

JUNE 29, 2021

T HE CITY COUNCIL OF THE CITY OF LEWISTON, IDAHO, met in a Special Budget Work Session on Tuesday, June 29, 2021, in the back conference room at Lewiston City Hall, 1134 “F” Street. Mayor Collins called the meeting to order at 5:15 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.*

There were no citizen comments.

IV. ACTIVE AGENDA

A. MEETING LOCATION: *Considering a motion to change the location of the 06/29/21 Budget Work Session from the Bell Building Conference Room to the back conference room in Lewiston City Hall (Action Item)*

Councilor Pernsteiner moved and Councilor Kelly seconded a motion to hold today’s budget work session in Lewiston City Hall due to a broken air conditioning system at the Bell Building. The motion carried 7 to 0.

B. FIRE - EMS AND FIRE STATION - Myklebust

Fire Chief Myklebust presented the Council with the FY’22 & FY’23 Fire Station and Emergency Medical Services (EMS) budget. He noted that there has been a reduction in revenue due to lack of EMS transports and people calling for assistance but not wanting to be transported. The no transport statistics are normally at about 32 percent, but have increased to 39 percent over the previous year.

The proposed revenue in this Fund is \$3 million for FY’22 and \$3.1 million for FY’23. The revenue does begin to increase in FY’23 due in part to some possible state legislative changes being made to Emergency Medical Transport Idaho. He explained that he hopes to see the change pass legislation

next year and begin to collect funds in the following three years. Once funds can be collected there is potential to bring in \$750,000 to \$1 million in new revenue. Expenses for FY'22 include additional funds for a Medical Director and EMS supplies. Chief Myklebust noted that the Fire Department maintained a balanced budget and would not be requesting any additional funding for expenses, due in part to staff being able to move funds from other line items. There are no new requests in FY'23 and expenses will be same as FY'22.

Councilor Miller asked how the department was doing with regard to staffing and recruitment. Chief Myklebust responded that the department was doing well with hiring from within but the reserve program was still struggling to find recruits. The program is down to 7 total reserves. The department may review moving to lateral entries within the next couple of years. He noted that they have had one full-time firefighter and one reserve firefighter graduate as paramedics, with about 7 more employees interested in medic school.

Councilor Blakey asked if the department was still spending \$250,000 a year on the reserve program. Chief Myklebust replied that line item is projected at \$350,000 in this year's budget. Councilor Blakey asked if the city could function without the reserve program. Chief Myklebust indicated that the department could eliminate the program, but would have to increase the staffing number to make up the difference. He explained that staff would have to go with a minimum maximum schedule which could be less than what is currently staffed due to vacation, illness, work related injuries and would cost about \$200,000 more than the reserve program due to overtime expenses. Councilor Blakey asked if there has been progress made in implementing a fire school or program at Lewis Clark State College (LCSC). Chief Myklebust indicated that huge progress had been made until last year when LCSC had issues with funding, and as a result, that program was removed. The program is still a part of the department's strategic plan but is now at the state funding level. The Career Technical school for Idaho is reinstating the fire service training back under their program as well.

Mayor Collins asked if the department has considered the implications of the Airport potentially staffing their own fire crew. Chief Myklebust replied that the major impact would be in revenues, but would offer a constant three-person engine company which could be a cost savings.

C. POLICE - Hurd

Police Chief Hurd reviewed the department's FY'21 budget. He noted that the Office of the Chief line item increased by \$65,000. The Police Department received a \$100,000 donation and \$65,000 of that donation was

included in the FY'21 budget, which is what raised that expense line. The remaining \$35,000 will go into the FY'22 budget.

The proposed budget for FY'22 is \$8.2 million and \$8.38 million for FY'23. The funding from the COPS Grant will end in May of 2022, so the department will be paying the entire salary amount for those officers in FY'23. He noted that the department is looking at the possibility of trying to extend the COPS program through the Department of Justice with funds they have available.

The contract with Axon, the company that provides the Department's body cameras and tasers, is set to expire in June of 2022 and it is planned to reenter into another agreement with them later in the year. The City has been with Axon for five years with services costing about \$53,000 per year. The cost of services with Axon would increase with the new contract in FY'23 to approximately \$106,000.

