



**LEWISTON CITY COUNCIL
SPECIAL WORK SESSION MEETING MINUTES**

FEBRUARY 3, 2020 – 3:00 PM

City Hall, Main Conference Room, 1134 F Street, Lewiston, Idaho 83501

COUNCIL MEMBERS PRESENT: Mayor Collins; Mayor Pro Tem Schroeder; Councilor Blakey; Councilor Bradbury; Councilor Kelly; Councilor Miller; Councilor Pernsteiner

STAFF MEMBERS PRESENT: Alan Nygaard; Jana Gómez; Chris Davies, Laura Von Tersch, Dan Marsh, Kari Ravencroft, Budd Hurd, Tim Barker, Travis Myklebust, Lynn Johnson, Shawn Stubbers, Brittnie Purington

I. CALL TO ORDER

Mayor Collins called the meeting to order at 3:00 p.m.

II. PLEDGE OF ALLEGIANCE

Mayor Collins led the Pledge of Allegiance.

A motion was offered by Councilor Pernsteiner to add alcohol licenses under the Active Agenda as Item A. A second was provided by Councilor Miller. The motion carried unanimously.

III. CITIZEN COMMENTS

Provides an opportunity for citizens to address the Council on agenda items or other items they wish to bring to the attention of the Council. Citizens are encouraged to discuss operational issues in advance with the City Manager. In consideration of others wishing to speak, please limit your remarks to three minutes.

Mr. Ged Randall said that with regard to Ordinance 4740, the proposed amendment would disregard what the citizens of Lewiston intended which was that no money was to be transferred from one account to another, as set out in City Code.

IV. ACTIVE AGENDA

A. ALCOHOL LICENSES

Mayor Pro Tem Schroeder moved to approve the renewal licenses for retail liquor, retail wine by the drink and bottle, and retail beer on and off premises for Bryden Canyon Golf Course, Canters, Brock's/Brava's and the Lewiston Golf and Country Club. Councilor Pernsteiner seconded the motion. With a 7 to 0 vote, the motion carried.



V. WORK SESSION ITEMS

A. FCS RATE STUDY PRESENTATION: *Presentation on the cost of service, customer classification and rates (Davies)*

Public Works Director Davies reported that the City of Lewiston hired FCS to perform a study for the creation of a long-term financial plan and self-supporting sustainable utilities, to evaluate the cost of service and to provide long term rate recommendations for the City of Lewiston. Staff is asking the Council to look at the general rate setting policy to determine how those rates should be established. Secondly, the Council will need to determine if it wants to move towards a cost of service rate versus where the rates currently sit. Finally, Mr. Davies noted it will be important to determine if priority 3 projects should be paid for with cash or debt financing. At the Council's next work session, staff will specifically review rates based on the decisions and recommendations made today.

Mr. Andy Baker, FCS, provided an overview of the attached Power Point presentation regarding the water and wastewater utility rate study.

Community Development Director Von Tersch asked if there is a way to ensure that enough revenue is generated each year to hit the cost of service needs for the fiscal policies and capital needs. Mr. Baker replied that the rate design module used has a revenue check that indicates if the revenue goals are being met.

Councilor Blakey said he believes this plan makes sense for the next 20 years by holding future councils responsible. He noted this is a great start. Mr. Baker said though it doesn't provide for everything that will happen over the next 20 years, it does provide the policy framework to address issues as they come along.

Public Works Director Davies noted that rates would be about where they are today if past councils would have implemented master plans and increased rates by at least the cost of inflation over the past 20 years. Today's decision could eliminate the need for staff to be back in five to ten years asking for an additional 40 percent rate increase.

City Manager Nygaard said he would like to hear some success stories from other communities that were able to put money aside to fend off pressures to increase rates. Mr. Baker indicated it has been successfully done when master plans are kept up to date so there isn't just a static policy of raising rates each year.

