procedures in the near future and could be absent from several Council Meetings. She also stated she recently participated in the food distribution from the Community Food Bank for the federal government furloughed employees.

Liaison Reports and Concerns:

Councilmember Hally had no items to report.

January 28, 2019

Councilmember Smede stated discussion with the State legislature recently occurred regarding annexations.

Councilmember Freeman had no items to report.

Councilmember Francis reiterated the IFFD Awards Ceremony. He stated the IFFD has 15 projects forthcoming. He also stated the Senior Citizen Center is in need of drivers for the Meals on Wheels program.

Councilmember Radford reiterated the Zoo Education Center Ribbon Cutting.

Councilmember Dingman stated she recently attended the Targhee Regional Public Transportation Authority (TRPTA) Board Meeting. She indicated the TRPTA auditors commended the internal control improvements made by the TRPTA staff. Councilmember Dingman also stated the Civitans recently sponsored a Junior Community Civitan Club, this is not affiliated with any particular school.

Airport Plan, and City Ordinance and Moratorium Discussion:

Director Cramer stated 811 letters were recently distributed to property owners regarding the proposed moratorium. He commended the media for their outreach assistance. Director Cramer clarified this item should be considered as a resolution, not an ordinance. He reviewed the following:

Legal Authority: Idaho Code 67-6523 – Emergency Ordinances and Moratoriums (Local Land Use Planning Act), which includes ‘imminent peril to the public health, safety, or welfare’.

Federal Aviation Administration (FAA) Concerns –

- Airport receives significant grant funding from State and Federal agencies
- Grants required the City to sign assurances it will protect airspace and land use to provide for long-term operation of the airport
- Failure to meet these assurances can result in loss of grant funding and requirement to repay previous funding

Director Cramer stated the Airport Master Plan was approved in 2010, which showed a table of land uses that should be prohibited or regulated fairly restrictively to prevent interference with Airport operations. The Airport Master Plan was adopted as part of the City’s Comprehensive Plan in 2013. There was previous focus on height and noise issues although the Plan is also about land use, including the imminent development. Director Cramer has been immediately working with Director Cloutier regarding this issue due to pending developments. Director Cloutier stated this becomes a safety issue for aircraft as well as residents. Director Cramer stated FAA concerns have evolved over time. Idaho Falls has had standards in place for previous concerns, but has not adequately addressed the land use. He stated the moratorium is due to current applications for development. Director Cramer reviewed the map designating the proposed moratorium boundaries as well as the map included in the Airport Master Plan regarding land uses. He stated the moratorium is on each end of the critical aircraft approach areas. Director Cramer reviewed Zone 1, the more restrictive area. He indicated the moratorium is mirrored to the Plan, which does not just include land uses. It is proposed that no permits be issued and no development plans (preliminary plats, final plats, or site plans) be approved during the moratorium. This is not restricting annexation, initial zoning, or rezoning. He stated if there is an existing, approved development plan in Zone 1, permits could still be issued subject to approval by Community Development Services staff, Airport staff, and the FAA. Director Cramer reviewed Zone 2, which is similar to Zone 1, although a permit could be considered/issued for vacant lots in a current subdivision. However, a new plat would not be approved for vacant land. He reiterated the moratorium would only be in effect for certain things. Councilmember Freeman questioned the timeframe of the moratorium. Director Cramer stated the moratorium, per the approved resolution, can be lifted prior the 182 days. He indicated the goal is to have the moratorium completed in four (4) months. Mr. Fife stated a moratorium allows a time out to prevent long-term issues for the City. It also forces cities to make decisions not to impede progress. Director Cramer stated a significant amount of outreach will be performed during this process. He reviewed the proposed milestone schedule, including Planning and Zoning (P&Z) sessions, public open house and public hearings, stakeholder meetings, and City Council discussions. He is also aware of Comprehensive Plan amendments within this area. Mr. Fife stated this moratorium is for City property, development, and growth only and, does not include Bonneville County areas. Councilmember Smede stated this moratorium allows the correct process for the City. She believes this moratorium is important. Mayor Casper questioned the property owners affected by this moratorium. Director Cramer stated the number of property owners is fairly low although the financial impact could be large. Director Cloutier stated the area of impact is a 10,000’ radius and, the approach is a 20,000’ radius. The FAA would have the final approval within this radius. Mayor Casper

January 28, 2019

questioned the due diligence of development around the airport. Mr. Fife stated the ultimate responsibility would fall to the developer. Director Cloutier stated the FAA sets the guidelines and if the County chooses not to follow this plan, the City would be required to take action. Councilmember Radford realizes the primary focus of the FAA is safety although he believes this may be a frustrating process for business/property owners for predictability. Brief discussion followed regarding the FAA grant process. Director Cloutier reiterated more land needs to be protected for airport approach. He also stated the approach area could change depending on aircraft size/critical aircraft, which is currently addressed in the Airport Master Plan. Director Cramer stated due to recent development, the Airport staff is now part of the planning, reviewing, and approval process. Director Cloutier is hopeful a yearly discussion could occur regarding the Airport Master Plan. Brief general comments followed.