Councilor Blakey asked if it might be time to go out for bid and look for other vendors. Chief Hurd explained that due to the increase of the contract, that process will likely have to be done. He noted that through preliminary research, it has been found that Axon will still probably be one of the better vendors for the department's needs. He explained that Moscow Police Department recently purchased body cameras at a cost of about \$80,000. Axon is able to store all of the department's evidence on their cloud and if there were a change in vendor, all the evidence information would have to be migrated onto new servers. There would be an increase in costs to switch to another vendor and Axon is very user friendly and a really good product.

Councilor Kelly stated that the narcotics budget seems to be holding steady at \$30,000 and asked if that is a sufficient amount. Chief Hurd indicated that item used to be budgeted at \$25,000 but was increased to \$30,000 and is adequate for training and special tactics (buy money). The seizure money is kept in a separate fund from the General Fund.

Councilor Miller said that the last year was quite tumultuous for officers nationwide and her perception was that a combination of the way the department has invested funds and the way officers have performed has created a good environment for Lewiston's citizens. Chief Hurd replied that his staff has responded very well to all that has happened over the past year and as of right now, there is only one open position in Patrol. He noted that the last four hires have all been lateral hires.

Councilor Pernsteiner asked where those lateral hires are recruited from. Chief Hurd stated that two officers came from the Clearwater County Sheriff's Office, one from Warden, Washington, and one from Texas.

Councilor Pernsteiner then asked if the Joint Dispatch Center Study is part of the proposed budget. Chief Hurd confirmed. He explained that \$47,000 within the Communications budget is earmarked for the dispatch center.

Councilor Bradbury asked if Code Enforcement is listed under the Police Department budget. Chief Hurd confirmed and stated there are two Code Enforcement officers. Councilor Bradbury asked how much the cost would be to add another Code Enforcement officer. Chief Hurd explained that with wages, benefits, and a vehicle the cost for another officer would be approximately \$100,000. He noted that one of the officers was out long-term, which really impacted the department.

D. AIRPORT - Nygaard/Isaac

City Manager Nygaard said the Airport Authority is expected to vote on the Airport budget on July 12th. The Board reported that there are no changes from what was reported at the Joint meeting on June 21, 2021. The Airport is not requesting additional funding, so there would be no impact on the City's budget. However, if the Airport chooses to fund their own fire employees, that would have an impact in terms of the City's revenue stream. In doing so, that route could show a cost savings to the Airport, as well as a small amount of savings for overtime costs for the City's Fire Department. Mr. Nygaard explained if the Airport added \$56,000 to their budget, the City's budget might only go down about \$6,000 overall, which would cost more for the taxpayers overall.

Mr. Nygaard provided information with regard to the water line infrastructure in the airport area. He stated that staff is exploring options and the City has budgeted \$75,000 for water service issues. He explained that some of the water lines have really deteriorated and some are no longer functioning. There are hydrants located in the area that do not have active water service and that is an issue that will need resolved in the future. He said that he would gather more information and report back to the Council with more understanding on the impact of that project.

E. LIBRARY - Johnson

It was reported by Library Director Johnson that the library had both operating and capital expenses in FY'21. The FY'21 projected capital budget revenue totaled \$202,560 due in part to contributions from private sources and the Library Foundation. The capital expenses for FY'21 included structures and improvements at \$12,000 and a loan repayment plus interest to Sanitation at \$51,480. The FY'21 projected operating budget revenue totaled \$1,350,406. The projected operating expenses for FY'21 total \$1,351,463. She noted that

there was a decrease in staffing expenses due to reorganization and travel and training. There was an increase in operating supplies, postage, furnishings and fixtures, and technical equipment.

The proposed revenue for the Capital Budget is \$66,500 for FY'22, which includes contributions from private sources, and the Library Foundation at \$15,000 and property taxes at \$51,500. Capital expenses for FY'22 include structures and improvements at \$65,000 and a loan repayment plus interest to Sanitation at \$51,480. The FY'22 projected operating budget revenue totaled \$1,483,180. The projected operating expenses for FY'22 total \$1,483,810. Operating expenses for FY'22 include personnel and benefits, Library collections, operating supplies, postage, printing, public relations, grants and interlibrary charges, dues and subscriptions, travel and training, contracted services and maintenance, IT services, utilities, software, and technical equipment.

