

MAY 11, 2020

T HE CITY COUNCIL OF THE CITY OF LEWISTON, IDAHO, met in a Budget/Regular meeting on Monday, May 11, 2020, in a virtual setting. Mayor Collins called the meeting to order at 6:00 p.m.

I. ROLL CALL

Councilors Present: Collins; Schroeder; Blakey; Bradbury; Kelly; Miller; Pernsteiner.

II. PLEDGE OF ALLEGIANCE

Mayor Collins led the Pledge of Allegiance.

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.*

Public Information Officer Maurer read aloud a letter submitted by Nez Perce County Commissioner Havens regarding plans of the Urban Renewal Agency to go into Executive Session regarding pending litigation at its next scheduled meeting. The intent is to exclude the county representative, Commissioner Beck, from attending. Mr. Havens questioned the pending litigation. Further, he asked if a previous offer by Mayor Collins to help the County in any way with the possible construction of a new courthouse had changed.

Councilor Blakey replied that the Executive Session of the URA has been cancelled.

IV. BUDGET ITEMS

A. FIDUCIARY FUNDS - Dan Marsh

Administrative Services Director Marsh reported that over the next six weeks, the Council would be reviewing every major component of the budget, both on the revenue and expense sides; operations; and capital. He welcomed Jenny Hogaboam and Jeff Trudeau from US Bank.

Mr. Marsh explained the revenues and expenses within the Police Retirement Fund, noting that a much higher return is expected next fiscal year. With regard to debt balance, Mr. Marsh noted that in 2008, a \$4.3 million loan was taken out to fully fund the Police Retirement Plan. The City has been paying on

that debt for about 13 years and the final payment will be made by October 2020. This is a property tax source that will then be deleted.

Reserves in the Cemetery Perpetual Care Fund are at \$950,000. Though earnings didn't meet expectations in FY'20, an approximate 6 percent return is expected next year. The balance on April 24th was at \$927,000 and the earnings carryover as of September 30th, 2019, available for cemetery operations is at \$210,000. Responding to questions raised by Councilor Blakey, Administrative Services Director Marsh explained there may have been an initial amount of money put in the Perpetual Care Fund as a good faith effort shortly after established. He noted that once money is in the Fund, it cannot be used for any other purpose and no more than the earnings on the accumulated balance of \$210,000 can be utilized.

1. **Police Retirement Fund** – Update by Jeff Trudeau with US Bank on market conditions and the status of City funds

Mr. Trudeau provided a market overview, noting that 2019 was a fantastic year with equities up nearly 30 percent. The Police Retirement and Perpetual Care Funds were up between 20 and 21 percent. With the year starting out fairly strong through the middle of February, the S&P 500 was up over 3.5 percent and the fourth quarter earnings were coming out very solid. Unfortunately, the pandemic then hit and the market tumbled for about a month until it stabilized once the news stopped getting worse. When COVID-19 levels were at peak levels, the market was rallying due to slowing pandemic outbreaks. Mr. Trudeau said the market is anticipating improvement. Year to date, each account is only down between 6 and 7 percent, while most companies are down much more than that. This means that a handful of large companies like Google, Amazon, Facebook, etc., are holding up strong and driving the stability.

With regard to how the City of Lewiston is doing, Mr. Trudeau indicated the goal now is to manage risk with a goal in mind. With options available with very low interest rates, it's hard to justify buying fixed income at this time. However, it is very stable and the city would end up having more stocks. In terms of managing the risk, Mr. Trudeau said there are things that can be done: reduce the overall equity percentage the city owns and have less stock with less upside; change the types of stocks owned by the city; and/or reduce international exposure. The plan at this point is to transition from international and smaller and medium sized companies to larger companies as it is felt they would weather the storm better. Though they don't have a large upside, US Bank feels the monies would be protected.

Mr. Marsh noted that the City hasn't lost anything until it has sold or transferred its portfolio. It has stayed the course and rebound is now in effect. He reminded the Council that the last payment to the Police

Retirement loan will be made in 2021 which means the \$500,000 annual payment will go away. Mr. Trudeau added he believes the city has a very good portfolio and can get to the goal of \$13.1 million. The question, however, is how quickly. He recommended staying the course.

2. Cemetery Perpetual Care

With regard to Perpetual Care, performance has been very similar to that of the Police Retirement Fund. The main difference between the two accounts are the withdrawal rates.

