



LEWISTON CITY COUNCIL WORK SESSION MINUTES

JUNE 1, 2020 – 3:00 PM

Virtual Meeting - 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; Chris Davies; Budd Hurd; Jana Gómez; Laura Von Tersch; Travis Myklebust; Dan Marsh; Carol Maurer; Kari Ravencroft; Brittnie Purington; Lynn Johnson; Aaron Butler; Tanya Brocke

I. CALL TO ORDER

Mayor Collins called the meeting to order at 3:01 p.m.

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. Due to the Governor's Stay Home Order, citizen comments can be provided by calling [208-746-3676](tel:208-746-3676) and leaving your message. Your comments will then be forwarded to the City Council.

IV. ACTIVE AGENDA

- A. WR051 WATER TREATMENT PLANT RETROFIT OWNER'S ADVISOR SECOND ADDENDUM FOR PHASE 1C WITH BROWN AND CALDWELL: *Considering approval of the second addendum in the additional amount of \$290,458 - Action Item (Davies)*

Public Works Director Davies explained that Brown and Caldwell were the consultants for phase I of the retrofit Water Treatment Plant project. He stated the amount being requested is \$290,458 for the completion of phase I of the project. The total budget for phase I is \$460,249.

Councilor Blakey asked if the design and build concept still provides a potential cost savings for this project. Mr. Davies replied there could be a potential cost savings as the designer is also a contractor. This allows for more input from the City on the design process and a better method for this type of construction. Councilor Blakey added that this type of design and build contract allows the City more flexibility during the process of the project. Mr. Davies confirmed this method provides the City more control over the projects taking place.



Councilor Pernsteiner asked for clarification on the total budget cost for the total project, including all phases and the proposed amendment. Mr. Davies confirmed it would still be \$1,000,000.

A motion was made by Councilor Pernsteiner and seconded by Councilor Kelly to approve the second addendum to the Water Treatment Plant retrofit for Phase 1C with Brown and Caldwell. *ROLL CALL VOTE: VOTING AYE: Collins; Schroeder; Blakey; Miller; Pernsteiner; Bradbury; Blakey VOTING NAY: None*

V. WORK SESSION ITEMS

- A. CDBG PROJECTS: *Review of CDBG projects for the upcoming 2020 program year (Von Tersch/Brocke)*

Community Development Specialist Brocke presented the CDBG projects to the Council for the upcoming 2020 program year. She stated that allocations are received in January or February and projects are then solicited and deemed eligible. The projects that are eligible are then presented to the Council for review.

Councilor Pernsteiner requested highlights on the Community Action Partnership financial assistance for low to moderate households that receive funding. Ms. Brocke explained she is still in contact with the Community Action Partnership regarding the amount of funds they plan to allocate. She said they would use the CDGB funding for rental and utility assistance for the low to moderate households directly affected by COVID-19. There will be more information to come on how Community Action plans to disperse the funding and if there will be set limits. Ms. Brocke stated this topic will be open for public comment at the June 8th regular council meeting.

Ms. Brocke replied to Mayor Pro Tem Schroeder's question stating that the organizations listed for COVID-19 relief directly are Community Action Partnership and Opportunities Unlimited, Inc. The assistance will include HVAC repair and Personal Protective Equipment (PPE). She explained that the CDBG funds are separate from the CDBG COVID-19 funds because the notice of allocation was received prior to the pandemic.

Councilor Blakey asked if the City provides any training or education to local businesses on how to apply for CDBG funds. Ms. Brocke indicated that plans for education are in the process. She noted that local developers are hesitant to apply if the funding is over \$2000 for a construction project because they have to abide by Davis Bacon guidelines and wages. Councilor Blakey stated he feels that the City should spend the time to educate the developers on how CDBG funds work and get the information out to the public. Community Development Director Von Tersch provided an explanation of how the Davis Bacon guidelines and wages work for the developers.

- B. CITY COUNCIL AGENDAS: *Discussion on the procedure for adding items to the City Council agendas (Nygaard)*

City Manager Nygaard provided Council with an overview of how items are placed on agendas per City Code.



Councilor Bradbury stated he feels that agenda items should be decided by the Mayor. The City Manager would be able to propose the agenda, but the Council, with the permission of the Mayor, would make the ultimate decision. If the Mayor disapproves of an item, the Council could then vote to determine if it would be included.

Councilor Pernsteiner stated that he feels that it is the City's agenda and should include what needs to be accomplished. He suggested there be some mechanism in place for city staff to address the day-to-day matters, as well as the urgent matters that need the Council's direction and oversight. Mr. Pernsteiner noted he believes the current process makes the most sense. The demands of a council meeting require a tremendous amount of detail by city staff who are knowledgeable of particular issues.

Councilor Blakey stated that Council members have topics for discussion and it comes down to a coalition and common ground with other members.

Councilor Bradbury stated the City Manager should propose the agenda, but the Council should not have to get permission from the City Manager to get an item on the agenda.