Ms. Johnson explained that over the past year, the Library applied for the Best Practices Grant with the Idaho Commissions of Libraries and through that grant the Commission made some budgetary suggestions. One of the suggestions included calculating the overall collections part of the budget at 10-15 percent of the overall budget.

Library Director Johnson outlined priorities and goals for FY'22 and FY'23. She noted that the Library priorities include providing access to the comprehensive collection, increasing community awareness and engagement, supporting economic and workforce development, employment opportunities for local citizens, making materials and resources available in various locations throughout the community, and providing excellent customer service in a safe and well maintained facility.

Councilor Miller asked if the marketing for the Library is all done in house. Ms. Johnson confirmed. Councilor Miller stated she feels that the Library's numbers have improved due in part to a much improved marketing plan over the past couple of years.

F. PROPERTY TAX UPDATE – Marsh

Administrative Services Director Marsh stated that property taxes are the City's largest revenue source totaling about \$22 million over the past two years and will approach \$23 million in the coming years.

Mr. Marsh provided the Council with the property tax updates for FY'22 which include the following:

- House Bill(HB) 389 several impacts

- Year after the Governor's Cares Public Safety funding
- Elimination of the Police Retirement levy funding of \$1,015,000
- Growth and tax levy figures and impacts
- A few positives: lower levy rate, homeowner's exemption increase, URA closure last year vs this year
- Average tax increase over two years: 1.5 percent
- Foregone tax balance increased by 3 percent in FY'21 with an accumulated balance of \$2,062,097.

HB 389 Comments:

- Intended to assist property owners to reduce or cap property taxes. Outcome - only partially successful.
- Cities with tremendous growth will be challenged to keep up with service demand. Larger cities like Meridian or Coeur d'Alene will get by because of their tax base already being high. Medium sized cities such as Kuna and Rathdrum that are showing tremendous growth will struggle with the 8 percent cap.
- Rushed legislation - Governor Little was quoted saying "I am troubled that this was introduced in the waning days of the longest legislative session in Idaho history."
- Per Governor Little he is supportive of the Homeowners exemption increase from \$100,000 to \$125,000. Requests have been made to bill drafters to work with cities to develop a sustainable long-term solution

Impacts/Issues pertaining to the City of Lewiston:

- 8 percent CAP on overall total tax revenues (\$1.7 million cap for the City) Mr. Marsh noted that the City is well under the cap at 4 percent of the total tax revenues.
- 3 percent remains unchanged
- New construction and annexation has been reduced to 90 percent of the true values as provided by the county times the preliminary levy rate
- New Construction/Annexation levy rates are based on the current year preliminary property values
- Nez Perce County adjusts property values as the process moves along and the levy rate would not be locked until this fall.
- Use of any foregone tax amounts are restricted- Mr. Marsh stated that staff is not recommending the use of forgone taxes this year.
- Urban Renewal Agency(URA) closures will be reduced to 80 percent of property values recorded as new construction - further impacting revenues vs. growth.

Mr. Marsh explained how the net market equation works. He stated that it is a combination of gross value for real property, gross value for personal property (less \$250,000 personal property exemption), value for utilities (i.e. Avista), and value for railroads less the amount for the Home Owners

Occupancy Exemption (HB389 increased to 125,000 in 2021) and the URA Value.

The tax levy rate for FY'22 was projected at 0.0087. Mr. Marsh explained that on \$100,000 of taxable property, the taxpayer would pay \$980 to the City of Lewiston. He continued by discussing the general government capital activities that are property tax supported. The capital activities for FY'22 include Building Reserve at \$4.1 million, Transportation at \$3.1 million, Transit at \$343,000, Parks and Facilities at \$204,060, and the Library Fund at \$116,480.

Mayor Collins stated that now that the Police Retirement Fund has been closed, the available funding will go towards streets and/or transportation as a perpetual item each year. Mr. Marsh confirmed. Mayor Collins said that he is not a fan of debt and would like to see the City pay off it off as soon as possible. Mr. Marsh responded that the City has a debt policy and philosophy in place to be very careful with any debt taken and pay that debt off as soon as possible. With over \$1 million now available following the closure of the Police Retirement Fund, Mr. Marsh recommended utilizing those funds to pay off debt. There has been a resolution drafted to pay off the debt the Library owes. The proposal is to use \$250,000 this summer, reserves that carried over from last fiscal year, and some savings to pay the Library debt down. That would leave the debt repayment balance of \$230,000 to be put in next year's budget and have paid off by October 2022. The Golf Fund debt is at \$370,000 with payment due in September that would drop that amount to about \$320,000. Mr. Marsh stated that he would like to see the Golf Fund debt paid off as well, but this would require more discussion as that is an Enterprise Fund. There are funds in reserves to pay that debt off and the city has asked the Auditor's for their opinion on the situation. City Manager Nygaard said that staff is waiting on the Auditor's opinion, and then will report back to Council with a recommendation.