Councilor Bradbury stated he believes it is important to understand the nature of the virus then the nature of the market. Staying the course was the same answer provided in 1929 and it took 20 years for economic recovery.

Mr. Marsh noted that both the Police Retirement Fund and Perpetual Care Fund are referred to as investment funds, both of which have taken conservative positions. If the City were to have sold them this winter, then it would have incurred about \$1.5 million. Even though the officers under the plan are retired, they are all paid retirement until mortality so the plan could last another 25 to 30 years.

B. INTERNAL SERVICE FUNDS

1. Worker's Compensation Fund - Gene Harrington

Risk Manager Harrington provided an overview of the Worker's Compensation Program to include revenues and reimbursements, work comp premiums, interest, and expenses. He noted the total fund sits at \$2.5 million.

There were 27 claims in 2019 at a cost of \$296,001. Of those, 6 claims accounted for over \$257,000. These numbers are definitely higher than they should be and Mr. Harrington said he continues on methods to bring them down. The average cost of a claim in 2015 was \$8,421, while in 2019, the average was \$11,840.

Mr. Harrington said that utilizing the Heinrich Safety Pyramid, it shows that for every 300 incidents, the City will end up with 29 minor injuries and 1 major injury. He expressed his focus is taking the near misses out of the equation which narrows up the bottom of the pyramid and improves those numbers.

Through April 30th of 2019, there were 11 reportable injuries. Through April 30th of 2020, there have been 6 reportable injuries, all of which have been fairly minor. If the City can continue to trend this way, then it is headed in the right direction.

Mr. Marsh noted that the Worker's Compensation Fund is a key internal service fund for the City. Premiums are collected from each department based on their claim costs.

Councilor Bradbury asked if there is any pattern to the injuries. Mr. Harrington replied there seems to be an increase in strains and sprains. He noted that he has started stretch and flex programs for various departments and there has been a dramatic drop in accident numbers. Mr. Harrington explained the type of work that drives these claims is mostly material handling, lifting and moving objects but work processes are being reviewed to help with this.

Councilor Miller said the addition of the Safety Program and the investment in safety shows how much the City cares about its workforce. It is important for employees to realize that safety is part of their job performance requirement and to take personal ownership. She complimented Mr. Nygaard and Mr. Harrington on a job well done and urged continued efforts in this area.

Councilor Miller stepped away from the meeting at 4:53 p.m.

Councilor Pernsteiner questioned to what degree safety is being funded across departments. Mr. Marsh replied that it is occupation driven. Base rates are supplied by the Idaho Industrial Commission and are discounted for use by the City in correlation with payroll. Administrative Services Director Marsh replied to a question raised by Councilor Pernsteiner explaining that it would only take a couple of catastrophes to dissolve the \$2.5 million within the Fund pretty quickly. It is important to ensure a sufficient level of funding remains in the fund, noting that 3 or 4 years' worth is a good benchmark.

2. Fleet/Service Center Fund – Jason Kaufman

Administrative Services Director Marsh noted the city is very fortunate to have its own shop with four talented mechanics as it is more cost efficient, diversified, and provides quick turn-around. He explained that operational and maintenance fees pay for the costs to run the shop while capital fees are restricted only to capital purchases.

Fleet Manager Kaufman said his Division used to charge departments for maintenance based on equipment usage, but it wasn't always the fairest way to distribute costs. Now, each individual utilizing the equipment can be tracked, a percentage is added and charges are much more reflective of the direct costs.

Mr. Kaufman provided an overview of the vehicles that are scheduled to be replaced, as well as those that have already been awarded. Due to COVID-19, some of the vehicles may not be available until late August.

Talking about Dial-A-Ride buses, Mr. Marsh said that the full purchase price is \$60,000; however, the City's portion is \$20,000. These buses are replaced only when they are no longer doing their job and repairs have overcome the cost benefit.

Mr. Kaufman reported that FY'21 planned acquisitions include an ambulance and a dump truck. He noted, however, that he believes staff can revamp the dump truck and get another 7 years out of it.

Councilor Kelly questioned what happens to the vehicles/equipment being replaced. Mr. Marsh explained that they are surplus each year with the money going back to the Fleet Capital Fund for use on future purchases.

Councilor Bradbury asked who decides when it is time for City equipment to be replaced. Fleet Manager Kaufman indicated that within the General Fund, he, along with the various department members, make those decisions. Within the Enterprise Funds, the Department Managers make the final decisions.