Councilor Kelly asked if the maintenance built into the rate increases goes towards the replacement of the plans once they reach the end of their life spans. Mr. Baker said this would be done separately. The annual system reinvestment target that is built in is based on short-lived assets. It is recommended that when the debt is ready to be retired, it be reevaluated and determined whether to set cash aside for the replacement or to plan to issue debt. Neither option commits to a rate increase, but the plan can be set for having the bond capacity or the cash to fund it all at once.



Responding to Councilor Blakey's comments regarding a five-year plan versus a ten-year plan, Public Works Director Davies explained that in the past, projects within the master plans were completed but never brought to the Council as a whole. The process before the Council today is to ensure the master plans are referred to on a yearly basis and to provide consistent updates on both current and future projects.

Mr. Baker said that part of having an effective plan and sticking to it lowers long term costs. Skipping just one year carries a significant sustained cost and would take approximately 14 years at a .5 percent higher rate increase each year to get back to the same position.

Councilor Pernsteiner commented that over the next ten years, the City is looking at a 45 percent increase in wastewater and a 65 percent increase in water for the average user. The more the city is expanded, the more expensive it will be to provide the necessary infrastructure to these areas. He said it will be important to focus on infill where there is already pipe in the ground and goes back to the strategic plan component of where growth is projected within the city.

Mr. Davies asked the Council to provide input on the key policies prior to the next work session. If it is their desire to move forward with the cost of service analysis, then staff will need to know this. Additionally, he reiterated the need to determine if future improvements will be paid for by setting money aside or with debt financing. With regard to Water, does the Council want to fund the replacement of 72 miles of pipe that needs to be replaced? All are key decisions that will ultimately decide what will need to be done with rates in the future. These policy decisions and input will ensure Public Works has a master plan and financial plan in place during budget discussions next year and the year after and allows the Council to be aware of where the department is headed.

City Manager Nygaard suggested the Council provide feedback to him so that he can share it with Mr. Davies. Mayor Pro Tem Schroeder suggested an additional work session to discuss this issue further and Council agreed.

B. SOLID WASTE - RECYCLING CONTRACT: *Review of the Recycling Contract and direction for renewal* (Davies)

Public Works Director Davies explained the current solid waste contract expires on December 31, 2021, and the recycling contract also expires in 2021. If it is Council's desire to renew with the current contractor, the contract will need to be negotiated and completed by the end of 2020. There are three options for consideration: the council can choose to do nothing and let the current contract expire; the current contract could be extended; or staff can go out to bid for a new contract in hopes that a company would bid. One of the consequences of going out to bid is that typically the City would be looking at a minimum ten-year contract due to the cost of rolling stock that would be needed, such as the purchase of new trucks and recycling bins. Additionally, the future of the recycling market is unknown and could change dramatically in the next ten years. Contractors are not going to want to get into a long-term contract wherein they will lose money. Letting the contract expire means that all material



would potentially be put into the landfill. SDI would pull the bins, citizens would have to put that material in their garbage cans, there would be a need for larger cans and the cost of service would increase. Mr. Davies said it is staff's recommendation to extend the existing contract on a year-to-year basis to provide negotiating power and the ability to react to the recycling market. He noted that he is in the process of scheduling a meeting with the regional area cities and counties to discuss a regional recycling facility and how it would affect the region as a whole. '

Councilor Bradbury questioned the downside of putting the contract out for bid. Mr. Davies replied that the City could be locked into a ten-year term. He said he does not feel that companies would bid unless they were ensured a ten-year term due to the cost of rolling stock.

Councilor Bradbury asked if the current contract could be negotiated for less than a ten-year term. Mr. Davies said it would be his recommendation to negotiate the current contract on a year-to-year basis. City Attorney Gómez added that by law, the City can only have a year-to-year contract. Even though it is called a ten-year contract, there is a requirement for a non-appropriation clause.

In response to a question raised by Councilor Bradbury, Public Works Director Davies said the issue becomes how far out the Council actually wishes to extend the current contract. He suggested that it go no further than 2027 as that is when the contract for hauling with SDI expires. City Manager Nygaard agreed, stating it may be difficult to attract a bidder for recycling only. Extending the contract provides the city an opportunity to understand how the neighbors in the region can pull together and provides time to analyze options.