Councilor Pernsteiner asked how many days of reserves the City has. Mr. Marsh replied that reserves are at 108 days, noting that 90 days is best business practice. Each day is approximately \$90,000. Mr. Nygaard complimented the city departments for doing a great job in keeping expenses down, which is where the reserves come from. Staff has done well at not spending funds on items that are not needed and grants have been a very beneficial resource for reserves.

Councilor Pernsteiner then asked how many days in reserves are being accounted for in the proposed budget. Mr. Marsh explained that it uses three to four days to balance as it currently sits.

Councilor Blakey asked what the interest rate is on the loans. Accounting Manager Gordon stated that the rate adjusts about every 3 years and the last adjusted rate was approximately 2.8 percent. Councilor Blakey stated that those loans could be paid off, but there could be projects out their looming that if the City were to wait inflation cost on materials will outpace the interest that is being paid on loan. He asked if the funds in question could be used to speed up construction on the new fire station. Mr. Marsh replied that leveraging money can be very helpful and the City has done well at that. For a year now, regardless of the lawsuit, he has recommended to pay down the owed debt. He continued by indicating that if the City did not have available funding targeted for streets or didn't have the cash flow coming in for the fire station, then he would recommend being more patient to pay that debt off.

Councilor Blakey asked why the City does not have impact fees. City Manager Nygaard replied there is an area of impact fee on Warner Avenue. Upon an area impact study for the entire city, the Council could review a city-wide impact fee for transportation. Mr. Nygaard explained that the development of a new subdivision with streets does not cause the impact, but once traffic is added caused by a business or residence, that is when the impact is measured and fees could be collected. Councilor Blakey then asked if the City of Lewiston was unique in not charging an impact fee. Mr. Nygaard responded that he thinks there are a growing number of cities who use the fee as a tool when having large amounts of growth to get accumulated impacts. He noted that most small subdivisions do not create enough impact on their own, so the fee is used as a development tool to spread the impact over larger areas in order to complete projects.

Councilor Pernsteiner asked if there was still tax revenue coming from the state. Mr. Marsh confirmed that the revenue is projected into the budget at approximately \$3.6 million and a 4 percent increase. He noted that he would not be surprised to see additional funding from the State with regard to Transportation.

Councilor Pernsteiner then reiterated that the proposed levy rate at .0087, 4 days of reserves and \$700,000 in requests is not currently funded in the current budget proposal. Mr. Marsh confirmed.

V. CITY COUNCILOR COMMENTS AND DIRECTION

Fire Chief Myklebust indicated that the Nez Perce County Commissioners would be holding a meeting tomorrow, June 30, 2021, to make a declaration of fire hazard which when instill a fireworks ban within the County. He stated that it would be his intention to follow suit with that for open burning and fireworks within city limits. Councilor Kelly asked if the City of Clarkston was going to do the same. Chief Myklebust replied that they are reviewing their options, but their state statutes and

ordinances are far different from Idaho. Councilor Bradbury asked what additional steps will have to be taken to enforce the ban. Chief Myklebust stated that it will require increased personnel and community education. The crews will be patrolling in their response areas, as well as adding additional brush vehicles and administrative staff. Mayor Pro Schroeder asked if the ban was going to extend to the Nez Perce Tribe. Chief Myklebust said that the Tribe is looking into the ban as well. Councilor Pernsteiner asked if the Council needed to contribute funds from the contingency fund for education purposes. Chief Myklebust indicated that staff has been working with Public Information Officer Maurer to shift gears from awareness education to the ban and its enforcement.

VI. ADJOURNMENT

There being no further business to come before the Lewiston City Council, Mayor Pro Tem Schroeder moved and Councilor Pernsteiner seconded adjournment of the June 29, 2021, Budget Work Session at 6:50 p.m.

Kari Ravencroft, Recording Secretary

Date approved by City Council