It was asked by Councilor Bradbury if there is an inventory list of all City equipment, as well as a regular maintenance schedule. Mr. Kaufman confirmed, noting that maintenance is according to manufacturer's standards, or before. Mr. Bradbury then asked what standards are used to determine when a vehicle should be replaced. Fleet Manager Kaufman explained that it depends on what the vehicles are used for. For example, patrol vehicles are replaced a bit sooner than others. He noted that it doesn't make sense to put \$3,000 into a vehicle that is only worth \$800 and oftentimes it is hard to get parts due to age. Upon additional discussion, Mr. Marsh indicated that often vehicles that are near their end of life are repurposed to be used in another Department.

Councilor Bradbury asked if staff had performed a comparison between purchasing and leasing the backhoe. Mr. Kaufman noted that extensive comparisons have been performed by Public Works staff on numerous pieces of equipment.

3. **Information Technology Fund** – Dustin Spooner

Information Technology Manager Spooner explained his Division has seen a downward trend on the Capital side as systems are moved over to the cloud. A lot of hardware has gone away and the replacement program for PC's and laptops was moved from a five-year schedule to a six-year schedule.

With many employees working remotely and capital expenditures made to allow for that, Councilor Pernsteiner asked if these expenses were included in the IT report as there may be some State funding to cover those costs. Mr. Spooner replied that those costs were not included knowing that there may be some funding provided.

Mr. Spooner said the Operating Budget continues to climb due to the cloud service as every user requires a fee. With cloud services staff is working through collaboration in a different way than they used to and are able to be a lot more mobile. Security within the cloud adds a bit to the costs, but provides disaster recovery options if a large disaster were ever to be experienced. Salary and benefits for five employees makes up a large portion of the Operating Budget. The Division is running pretty lean and staff continues to cut as much as possible. Mr. Spooner noted that they continue to analyze all software on a yearly basis.

Councilor Pernsteiner complimented the IT team, noting that it has been fairly seamless for the users during the pandemic. He stated he appreciates all of their efforts and noted that their 2021 ask is right on with what they were expecting in their 2020 discussions.

C. **CEMETERY FUND** – Tim Barker

It was explained by Parks and Recreation Director Barker that some changes are expected during FY'20. Getting away from inmate labor and hiring seasonal employees is already underway with plans for five employees working Monday through Friday. Though this will cost a bit more than inmate labor, the costs will be offset by utilizing current staff and not hiring a replacement Administrative Cemetery Assistant. Mr. Barker said he is already seeing more attention to detail with the seasonal staff versus the inmates. He addressed the need for a market analysis for the Cemetery to ensure that the right decisions are made financially.

Crews were successful in clearing out shrubs and dead plant materials, adding some soil and reseeded, and adjusting the irrigation to better serve certain areas. This low-maintenance landscaping plan has improved the Cemetery significantly.

Councilor Bradbury noted that he is the council liaison to the Urban Forestry/Cemetery Commission wherein the members are extremely vested. He noted that he has received a lot of compliments about how much better the Normal Hill Cemetery looks and asked that the crews get full credit for their efforts.

V. CONSENT AGENDA

Mayor Collins explained that all items on the Consent Agenda are considered routine by the Council and will be enacted by one motion. There will be no separate discussion on these issues unless a Councilor so requests, in which case the item will be removed from the Consent Agenda and considered on the Active Agenda under "Items Moved from the Consent Agenda".

Councilors Pernsteiner and Kelly moved and seconded, respectively, adoption of the Consent Agenda. *ROLL CALL VOTE: VOTING AYE: Collins; Schroeder; Blakey; Bradbury; Kelly; Pernsteiner. VOTING NAY: None. EXCUSED: Miller*

- A. **CITY COUNCIL MEETING MINUTES:** *03/23/20 and 03/27/20 Joint City Council/Nez Perce County Commissioners Meeting*
- B. **RESOLUTION 2020-16:** *Declaring certain firearms in the possession of the Lewiston Police Department as unusable or unsafe and authorizing the destruction of such firearms*

VI. ACTIVE AGENDA

- A. **RESOLUTION 2020-17:** *Intent to exchange real property owned by the City of Lewiston for real property owned jointly by the Lewiston School District, Lewis-Clark State College and the City of Lewiston*

Parks & Recreation Director Barker stated the Tri-Partnership, consisting of the Lewiston School District (LSD), Lewis-Clark State College (LCSC), and the City of Lewiston (COL) jointly purchased 306 acres in the Lewiston Orchards in 2004. At that time, the partners divided up the property for future development of a new school, motor safety training center, and park expansion/development. In 2007, the tri-Partnership recorded the Warner Park Subdivision Administrative Plat with Nez Perce County. In 2018, the Tri-Partners entered into a development agreement that superseded the 2004 agreement which explained how the development of the property was going to be accomplished. Most recently, the Council approved the Tri-Partnership Addition Plat.