Mayor Pro Tem Schroeder said she believes the current procedure is set up the best way for the agendas to function appropriately. If there is not a consensus of the Council to add an item, then it shouldn't be added.

Councilor Pernsteiner clarified that as it is currently written in City Code, the Council does not have to have the City Manager's permission to place items on the agendas. He suggested that knowing ahead of time what is planned for future agendas would be helpful. City Manager Nygaard replied that agenda items are discussed weekly by the Department Managers at their Leadership meeting and items are included on a "future agenda items list". He noted that this document could be provided to the Council, as well as placed on the Google shared drive.

Councilor Bradbury stated he feels that the current language used to place an Executive Session on an agenda does not meet open meetings law. He said that he thinks that the specific subject of the executive session is required to be provided to the public in order for them to have the opportunity to challenge the process if they so desire.

C. **FCS STUDY:** *Overview of the FCS Study (Davies)* – Information will be provided later in the week

Public Works Director Davies presented an overview of the finding from the FCS Study to Council. He stated he wants to be sure everyone understands the difference between rates and the FCS Study. Mr. Davies explained the purpose of the FCS study was to figure out how to bill city customers properly to avoid rate shocks in the future and minimize the long-term cost of providing utility services. He stated that Public Works designed Master Plans for Water and Wastewater that were approved by the City Council. Mr. Davies went over the Capital Improvement Plan touching on the Source of Supply,



Water Storage and Transmission and Distribution. He displayed a graph showing the Master Plan Recommendation, inflation and actual rates.

Andy Baker with FCS Group stated the objective of the FCS study was to develop long-term financial management plans, ensure self-supporting, financially sustainable utilities, evaluate cost-of-service and rate design and establish long-term rate recommendation framework for the City. He provided detailed information regarding rate-setting policies and principles. Mr. Baker highlighted the operating fund, capital fund balance, debt service coverage, system reinvestment funding, leveled rates and cost-of-service. The recommendations are derived from the Master Plans that were developed by the engineers. He covered the ways to pay for Capital Projects for Water and Wastewater. He explained that capital projects are the driving force behind how rates are set. The City's current practice to pay for the source of supply, treatment and storage system and Waste Water Treatment Plant is with State Revolving Fund (SRF) loans. The loans are not fully funded and do not meet the City's full needs for maintaining the current infrastructure. The City's practice for paying for Solid Waste Capital projects is with rates and intermittent expenses that are funded from cash revenue.

Mr. Baker provided an overview of the Water Utility long-term rate forecast graph in the attached slide presentation. He stated the total revenues with existing rates currently meet the needs, but over the next 10 years the funds would not be available to meet the capital requirements. The required rate adjustments for 2021 - 2030 would be 5.25 percent per year.

Mr. Baker covered the Wastewater Policy that outlines different options, such as whether the City sets aside cash now to avoid another bond or plans to have another loan in 2028. He stated that there is uncertainty in the long-term capital needs. Councilor Bradbury asked if the percentage of increase over the next 10 years is proposed to be more than fifty percent. Mr. Baker confirmed. The required rate adjustments for Wastewater Utility for 2021 would be 2 percent and 2022-2030 would be 4.25 percent.

The Solid Waste utility long-term rate forecast was explained and rate adjustments recommended for 2021-2022 are 4.75 percent and 2023-2024 are 2.5 percent with inflation. Mr. Baker then summarized the major findings of the study touching on capital needs driving the rates for water and wastewater and contract needs driving rates for solid waste.

Mr. Baker explained that deferring water rate increases would not allow the City to meet capital needs. He stated without rate increases there would not be funding for short-lived asset replacement and would cut pipe replacement funding by 42 percent. The study found that 50 percent of the current pipes within the water system need replacing which is causing the City to use 10 percent more water than needed. He noted two different options for funding if rates were deferred. If the rate increases were deferred this fiscal year, the rate increase recommendation for FY'22 would be 11.25 percent; if the increase was spread out over time, the recommended rate increase for 2022-2030 would be 6.25 percent.

Mr. Baker explained that deferring wastewater rate increases would have an impact on capital investment. He stated without rate increases there would be no reserves for phase 3 of the WWTP in 2030 and pipe replacement funding would be cut by 20 percent. If



rates were deferred for the current fiscal year, in FY'22 the recommended rate would be 6.5 percent. If the rate increase was long-term, the recommended rate increase for 2022-2030 would be 4.6 percent.

Responding to a question raised by Councilor Bradbury, Mr. Baker clarified that the recommendations given for both water and wastewater are total percentages, not additional increases.

Explaining that Solid Waste is not capital driven, Mr. Baker said that without rate increases Solid Waste would be unable to fund ongoing capital investment needs. He stated that reserves would be needed to fund operations and by 2024 the City would exceed the ability to fund the operations with reserves. If the rate increases were deferred this fiscal year, the rate increase recommendation for FY'22 would be 12 percent and if the increase was spread out over time, the recommended rate increase for 2022-2024 would be 7 percent.