Alcohol Ordinance Revision Discussion:

Mayor Casper briefly reviewed the process for application/approval of alcohol licenses, including the City Council approval. Mr. Kirkham stated the current City Code addresses alcohol in four (4) different City Code sections. He also stated after recent review of State Code, which has been piecemealed over the course of time, the proposed draft ordinance would delegate the issuance of an alcohol license to the Clerk. Mr. Fife stated the licenses would no longer be required as an agenda item, although any appeal for denial of an alcohol license would be presented before the Council. He also stated the Police Chief, or his or her designee, would continue to approve the license. Mr. Kirkham clarified in the proposed ordinance amendment, a State and County license would be required before applying for a City license. He also noted expiration of City alcohol licenses would expire September 30 of each year to coincide with State and County licenses. Councilmember Francis questioned updating City Code referencing alcohol. Mr. Kirkham stated this would require a significant amount of staff time. Councilmember Freeman stated due to current discussion with the State legislature regarding liquor licensing, he recommended postponing any changes on a City level at this time. There was consensus for Legal Services to amend the City Code referencing alcohol as time allows. Brief comments followed regarding the age requirement. This item will be included on the January 31 Council Meeting agenda.

Special Consideration of Approval for Beer Licenses to Billman Catering LLC; Smokin Fins; and, Sneekers Bar & Grill:

Mayor Casper stated, per the previous conversation, the City Clerk has verified these three (3) businesses are eligible for a City license. It was moved by Councilmember Dingman, seconded by Councilmember Hally, to approve Beer licenses to Billman Catering LLC; Smokin Fins; and, Sneekers Bar & Grill. Councilmember Freeman questioned the approval of the beer license only, not the liquor license. Ms. Hampton stated per State Code, only Beer licenses were required to be approved by Council. Mr. Kirkham confirmed, per current City Code as well. It was then moved by Councilmember Dingman, seconded by Councilmember Hally, to approve the alcohol licenses as necessary for the City of Idaho Falls to Billman Catering LLC; Smokin Fins; and, Sneekers Bar & Grill. Roll call as follows: Aye – Councilmembers Smede, Hally, Dingman, Radford, Freeman, Francis. Nay – none. Motion carried.

Quarterly Finance Presentation:

Director Alexander briefly reviewed the quarterly presentation timelines. Mr. Hagedorn reviewed the following with general discussion throughout:

2017/18 Year-end Budget to Actual Revenue Reporting

Total Revenues:

2017/18 Budget = \$194,933,941

Year to Date = \$162,672,984

Percentage Received = 83.45%

Fund Balance is intended to balance the budget; more revenue, as a City, has been collected then expended; Taxes are collected on a five-year average; decrease in Intergovernmental was due to grants; and, Non-revenue Transfer is charges between Enterprise Funds and Government Funds, based on cost driving and true-up.

2017/18 Year-end Budget to Actual Expenditure Reporting

2017/18 Budget = \$194,933,941

January 28, 2019

Year to Date = \$162,672,984

Percentage Expended = 83%

Wages/Benefits were higher; Capital Outlay (budgeted as capacity) was decreased to projects anticipated versus completed.

FY 2017-2018 Expenses by Governmental Departments

It was noted IFFD (Fire Department, Fire Capital Improvement Fund, and Ambulance Fund) was the only department that exceeded their budget. Wildland deployment is collected in the previous fiscal year.

FY 2017-2018 Expenses by Enterprise Departments

It was noted these departments are all under budget.

FY 2017-2018 – General Fund and Government Funds

General Fund was under budget as well as Street Fund, Recreation Fund, Library Fund, Business Improvement Fund, Golf Fund, and, Self-Insurance Fund.

FY 2017-2018 Capital Improvement Funds

Reserve funds are collected over time for future projects. Most funds were under budget.

FY 2017-2018 Expenses – Enterprise Funds

There were no comments.

Fiscal Year 2018/19 Budget to Actual Revenue Reporting

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

Year to Date = \$28,652,590

Percentage Received = 13.87%

Year-end Forecast = \$175,325,186

It was noted Mr. Roos just received the January payment of property taxes from Bonneville County to apply toward Taxes and Franchises.

Fiscal Year 2018/19 Budget to Actual Expenditures Reporting

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

Year to Date = \$28,652,590

Percentage Expended = 14%

Year-end Forecast = \$175,325,186

Wages will increase for seasonal employees. Wages will be over budget due to overtime. Per State, there will be a rate increase to Public Employee Retirement System of Idaho (PERSI).

