

March 26, 2020

The Idaho Falls Power Board of the City of Idaho Falls met Thursday, March 26, 2020, in City Council Chambers, 680 Park Avenue, Idaho Falls, Idaho at 7:00 a.m.

Call to Order, Roll Call, and Announcements:

There were present:

Mayor Rebecca L. Noah Casper

Board Member Thomas Hally

Board Member Jim Francis (by WebEx)

Board Member Shelly Smede (by WebEx)

Board Member Jim Freeman (by WebEx)

Board Member John Radford (by WebEx)

Board Member Michelle Ziel-Dingman (by WebEx)

Also present:

Randy Fife, City Attorney

Duane Nelson, Fire Chief

Bryce Johnson, Police Chief

Bear Prairie, Idaho Falls Power (IFP) General Manager

Pam Alexander, Municipal Services Director

Chris Fredericksen, Public Works Director

Brad Cramer, Community Development Services Director

Ryan Tew, Human Resources Director (by WebEx)

Robert Wright, Library Director

Rick Cloutier, Airport Director (by WebEx)

PJ Holm, Parks and Recreation Director (by WebEx)

Josh Roos, City Treasurer

David Smith, City Accountant III (by WebEx)

Bud Cranor, City PIO

Julie Combe, Human Resources Manager

Linda Lundquist, IFP Executive Assistant

Mayor Casper called the meeting to order at 7:03 a.m. A motion was made and passed to amend the agenda and move the COVID-19 Readiness item to the beginning of the meeting out of a good faith reason that the COVID Pandemic is changing by the hour.

Mayor Casper led a general City discussion on COVID impacts. She announced that the press release from Governor Little on March 25, 2020, included a three-page notice on what essential businesses consist of. She continued to explain that a Director's meeting followed the Governor's announcement and she decided with the support of the Director's that employees that are not providing an essential service could stay home, employees will be paid through the pay period of April 11, 2020.

Board Member Hally said that it shouldn't be decided at this point who gets paid and who doesn't. Board Member Ziel-Dingman agreed with Board Member Hally and added that the additional stress of not being paid shouldn't be put on employees right now. Board Member Smede concurred. Board Member Radford stated that it is a good idea in theory and added that it makes sense because the money to pay employees is already budgeted. Mayor Casper stated that there isn't a budget problem, but there may be some cash flow issues through reprioritizing and cutting expenditures, and concluded that it would be nice to have budget authority for the next few weeks. Board Member Francis agreed with Board Member Ziel-Dingman that

March 26, 2020

the COVID-19 situation is out of people's control. Director Tew added that there is an unemployment provision in the proposed Federal Stimulus Package to cover layoffs and added the importance of evaluating this approach from time to time and leave an option to modify if needed. Mayor Casper stated the desire to get through the next twenty-one days and then take another look and noted that Idaho is still in the early stages of the virus. Board Member Hally asked Director Tew if employees are compensated by the federal government, are they still covered by City insurance benefits? Director Tew replied that he believes so because it reads that they get to keep their jobs. Board Member Hally said that under normal circumstances that insurance carriers would say that they are not employed or covered. He added that the federal bill has passed the House and is waiting in the Senate for concurrence. Mayor Casper said there are three bills underway and a fourth in the pipeline. Director Alexander added that the City has the ability to track costs and request reimbursement for costs. Board Member Radford stated that we say this is budgeted and asked if we are making a spending decision? Mayor Casper asked if we have the money to meet our needs. Board Member Hally asked Director Alexander if there is a way for measuring cash flow. Director Alexander answered yes, that the Treasurer will be responsible for that. Mayor Casper said that there will be more opportunities for discussions next week and announced where construction is considered essential in the Governor's order that the City will want to move forward and continue holding Planning and Zoning meetings, but added that they will be conducted online. Mayor Casper mentioned some of the departments that supply essential services to the community and all the directors gave summations of who in their departments were working where. She stated that the libraries' curbside service was a successful idea and asked Director Wright to review the three-page order and consider expanding the curbside service. Board Member Hally mentioned that online learning at all levels was occurring across the country and was concerned that some community members' computer and internet access would be curtailed. Director Wright stated that social distancing is the issue and would severely limit the number of available computers. He added that Audible has free downloads and is offering other free services as well, but will accommodate as needed per Council direction. Mayor Casper suggested modifying Council's agenda for that evening to include expanding library services under the Governor's order. Board Member Francis asked how much latitude the City has with the order and Mayor Casper stated that more interpretation will be asked for later that evening in the Council meeting. Director Alexander reported that accounting services, utility billing etc. will continue as some staff members will transition to working from home and noted that online bill pay, auto bill pay, 24-hour kiosk and payment drop-off locations remain available to the community. Board Member Freeman asked if the custodial staff will be on site and Director Alexander replied that the development workshop cleans City Hall and the garage after hours, but that staff should be able to keep their areas tidy in the interim. Mayor Casper stated that the school districts deem custodial staff as essential and to consider using this time for deep cleaning. GM Prairie stated fiber crews will no longer be entering homes in the 21-day period, but will continue to do field work and the bulk infrastructure work and repairs as needed. Mayor Casper stated that City playgrounds are closed and noted that the City may be getting calls about people not following the order and added that the City will not be extending authority beyond City employees. Mayor Casper suggested holding council meetings monthly instead of bi-monthly and noted the biggest concern is having a way for the community to participate. There was some discussion and ideas to help with obeying the order. Ms. Combe issued a handout on how the emergency leave should be followed. Mayor Casper stated that there is no need to act on it right now, but to review and discuss at this evening's Council meeting. Mr. Fife reminded the group that the Mayor, by statute has supervisory and administrative authority over all City employees and has the authority to administer the budget through the City Code. Director Cloutier stated that the Stimulus Package will provide \$750,000 to the airport to help with revenue shortages caused by flight cancellations, etc. In addition, he noted that all Federal Aviation Administration (FAA) projects will be fully funded by the FAA.