Councilor Bradbury asked for clarification on the \$750,000 for the Transfer Station projects. Mr. Davies explained that the capital projects included in the \$750,000 were all originally scheduled to be done in one fiscal year. The projects have since been spread out over three fiscal years and the costs are now different. He explained each project and the fiscal year they are scheduled to be completed. He stated the projects would all depend on the City's decision to continue the use of the Transfer Station.

Mr. Baker summarized the key policies that are driving the rate recommendations. He stated the guiding principle is to plan and act now to avoid rate shocks in the future and to minimize long-term cost of providing utility services. He noted the recommendations are to plan for debt, plan for rate increases, have conservative reserves and fiscal targets, and gradually phase the cost-of-service to avoid spikes.

Mr. Baker answered Councilor Pernsteiner's question by clarifying that the rates would differ based on the class of the service. Councilor Pernsteiner asked if the only mechanism to correct the cash flow issue was with rate increases. Mr. Baker stated that they looked at other options, based on the capital projects that made more sense, but the rates were the best option. Councilor Pernsteiner asked if the ordinance was not in place to prevent the use of money from other funds, would that alleviate some of the cash flow issues. City Manager Nygaard stated having a centralized reserve fund would alleviate some of the risk issues and could create some cost savings. Mr. Baker stated building up a reserve fund does not always determine the rate costs. He said spending cash on the capital program is what drives the need for rate increases.

Councilor Blakey asked if there was a consideration for a City lead water conservation plan. Mr. Baker stated that they did evaluate that option and based on the amount of the water supply available, the City was not a strong candidate for a conservation plan or expanding the well capacity. John Ghilarducci with FCS stated pipe replacement and water loss will be an issue even with conservation and the City will need to address this due to the aging infrastructure.

Councilor Pernsteiner asked if the City will ever be able to steady the rate increases or keep them flat. Mr. Nygaard stated that 50 percent of the water distribution system



needs to be replaced. He said that each year of delayed pipe replacement would further worsen the issues. It will take small steps to reach a point of stabilization and he stated that putting funds aside rather than taking out a loan is a decision the council will need to make. Mr. Baker noted that the national water and sewer rates increase about six percent annually and most water and sewer utilities are at a point where they are needing to be replaced.

VI. UNFINISHED AND NEW BUSINESS

A. *CITY COUNCILOR COMMENTS*

Councilor Blakey thanked Mr. Davies for handling a flooding issue in the Country Club area over this past weekend.

Councilor Bradbury stated he feels that the upcoming fiscal year budget is not configured to account for the decrease in revenue. He stated that the City should be looking to save money and not always relying on the taxpayers to fund the budgets. He said that he does not agree with the projected budget of \$750,000 to upgrade the transfer station. He asked to hear from Administrative Services Director Marsh what the projected income for the City is going to be.

Councilor Pernsteiner thanked all City staff that were involved in the Lewiston High School Graduation parade. He stated it was a great community event and went very well.

B. *CITY MANAGER COMMENTS*

City Manager Nygaard also thanked all staff and community members involved in making the graduation parade happen. He stated on Monday June 8th there will be another budget work session and discussion will take place regarding revenue projections.

C. *ADVISORY BOARD OR COMMISSION APPOINTMENTS*

1. *Airport Authority Board Appointment - Action Item*

Mayor Collins thanked all four individuals for applying for the Airport Authority Board. All candidates had very strong and unique characteristics to make things better for the community. Mayor Collins stated that he is in support of Ms. Seekins and feels she has a strong desire to become involved and make a difference.

Mayor Pro Tem Schroeder made a motion to appoint Ms. Seekins to the Airport Authority Board and the motion was seconded by Councilor Pernsteiner.

Councilor Pernsteiner thanked all the candidates, as well as Mr. Bennett for serving his time on the board. He stated that the Airport Authority Board has done a good job getting the airport back on track with the FAA. He said that his decision was based on the current needs of the airport. Councilor Pernsteiner noted that Ms. Seekins' experience in the business sector will play an important role for the growth of the airport and supported her appointment.



Councilor Miller said she is comfortable with either Mr. Bennett or Ms. Seekins and the Board would benefit from both.

Councilor Bradbury stated that he appreciates everyone who applied for the position and feels that all candidates would do a good job. He said that he will be in support of Ms. Seekins.

ROLL CALL VOTE: VOTING AYE: Collins; Schroeder; Blakey; Miller; Pernsteiner; Bradbury VOTING NAY: Blakey

D. PROPOSED WORK SESSION TOPICS

No topics were presented for future discussion.

VII. EXECUTIVE SESSION RE: RECORDS EXEMPT FROM DISCLOSURE: Idaho Code Section 74-206(1)(d) - Action Item

The Council did not go into the executive session as the information was not yet available.

VIII. ADJOURNMENT

There being no further business to come before the Lewiston City Council, Mayor Collins adjourned the June 1, 2020, Budget Work Session at 5:19 p.m.

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.