A Meeting of the Meridian City Council was called to order at 4:31 p.m., Tuesday, May 24, 2022, by Mayor Robert Simison.

Members Present: Luke Cavener, Treg Bernt, Jessica Perreault, Brad Hoaglun and Liz Strader.

Members Absent: Joe Borton.

Also present: Chris Johnson, Bill Nary, Caleb Hood, Laurelei McVey, Kyle Radek, Scott Colaianni, Joe Bongiorno and Dean Willis.

ROLL-CALL ATTENDANCE

__X__ Liz Strader	_____ Joe Borton
__X__ Brad Hoaglun	__X__ Treg Bernt
__X__ Jessica Perreault	__X__ Luke Cavener

__X___ Mayor Robert E. Simison

Simison: Council, we will call the meeting to order. For the record it is Tuesday, May 24th at 4:31 p.m. We will begin this afternoon's work session with roll call attendance.

ADOPTION OF AGENDA

Simison: Next item is adoption of the agenda.

Hoaglun: Mr. Mayor?

Simison: Councilman Hoaglun.

Hoaglun: I move adoption of the agenda as published.

Bernt: Second the motion.

Simison: I have a motion and a second to adopt the agenda as published. Is there any discussion?

Perreault: Mr. Mayor?

Hoaglun: Council Woman Perreault, I think your motion will be made after we adopt the agenda for -- on the next one. Is there any other discussion? If not, all in favor signify by saying aye. Opposed nay? The ayes have it and the agenda is adopted.

MOTION CARRIED: FIVE AYES. ONE ABSENT.

CONSENT AGENDA [Action Item]

1. **Approve Minutes of the May 10, 2022 City Council Work Session**

2. **Tetherow Crossing Water Main Easement**

3. **The Reserve Subdivision North Pedestrian Pathway Easement**

4. **The Reserve Subdivision South Pedestrian Pathway Easement**

5. **Tustin Subdivision North Pedestrian Pathway Easement**

6. **Tustin Subdivision South Pedestrian Pathway Easement**

7. **Findings of Fact, Conclusions of Law for Lavender Heights Development Agreement Modification (H-2022-0017) by Breckon Land Design, Located at 2160 E. Lake Hazel Rd., at the Northeast Corner of E. Lake Hazel Rd. and S. Bloomerang Ave.**

8. **Development Agreement (Vanguard Village H-2021-0081) Between the City of Meridian and Meridian 118, LLC for Property Generally Located 1/4 Mile South of W. Franklin Rd. and S. Ten Mile Rd.**

10. **Parks and Recreation Department: Agreement with Killer Whales Swim Team for Use of Meridian Community Swimming Pool Between the City of Meridian and the Meridian Killer Whales Swim Team, Inc.**

11. **Fiscal Year 2022 Net-Zero Budget Amendment in the Amount of $3000.00 to Accept Donated Revenue to offset Mayor's Walking Club Related Expenses**

12. **Resolution No. 22-2328: A Resolution of the Mayor and the City Council of the City of Meridian, Reappointing Tom LeClaire to Seat 8 and Ryan Lancaster to Seat 9 of the Meridian Transportation Commission; and Providing an Effective Date**

13. **City of Meridian Financial Report - April 2022**

Simison: Next item up is the Consent Agenda.

Perreault: Mr. Mayor?

Simison: Council Woman Perreault.

Perreault: Mr. Mayor, I would like to move Item No. 9, the Intergovernmental Agreement with the Ada County Highway District from the Consent Agenda to Item 17 for Council discussion.

Simison: Move it to the Consent -- right after this. Yeah. Okay. Have a motion. Do I have a second?

Cavener: Second.

Strader: Second.

Simison: I have a motion and a second to move Item 9 to items moved from the Consent Agenda. Is there any discussion? If not, all in favor signify by saying aye. Opposed nay? The ayes have it and the item is moved.

MOTION CARRIED: FIVE AYES. ONE ABSENT.

Simison: Do I have a motion to approve the Consent Agenda?

Hoaglun: Mr. Mayor?

Simison: Councilman Hoaglun.

Hoaglun: I move approval of -- of the Consent Agenda as amended with the removal of Item No. 9 and for the Mayor to sign and Clerk to attest.

Bernt: Second the motion.

Simison: I have a motion and a second to approve the Consent Agenda. Is there any discussion? If not, all in favor signify by saying aye. Opposed nay? The ayes have it and the Consent Agenda is approved, except for Item 9.

MOTION CARRIED: FIVE AYES. ONE ABSENT.

ITEMS MOVED FROM THE CONSENT AGENDA [Action Item]

9. Intergovernmental Agreement with Ada County Highway District & Idaho Transportation Department for Linder Road Overpass and Widening

Simison: Which we will now consider Item 9 under items moved from the Consent Agenda. Council Woman Perreault.

Perreault: You want -- you would like me to start the discussion?

Simison: Yes.

Perreault: Okay. So, in regard to the intergovernmental agreement, I have not heard from my fellow Council Members their thoughts on the -- the contract, the scope of work, and we -- we do already have a commitment for that two and a half million in our budget, which was voted on, but I just thought it would be wise for us to potentially put on record verbal agreement for this, since it's such a significant decision. So, for myself I have had conversations with the Mayor about the funding of the other two transportation departments that will be involved in this process, ACHD and ITD, and I am really wanting to know the timing of -- the anticipated timing from ACHD on when they might be able to make the financial commitment to the project. So, that's the conversations that I have had with Mayor. I don't know if there is anything else that my fellow Council Members would like to ask or add in that regard. Just, basically, wanted to open it up if there was any conversation that needed to be had before we voted on it.