Councilor Blakey asked what the City of Clarkston does for recycling. Mr. Sean McCabe, SDI, indicated they use drop sites similar to what Nez Perce County uses.

Councilor Miller indicated she is in support of the year-to-year contract extension while staff works with regional partners in an effort to come up with a better solution. Mr. Davies said he will work with Legal, SDI and the City Manager to amend the contract to allow movement toward regional recycling.

C. **BUDGET TRANSFER ORDINANCE:** *Review of the ordinance for future consideration*
(Nygaard)

City Manager Nygaard stated that one of the issues the City deals with on a daily basis is its ability to have cash on hand. Due to an initiative passed in 2012 which placed a restriction on the ability to transfer money between funds, either debt has to be issued or there needs to be enough cash on hand to pay for certain projects. Issuing debt is difficult, especially for small amounts. Mr. Nygaard noted the City has a lot of assets in wastewater, water, streets, fire, storm, etc., and in trying to ascertain the risks associated with these assets, there should be enough cash on hand in order to protect those assets during an emergency. At any one point in time, in order to meet the emergent needs, maybe only \$5 million is needed; however, because the city is unable to transfer between funds, it has to have about \$5 million in each



fund available. This restriction probably makes the city collect more money than it needs to collect in order to protect itself. He suggested that some of the restrictions be removed, while still having sideboards in place, to be able to move the money back and forth on a loan basis. Continuing, Mr. Nygaard explained that the ratepayers pay more in loan interest from debt financing than they would if the money was available to be transferred between funds. Mr. Marsh added there are also financing costs involved with debt financing.

Mayor Pro Tem Schroeder agreed with City Manager Nygaard, noting the taxpayers should not be penalized because of the city's inability to transfer funds. She asked for an example of when the residents would have paid more because it was necessary to obtain a loan for a project. Mr. Nygaard explained the City was very close this past summer with the additional work that was required on the water line on Main Street. This could have been solved by utilizing funding, for a short period of time, from the Wastewater fund that they had been saving for a major project. The monies could have been transferred to the Water Department without hurting either the Water or the Wastewater systems.

Councilor Pernsteiner stated he believes the whole intent of the initiative was trust. The citizens lost trust in the Council and therefore put sideboards and restraints on the way that monies could be transferred. This initiative was passed by 62 percent of the population in 2012, which was not a trivial amount of people. Councilor Pernsteiner asked if Mr. Nygaard would be willing to take this question to the citizens with the suggested amendments to see if they would be willing to reverse their previous decision. City Manager Nygaard agreed, noting that it would need to be determined if the cost of an election would outweigh the benefit. Mr. Pernsteiner added that without the citizen's involvement, he feels that they would again lose trust in City government.

Councilor Bradbury stated he opposes any changes as this was an initiative adopted by the citizens of Lewiston. The distrust was demonstrated and accentuated by an attempt of the Council to get judicial confirmation on a multi-million dollar bond that failed. He stated there are funds set aside specifically for emergencies and those emergencies are defined. Making a change betrays everything the public had to say when they passed the initiative and he noted he did not hear anything presented today that demonstrates a need.

Mr. Nygaard explained there is no actual emergency fund. Every fund has a reserve cash balance, but reiterated that due to the Ordinance in place, there is no way to take money from each fund to create one fund that could be utilized for emergencies.

In response to comments offered by Councilor Bradbury, City Attorney Gómez indicated the initiative states that money can only be transferred in the event of an emergency. The suggestion of staff is that some other events be included within the language wherein money can be transferred when it makes fiscal sense. Council would set the sideboards and would approve or disapprove each issue that would be brought before them.

Councilor Blakey stated he thinks the City should use the funds it has available by utilizing an internal financing tool to try to avoid passing the cost of borrowing money onto



the taxpayers. He added he believes every city should have the flexibility to use the funds they have available.

