

June 3, 2021 State and Federal Legislation

The City Council of the City of Idaho Falls met in Special Meeting, Thursday, June 3, 2021, in the Council Chambers in the City Annex Building located at 680 Park Avenue in Idaho Falls, Idaho at 6:30 p.m.

Call to Order and Roll Call:

There were present:

Mayor Rebecca L. Noah Casper
Council President Michelle Ziel-Dingman
Councilor John Radford
Councilor Jim Freeman
Councilor Jim Francis
Councilor Thomas Hally (arrived at 7:07 p.m.)

Absent:

Councilor Lisa Burtenshaw

Also present:

Pamela Alexander, Municipal Services Director
Mark Hagedorn, Controller
Josh Roos, Treasurer
Brad Cramer, Community Development Services Director
Robert Wright, Library Director
Ryan Tew, Human Resources Director
Duane Nelson, Fire Chief
Bryce Johnson, Police Chief (departed at 6:57 p.m.)
Chris Fredericksen, Public Works Director
PJ Holm, Parks and Recreation Director
Randy Fife, City Attorney
Stephen Boorman, Idaho Falls Power Assistant Director
Michael Kirkham, Assistant City Attorney
Dana Briggs, Economic Development Coordinator
Bud Cranor, Public Information Officer (via WebEx)
Kent Fugal, City Engineer (via WebEx)
Kathy Hampton, City Clerk

Mayor Casper noted that Idaho Falls Regional Airport (IDA) staff was excused from the meeting as IDA falls under different grant funding.

Discussion and Planning for Implementation of American Rescue Plan Act (ARPA):

Director Alexander expressed her appreciation to the finance team. Mr. Roos stated ARPA was initiated on March 11, 2021. This allocates \$1.9T - \$350B for State and local fiscal recovery; \$130B for cities and counties; \$65B for metropolitan cities (more than 50,000 population); \$124M for Idaho metro cities; and \$10.5M for the City of Idaho Falls. Mayor Casper indicated the guidelines are for larger cities, and there is latitude of spending for these large cities. She believes the challenge is to spend money equitably and responsibly, and a measure of realism and accountability needs to be considered. Councilor Radford believes this money may help small businesses. Councilor Freeman expressed his concern for using this funding for on-going items.

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Mr. Roos reviewed important dates for the APRA. He noted the Interim Final Rule (IFR) feedback and questions are due by July 16, 2021. He also noted the City received payment of \$5M on May 19, 2021, and the remaining half of funds will be received in one (1) year; funds must be incurred by December 31, 2024, and funds must be expended by December 31, 2026.

Mr. Roos reviewed the eligible expenditures:

1) Support public health expenditure (this is mainly for the public and the citizens of Idaho Falls)

- Supporting the public health response:
 - COVID-19 mitigation and prevention
 - Medical expenses
 - Behavioral health care
 - Public health and safety staff (any payroll expenditures must be directly related to Coronavirus (COVID-19), counties are also receiving funds)
 - Expenses to improve the design and execution of health and public health programs
- Address negative economic impacts (all must be tracked):
 - Households and individuals (more than 20M jobs were lost country-wide)
 - Small businesses (make up ½ of the US sector employment)
 - Impacted industries
 - Rebuilding public sector capacity
 - Hardest hit communities

2) Replace lost public sector revenue

- Not included – revenue generated by utilities; refunds and other correcting transactions; proceeds from issuance of debt
- Included – everything not listed above; revenues to support public services (zoo, aquatics, ambulance, etc. – unsure about Library and Airport)

Mr. Roos explained the lost revenue calculation noting there are checkpoint dates each December 31 for four (4) years, funds can be spent on government services, and the funds cannot be used for a rainy day fund (although they could be allocated to a project). Mr. Roos used the Ambulance and Recreation Funds as lost revenue calculation examples, noting the Ambulance Fund lost revenue = \$407,769 and the Recreation Fund lost revenue = \$96,021. He indicated all departments could go through this calculation.

3) Provide premium pay for essential workers (less applicable to the City of Idaho Falls)

- Eligible to workers performing essential work during COVID-19

Mr. Roos reviewed the list of eligible workers. He stated the City would need to review how, who, and qualifications. This allows up to \$13 per hour and \$25,000 maximum per individual.

4) Invest in water, sewer, and broadband infrastructure

- Water/sewer infrastructure – treasury aimed to give governments “wide latitude to identify highest priority for communities”

Mr. Roos stated any projects approved through the Environmental Protection Agency’s (EPA) Clean Water Revolving Fund and Drinking Water State Revolving Fund are automatically guaranteed for funding.

- Broadband infrastructure – Americans turn to internet access service for every aspect of daily life including work, study, and healthcare

Mr. Roos stated this will help the under-served. General comments followed including Idaho Falls Fiber, labor standards, and the Davis-Bacon Act.

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Mr. Roos reviewed audit/reporting dates. He noted there have been no expenditures through August 31, 2021; the quarterly report is due October 31, 2021 (with subsequent quarterly reports due within 30 days after calendar quarter end); and the annual Recovery Plan Performance Report is due August 31, 2022 (this report only applies to cities with more than 250,000 population).

Mr. Roos stated staff recommendation is to form three (3) study committees to research funding possibilities to support public health expenditures; replace lost public sector revenue; and invest in water, sewer, and broadband infrastructure. Each committee would consist of two (2) councilmembers, at least one (1) director and any staff as needed. Mr. Roos reviewed the committee timeline, and it has been suggested that committees begin the real work after the 2021-22 budget process. Mayor Casper stated this money will be scrutinized, and the process must be important although the process has not been determined at this point. She noted Council will make the final decisions.