COVID-19 and Utility Preparedness:

March 26, 2020

GM Prairie discussed the current City's disconnect policy and explained that while it's not a board policy, it is a policy put in place by the Board with the collaboration of Municipal Services, Public Works and Idaho Falls Power, which gives City staff direction on how business is conducted with regard to how people are required to pay their utility bill. He reviewed some specifics of the policy and recommended that the City follow what other utilities in the region are doing and discontinue disconnecting services on residential and small businesses under 200kW during the COVID-19 pandemic for non-pay. GM Prairie continued to say that collecting the four (4%) percent late fee on all commercial and industrial accounts will be discontinued during this time period, however, disconnects for nonpayment will continue for large accounts over this 200kW threshold. He mentioned that there could be long-term consequences of this action and that once the pandemic winds down it should be reviewed for clarity on how to ramp back up for disconnections. Director Fredericksen said that revenue is between two and six percent over what was anticipated for February. Board Member Hally stated that if there is anything in delinquency, to keep track of the totals in case there is something in the Federal Stimulus Package to aid in the loss. He added that credit card use will likely ramp up as people tend to rely on credit in times like these. Director Alexander reminded the group that customers that historically have paid with credit cards can still use the kiosk and that the department continues to remind customers of all the payment options. GM Prairie recommended amending the current policy to discontinue disconnects for residential and small commercial accounts effective now, and to be reviewed at a later date. Director Fredericksen asked for clarity on when the amended policy would be implemented and GM Prairie stated that late fees will remain on bills up to today but would discontinue until further notice if the policy change motion is passed. Mayor Casper stated that GM Prairie has the option to readjust.

It was moved by Board Member Radford and seconded by Board Member Hally to approve COVID-19 billing and disconnect Policy Changes. The vote was unanimous, motion carried.

#### Q1 Financial Report:

GM Prairie stated that finance is waiting for the audit to close in order to have all the quarter one figures and noted that when quarter two is covered, he will wrap quarter one into that presentation. He said that October 2019 was one of the coldest Octobers on record and that frost occurred a month earlier than normal, which has slowed fiber's underground boring progress. As a result of the cold snap, low revenues came in because there were high retail loads. He continued to say that November and December have a very low snow pack, which drove down power supply revenue and drove up expenses through December, however, prices stayed low on the wholesale side. GM Prairie gave year-over-year comparisons and noted the rates are driven by low gas prices and said that IFP is still on track as far as the budget and in fact, is running a bit under budget. There was a discussion on what controls gas prices and finally, GM Prairie concluded with an explanation on the water graphs and how wet and dry spells impact that outcome.

Mr. Smith reviewed Fiber's balance sheet and clarified why it was showing a negative number in the checking and savings accounts until the pilot project funds were transferred over in the second quarter. He noted that the inventory is approximate until the programming is complete. He stated that the inventory for fiber and electric is still connected. GM Prairie stated that Power will be reviewed when the audit is complete.

#### Payment in Lieu of Taxes Policy (PILOT):

GM Prairie stated that he incorporated comments from the Board Members, Mayor Casper's edits and Mr. Fife's legal review. The language has been refined and some sections clarified. The payment in lieu percentage will move to six and a half (6.5%) percent. It keeps the general fund where it's been, if not a bit higher. Clarity was added to how the Traffic Light Fund is funded. He continued to state that it makes sense

March 26, 2020

that the light fund will move to a five-year Capital Improvement Plan and noted that there is usually money left over from year to year. He recapped the survey that was in the Board's packet two months ago and noted that the utility methodology, was to arrive at six and a half (6.5%) percent and noted that anything not needed to "keep the lights on", goes into the PILOT. Board Member Hally asked if there is an average of all of the Utah Associated Municipal Power Systems (UAMPS) customers. GM Prairie answered that UAMPS is currently working on PILOT survey with their members. He said that American Public Power Association's (APPA) data point varies by region. He continued to say that there is no perfect percentage number, but that he is trying to be reasonable since the utility does not pay property taxes or a franchise fee. GM Prairie said that public power's average PILOT is five point eight (5.8%) percent across the country. Board Member Francis motioned to approved with some refinement about the previous year's PILOT payment.