Debt Service (for Wastewater Treatment Plant loan) is two (2) years ahead, this has resulted in savings of approximately \$400,000.

Mr. Hagedorn stated expenses in the previous year exceeded revenues by \$1.7m. This is partially related to the IFFD and their wildland deployment. He indicated this is being closely monitored. Mr. Hagedorn also stated the Recreation Fund expenses exceed the revenues. He indicated costs will be cut where possible. It was noted the Recreation Fund has a small levy.

Ambulance Fund expenditures exceeded revenues by ~\$1m. This is a complicated issue. Chief Hanneman stated Medicaid expansion could potentially bring in \$1.5m. He also stated there is discussion to request the County to raise the tax levy (this could bring in ~\$1.3m). Director Alexander stated there are three (3) agencies to assist with ambulance collections. It was noted this is a continued deficit.

Mr. Roos stated an Investment and Bank Meet and Greet occurred in November 2018. He believes this was beneficial. Mr. Roos presented the following with general discussion throughout:

January 28, 2019

Current Banking –

- Businesses with four (4) banks (Wells Fargo, US Bank, Zions Bank and Bank of Idaho) with a total of 18 accounts.
- It was proposed to simplify to two (2) banks (Wells Fargo and Bank of Idaho) with a total of 12 accounts.
- The City is currently making earnings credit that pays for all of monthly fees.
- New proposed sweep account at Wells Fargo will have a sweep rate of 2.35% which will make approximately \$20,000 per month in cash from interest, after all fees have been paid. Bank of Idaho will have Money Market account with interest earnings rate at 2.38%.

These proposed changes are anticipated for March 2019.

Councilmember Radford expressed his appreciation for these changes.

Investment Trends –

- Recession began in December 2007
- Within one (1) year rates went from 4.25% to effectively zero
- Between 2008 and 2015 the Fed kept the rate at zero
- At the end of 2015 growth began to stabilize
- In 2016 unemployment began to decrease and inflation began to increase. On December 15 the Fed raised rates to .75%
- From December 2016 to December 2018 rates raised from .75% to 2.5%
- The Federal Open Market Committee (FOMC) expects to increase the rate up to 3% in 2019. The markets expect no rate hike and a possibility of a rate cut by the end of the year.
- There are three (3) main types of yield curve shapes: normal, flat and inverted
- The US Treasury Yield Curve is starting to move to a flattened state. This means that there is little difference between short-term and long-term rates for bonds.
- When there is a flat yield curve there is usually little benefit in holding the longer-term securities
- Key private bank analysts expect that there will be further flattening of the yield curve throughout 2019 as the FOMC continues to ‘normalize’ rates and the economy continues to be more of the same.

Current Cash and Investments (as of 12/31/2018)

Cash and Investment Portfolio = \$108,212,178.65

Agencies – 42 investments, \$23,962,656.16, 22%

CD’s – 24 investments, \$10,986,314.37, 10%

Corporate Bonds – 54 investments, \$48,739,809.30, 45%

Cash – \$24,523,398.82, 23%

Mr. Roos stated as investments have been maturing over the course of the previous year they have been applied toward cash which currently can be reinvested at a higher rate. Director Alexander expressed her appreciation to IFP Director Bear Prairie for his assistance with investments.

Mr. Roos reviewed investments date of maturity and respective amounts. He stated the Investment Policy will be presented to City Council at the February 14, 2019 Council Meeting. He also stated Clearwater Analytics will be a great asset to analyze the City investments. He briefly reviewed Finance and Investment Committee meeting dates.

Treasurer’s Report – required by Idaho State Statute 50-208. Mr. Roos briefly reviewed fund, beginning cash and investments, total receipts, total disbursements, and, ending balance cash and investments categories. He stated he will be adding additional categories/information in the future.

Director Alexander reviewed cash and investment management including internal controls and monthly bank and investment reconciliations. Mr. Hagedorn stated the importance of internal controls over cash is tremendously vital to the organization for safe guarding, protection, and documentation. He commended Megan Ricks, Accountant, for her assistance with the improved process of reconciliation. He reviewed the reconciliation process, stating the goal is to reconcile on a daily basis versus a monthly basis to prevent fraud and error. Reconciliation is to match financial data with banking data. Mayor Casper commended the Municipal Services Department.

January 28, 2019

Director Alexander reviewed 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 2019
- Any new project or project(s) with ongoing costs to the general fund should be communicated to City Council to incorporate into forecast models

Director Alexander briefly reviewed upcoming annual audit and annual risk management dates of presentation.

There being no further business, the meeting adjourned at 6:03 p.m.

s/ Kathy Hampton
CITY CLERK

s/ Rebecca L. Noah Casper
MAYOR