Staff-recommended actions were reviewed – authorize a new staff position to assist current staff with significant administration and reporting requirements. Director Cramer is in favor of a grant coordinator as he believes this position would off-load some time/work load from Lisa Farris, the current Grants Administrator. He also believes two (2) positions would be funded through various sources. Comments followed including specific duties for this position/individual. Mr. Hagedorn noted a weakness in the audit is the lack of a central system to track grants. He stated all grants would go through this individual. Per Councilor Freeman, Mr. Roos stated there is currently no stipulation on wages for this individual. Mayor Casper noted contingency was included in the budget to allow authorization for this position. Director Cramer indicated discussion has been occurring with Human Resources for this position. It was then moved by Council President Dingman, seconded by Councilor Francis, to authorize a full-time employee tentatively called the Assistant Grant Administrator, to be hired within this years' budget, who will be paid for by ARPA funds who will be responsible for the communication of, administration, management, ongoing reporting, data collecting, budgeting, oversight and any other tasks as needed as it relates to federal, state, and other grant monies. Roll call as follows: Aye – Councilors Radford, Freeman, Francis, Dingman, Hally. Nay – none. Motion carried. Per Mayor Casper, Ms. Briggs believes the challenge with grants was clearly defining the parameters and criteria. Per Mayor Casper, Mr. Hagedorn stated all funds will require reporting. It was also moved by Council President Dingman, seconded by Councilor Radford, to form three (3) study committees to discuss and provide policy and budgeting recommendations to staff and City Council regarding ARPA funding. These committees will be made up of two (2) councilmembers, at least one (1) director, and additional staff as recommended by staff, Mayor, or Council. Roll call as follows: Aye – Councilors Hally, Dingman, Francis, Freeman, Radford. Nay – none. Motion carried.

Discussion of the Impact of House Bill (HB) 389 on the City's General Fund and Strategies for Managing and Mitigating the Impact HB389:

Mayor Casper noted this HB was passed in three (3) days. She believes this bill was not designed to improve quality of taxation and governance in a city. She noted the governor signed this bill into law on May 21 being retroactive to January 1, 2021.

Mr. Hagedorn reviewed HB389 key facts:

- Change in tax relief programs to low-income families and disabled veterans

Mr. Hagedorn stated the State remits tax relief funds to local entities (Circuit Breaker Program) – zero impact

- Change in value of exempt personal property

Mr. Hagedorn stated the currently personal property is less than 1% of total City valuation, ultimately this will decrease valuation – neutral impact

- Change in homeowners' exemption

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Mr. Hagedorn stated this will decrease overall value which will increase levy rate – neutral impact

Mr. Hagedorn reviewed homeowners' exemption increase less than market increase and homeowners' exemption increase greater than market increase for \$200,000, \$250,000, \$300,000, and \$350,000 residential, and \$500,000, \$2M, and \$10M business. He stated the tax burden shifts to commercial properties and low-income bracket, and the homeowners' exemption will continue to shift between residential and commercial unless indexed. He reviewed how the homeowners' exemption affected the City of Idaho Falls. He believes the homeowners' exemption is being made-up for the previous several years.

- Discounted values on new construction and annexation

Mr. Hagedorn stated new construction and annexation valuation were discounted to 90%; growth dollars are not fully able to increase capacity of services provided; lost revenue compounds each year; theoretical loss of \$700,000 over the past five years; and penalizes high-growth areas – negative impact

- Discounted values on urban renewal areas

Mr. Hagedorn stated retiring urban renewal areas valuation were discounted to 80%. Director Cramer stated the largest district has been closed, with the next one to close in 2028. Mr. Hagedorn reviewed the increment value in those districts, which are not currently on the City's roll. General comments followed regarding urban renewal districts.

- Cap on levy increases

Mr. Hagedorn stated the maximum levy increase for the entity is 8%, previously only the statutory allowed increase (3%) was regulated; another penalty for growth greater than 5% of the already discounted values; and nine (9) years out of the past 40 years were above 8% - negative impact (\$2M less in the levy, foregone is not specified in the 8%)

- Forgone limits

Mr. Hagedorn stated there is a 1% levy increase for operations and maintenance (current value of \$387,600, will take more than 11 years to recoup the forgone amount of \$6,664,000); 3% levy increase for capital projects (only in the year the capital project is budgeted, not used for statutory allowable increase calculation); and limits taxing districts to finance capital projects to one (1) year – negative impact. He also stated this will limit financial planning. He noted the forgone was levied at 1% to build Fire Station 1. Comments followed regarding the frustration with the State legislators.

Mr. Hagedorn reviewed the outstanding questions for the Tax Commission, the courts, and future legislative sessions.

- City impact

Mr. Hagedorn stated these changes limit financial resources to deal with increasing growth without providing basic funding mechanisms for essential services. He also stated the City is unsure what to do at this point. Potential responses: require fiscal impact studies; implement public safety position control index; review City building permit issuance process; and shape City processes to allow for the City to catch up and absorb growth impacts.

Update on Status of Impact Fee Study and Implementation:

Director Fredericksen stated an agreement for professional services was approved in March 2021 with Tischler Bise, Inc. He also stated the contract is scheduled for completion in July or August, and the first two (2) of nine (9) steps have been completed. He noted the Tischler Bise contract amounted to \$48,660. Per Mayor Casper, Director Fredericksen believes there will be a number of steps how to implement the fees, including meetings with businesses. Mayor Casper recommended getting as much decided as possible prior to the elections.

There being no further business, the meeting adjourned at 8:39 p.m.

s/ Kathy Hampton

Kathy Hampton, City Clerk

s/ Rebecca L. Noah Casper

Rebecca L. Noah Casper, Mayor