It was moved by Board Member Hally and seconded by Board Member Smede to approve the policy changes as written. The vote was unanimous, motion carried.

Utility-wide Market Based Compensation Policy No. 4 Review:

GM Prairie reviewed the policy and stated there will be wage adjustments in May for union and non-union employees per the policy and current International Brotherhood of Electrical Workers (IBEW) contract. He said that the Milliman Survey is still the best information available to determine wages and that the most recent survey is already a year old. He noted there are 135 positions in the survey and 81 utility participants (seven in Idaho including IFP). He said that the survey is a robust study with a broad slice of utilities in the region. He added that the survey covers 95 percent of the utility's positions and noted that every three years, the job classifications will be rescaled. For 2020, the scale will be adjusted up three (3%) percent for union and non-union employees per policy and the outcome of last year's Milliman Market Survey report.

International Brotherhood of Electrical Workers (IBEW) Negotiation and Process:

GM Prairie stated that most of the union negotiations will take place over email and will focus on cleaning up the contract, correcting some language from the 1960s and reducing the size to be a more user-friendly contract. He noted that he will work with the AGM, human resources and legal departments to finalize the contract and bring it back next month to a vote. There was some discussion on current open/posted positions. Mayor Casper commented that the survey feels like a good arena for the utility and GM Prairie added that is a good model also to perform evaluations and noted that supervisors and foremen will be reviewed on how they evaluate their staff.

Power Supply was tabled until next month's meeting. GM Prairie reminded everyone to review the videos and email him their thoughts and comments so he can tailor the next discussion.

Utility Reports:

*North American Electric Reliability Corporation (NERC)* - GM Prairie reminded the group that there was some COVID-19 Response information by NERC included in the packet and that due to the pandemic, there won't be any audits through July 31, 2020. NERC Situational Awareness was already put in place three weeks ago at the utility. He mentioned his concerns about the supply chain and that the utility is trying to stay ahead of any supply issues and noted there is mutual aid available for staff and supplies if needed. There was some discussion about how the crew's shifts have been staggered to avoid intermixing. GM Prairie stated that the highest risk job would be in dispatch and because it's such a complex position and there isn't the ability to cross train. Three weeks ago, the dispatch center was locked out to only the six dispatchers. The supervisor works from home also to limit exposure and be ready for backup if needed.

March 26, 2020

*Loss of Staff Member* – GM Prairie mentioned that the utility would like to sponsor a five-hundred dollar annual Youth Rally Scholarship in honor of Bobbi Wilhelm. Mayor Casper and Board Members felt it would be an appropriate tribute to honor a beloved colleague in this manner as well as potentially sponsoring a bike ride over the summer if the opportunity presents itself and left that decision up to the GM.

GM Prairie announced there will be a marketing agreement for RedInc in this evening’s Council meeting for approval. He thanked Board Member Ziel-Dingman for donating a marketing analysis to aid the utility in interviewing local marketing companies. RedInc was selected as the best match to meet the needs of the utility and offered the most competitive prices in his view.

Organizational Membership Reports:

*Northwest Public Power Association (NWPPA)* – GM Prairie announced that NWPPA is offering free online courses and webinars and that he will forward anything pertinent to the Board.

Board Evaluations:

Board Member and Liaison Radford passed out Board Self-Evaluations and mentioned the sign of a good board is that they can bring on new members, identify and resolve conflict within a board and the evaluation can help clarify improvements that can be achieved. He noted that a few changes had been made from the previous year, including some questions about regulators and board members. Board Members committed to signing their evaluations and returning them within two weeks so that the results could be compiled and presented in the next meeting. Board Member Freeman reminded the group that it’s a good opportunity to find information in the board book. GM Prairie reminded the group to review the items at the end of the packet for a deeper dive into fiber next month. Board Member Hally asked if it is still a thirty (30%) percent payback and GM Prairie said the utility needs to climb to thirty-five (35%) percent to forty (40%) percent for a quick payback.

Board Member Updates:

Board Member Hally announced that financial payments have been agreed upon and to check online for details. Board Member Freeman announced that the Royce Clements gathering has been cancelled. Mayor Casper suggested writing a card and that there will be something to honor his retirement sometime after the pandemic.

There being no further business, the meeting adjourned at 11:07 a.m.

s/ Linda Lundquist \_\_\_\_\_

Linda Lundquist, EXECUTIVE ASSISTANT

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

Rebecca L. Noah Casper, MAYOR