Councilor Pernsteiner stated the way the ordinance is currently written, there is an emergency component, which was the intent. What is being proposed is to actually go away from that and dramatically alter the nature of the article. It is not intended for emergencies in a sense of disasters, but is intended for the year-to-year cash flow component. The intent behind what is proposed is to save the taxpayers money. He stated that he agrees with that and there should be some flexibility if allowed.

Councilor Bradbury stated he feels the proposal does not just alter the ordinance, but repeals it. If there is not an emergency, there should be no compelling reason the issue could not wait until the next budget year. He stated that is the whole purpose of having an emergency provision.

City Manager Nygaard noted that State law allows loans between funds and could be done as an administrative procedure. However, what is being proposed still requires action by the City Council and places rules and regulations on when transfers can take place and for what reasons. Mayor Pro Tem Schroeder said the proposal makes sense.

Councilor Miller said, for example, if crews were working on a project wherein the street was dug up and ran into other issues that needed to be fixed, it would not be considered an emergency. However, it would be less expensive to address those issues at that time. Without the ability to transfer funds, there would be no cash flow flexibility to allow for this. Though not advocating for anything specific, Ms. Miller said there are several reasons why it is important to have this flexibility. This change has to do with being responsible and not paying more because it is necessary to take out a loan.

Agreeing with the need for more flexibility, Councilor Pernsteiner said it is important to put this decision back on the citizens. There is a lot of room for interpretation and there definitely needs to be citizen input.

STRATEGIC PLAN - COMMUNITY MEETINGS: Discussion about upcoming Community Meetings scheduled for February 20th and March 30th (Nygaard)

City Manager Nygaard announced that a Community Meeting has been scheduled for February 20th at 6:00 p.m. at the Community Center. The purpose of the meeting is to share elements of the Department's strategic plans, to ask some questions of the citizens regarding the recent community cleanliness survey, and to talk about some possible uses for an auditorium tax. An additional Community Meeting is scheduled for March 30th wherein the Environmental Impact Statement for the Columbia River Operating System (EIS) will be discussed.



D. COLUMBIA RIVER SYSTEM OPERATIONS ENVIRONMENTAL IMPACT STUDY (EIS): Overview of Environmental Impact Study process – EIS to be released in late February (Nygaard)

Mr. Nygaard explained the requirement is under the National Environmental Policy Act. The co-agencies are the Corps of Engineers and Bonneville Power Administration on the issue. They have to list a reason statement, which is trying to increase the fish population. They are required to go through this process to evaluate alternatives to increase the flow of fish. The agencies will go through and express a number of alternatives of how that is done. They don't have to explore every possibility; they need to explore what is reasonable and feasible. Most likely what they will do is come up with a preferred alternative. They will go through the impacts on the environment and the environment is everything. It is not just the water or air quality, it is the social economic issues, it is very broad.

VI. UNFINISHED AND NEW BUSINESS

A. CITY COUNCILOR COMMENTS

Mayor Pro Tem Schroeder announced she attended her first Historic Preservation Commission meeting as the new Council liaison.

Councilor Pernsteiner reminded everyone of the Beautiful Downtown Lewiston meeting scheduled for February 4th.

B. CITY MANAGER COMMENTS

City Manager Nygaard reported he received the bid petition

C. ADVISORY BOARD OR COMMISSION APPOINTMENTS

There were no new Advisory Board or Commission appointments.

D. PROPOSED WORK SESSION TOPICS

No new topics were presented for discussion at future Work Sessions.



VII. ADJOURNMENT

There being no further business to come before the Lewiston City Council, Mayor Collins adjourned the February 3, 2020, Work Session at 6:00 p.m.

Kari Ravencroft, City Clerk

Date approved by City Council

The City of Lewiston is committed to providing access and reasonable accommodation in its services, programs, and activities and encourages qualified persons with disabilities to participate. If you anticipate needing any type of accommodation or have questions about the physical access provided at this meeting, please contact City Clerk Kari Ravencroft at least forty-eight (48) hours in advance of the meeting at (208) 746-3671 x 6203.