Continuing, Mr. Barker explained that by moving forward with the proposed land exchange, the City is fulfilling its obligations under the 2018 agreement by

conveying its interests in Lots 4 and 5 to LSD and LCSC as shown on the Tri-Partnership Addition Plat. In exchange for the city's conveyance above, LSD and LCSC agreed to convey their interests in Lots 1, 2 and 3 and 6. The purpose of the exchange between the three partners is to better serve those that will utilize each of the facilities, as well as cleaning up amendments that have been made in the layout of infrastructure and features within each of the projects. A portion of the property that is being exchanged from the city to the partners falls under a purchase that was made utilizing Land and Water Conservation Funds that carry federal regulations tied to the land. Throughout this process, representatives from the federal regulations tied to the land. Throughout this process, representatives from the federal government have been involved and are aware of the proposal and support our effort and the resulting effect that it will have within the park property. Parks & Recreation Director Barker added that upon approval of the Resolution, the City would be able to move forward with a public hearing and Council's review and decision whether or not to pass an ordinance authorizing the property exchange.

Mr. Barker indicated that it is staff's recommendation that the Council approve Resolution 2020-17.

Mayor Pro Tem Schroeder and Councilor Pernsteiner moved and seconded, respectively, approval of Resolution 2020-17 which declares the City of Lewiston's intent to exchange real property owned by the City of Lewiston for real property owned jointly by the Lewiston School District, Lewis-Clark State College and the City of Lewiston. *ROLL CALL VOTE: VOTING AYE: Collins; Schroeder; Blakey; Bradbury; Kelly; Pernsteiner. VOTING NAY: None. EXCUSED: Miller.*

VII. UNFINISHED AND NEW BUSINESS

A. CITY COUNCILOR COMMENTS

With regard to the letter submitted by Nez Perce County Commissioner Havens earlier in the meeting, Mayor Collins said he is still in support of trying to assist the County with their courthouse, but noted that more specifics are needed in order for the City to help. He noted that he is speaking as one councilor.

Secondly, Mayor Collins indicated that the applications process for the Airport Authority Board closed last Friday and four applications were received. He said he would prefer that all councilors be involved in the interview process and noted that City Clerk Ravencroft would be setting those up in the very near future.

Councilor Bradbury said though the Executive Session for the URA has been cancelled, it doesn't detract from the fact that it was planned and Mr. Beck was to be excluded from discussion. He said Nez Perce County contributed \$4 million to the URA and there is no contemplated litigation and Mr. Beck should be able to

weigh in on the discussion. Finally, Councilor Bradbury said he can think of no better reason than to disband the URA and give the money back to the citizens.

Councilor Pernsteiner announced that he had several calls during the week from a number of property owners downtown who are interested in partnering on the incubator project. He noted the encouraging feedback he received and said that things are moving forward.

B. CITY MANAGER COMMENTS

City Manager Nygaard reported an extensive list of future meetings has been provided to the Council, with the next couple of meetings scheduled for May 14th and May 18th. He asked the Council to plan on about 2.5 hours for the 2nd budget work session wherein Capital Projects will be discussed.

Discussion on the FCS is scheduled for the June 1st work session. The Council has heard from Public Works Director Davies about the need to have billing be more user oriented by shifting from a pay for service to an amount based upon consumption. This is a very complicated subject matter so additional information will be provided to the Council prior to the meeting for review. Mr. Nygaard noted that a discussion will also take place on how items are added to the agendas.

Finally, City Manager Nygaard noted that the Rock the Rebound Project is underway with new information coming out on an almost daily basis. St. Joes and Catalyst nurses will be assisting in rewarding community members who are doing the right thing with regard to COVID-19.

C. ADVISORY BOARD AND COMMISSION APPOINTMENTS

None.

D. AGENDA TOPICS

There were no agenda topics suggested for future discussion.

VIII. ADJOURNMENT

There being no further business to come before the Lewiston City Council, Mayor Pro Tem Schroeder moved and Councilor Kelly seconded adjournment of the May 11, 2020, Regular Council Meeting at 5:48 p.m.