Simison: Council, questions, comments?

Strader: Mr. Mayor?

Simison: Council Woman Strader.

Strader: Yeah. And maybe just a comment. You know, I was pretty encouraged that there is a willingness to move forward and that ACHD and ITD have come to, you know, an agreement themselves on how to sort of work together in terms of the design and -- and scope of that. I do think we are going to be stepping through this, so I -- I think it's -- to me it's not out of order that all of the funding pieces haven't been totally lined up at this point. I would look to the Mayor for more commentary on that, but I -- I -- at least I feel comfortable moving forward that, you know, this is kind of the step that we are going to take next and, then, they will be solidifying their funding and putting this into their kind of plans, especially as it relates to other funding sources that both of them have.

Hoaglun: Mr. Mayor?

Simison: Councilman Hoaglun.

Hoaglun: Yeah. We knew, you know, when this discussion that you initiated began that this -- this was a project that was needed, but it really wasn't on -- very high on their radar. Lots of -- lots of things out there and by bringing some money to the table we were able to elevate that and it -- it's -- it would be a great benefit to our community and the fact that we were able to use that funding to initiate design work, which is going to take 18 months, that does allow them time to -- to move things forward and get things lined up and, you know, you can never predict the future when it comes to other agencies and whatnot, but it does put it in a place that is -- is much better than it would be if we had not done anything. So, I think it was a good move by the Mayor and Council to -- to do that and -- and I think we will continue to see that move forward at a -- at a rate they are comfortable and -- and not -- not -- not be stalled out. So, I'm -- I'm comfortable with -- going with this -- this agreement at this time.

Strader: Mr. Mayor?

Simison: Council Woman Strader.

Strader: Maybe one additional comment. I do think it's really to our benefit to have ITD and ACHD working together, especially because ACHD has new pedestrian design guidelines and they will be implementing those and I think that this is really good that they are working together and -- as opposed to us trying to work with each of them separately.

Cavener: Mr. Mayor?

Simison: Councilman Cavener.

Cavener: I don't have anything else to offer, just -- I thank Council Member Perreault for pulling this off Consent. It is a big dollar amount and I think that we all are in agreement, but continue to hear that vocal support from my other Council Members is reassuring and it reaffirms that we are going to have to continue to be the leader on this likely moving forward. So, thank you, Council Member, for asking this to be pulled off and I'm -- I agree with the other comments from the Council Members.

Simison: And just to follow up on the funding, you are going to continue to hear me advocate for funding from all sources. I'm just going to leave it there for now, but all sources as it relates to advancing this project that's important and critical for our community, so --

Perreault: Mr. Mayor?

Simison: Council Woman Perreault.

Perreault: Thank you. Yeah. I primarily just -- you know, we -- we have the -- the funds set aside in the budget, but this really gives permission to now actually start spending them, so I think that's primarily the reason I wanted to just hear from Fellow Council that that this is indeed -- everyone is ready to move forward and actually execute on it. So, thank you very much to everyone and I appreciate the -- the comments.

Hoaglun: Mr. Mayor?

Simison: Councilman Hoaglun.

Hoaglun: Thank you, Council Woman Perreault, and with that, then, I move that we adopt the intergovernmental agreement with Ada County Highway District and Idaho Transportation Department for the Linder Road overpass and widening.

Bernt: Second the motion.

Simison: I have a motion and a second to approve the intergovernmental agreement. Is there any discussion? If not, all in favor signify by saying aye. Opposed nay? The ayes have it and the agreement is -- is agreed to. Thank you.

MOTION CARRIED: FIVE AYES. ONE ABSENT.

DEPARTMENT / COMMISSION REPORTS [Action Item]

14. Ada County Assessor Annual Report

Simison: So, next item up is Item 14, which is annual report from Ada County Assessor Robert McQuade. Always a favorite this time of year. So, Mr. McQuade, welcome.

Bernt: Mr. Mayor?

Simison: Councilman Bernt.

Bernt: Mr. McQuade, we -- we only want good news. Only good news today. House -- house -- house -- you know, prices of homes are dropping. We have a ton of inventory. That type of information. That's what we are looking for.

McQuade: That's also on page two and seven of -- I'm going to set my watch, because I just want to go ten minutes and not over that. There we go. This is probably my 26th visit here to Meridian to do an assessment briefing. You were one of the very first agencies that did that. So, as you look back over that 25 years, quarter of a century, Meridian has changed so much, it is just -- it's -- I'm just amazed and it is so neat what's going on over here. With that we are sending out our assessment notices. They are going out next week. Actually, this week. We will probably start getting calls -- I'm going to guess Tuesday and, then, Wednesday a lot of calls. Last year we had a 26 percent increase in assessed values. The highest we have ever had. But yet it was the fewest number of appeals that we had had in over two decades. Very small number of appeals. And we attribute that to probably the public, because of the -- the great job that local media has been doing that people really understood what was going on in the single family residential market. Couple of things I just want to point out. One of them just being what is it the assessor does. People always say are you the tax collector. No. That's the treasurer's job and she doesn't like it when people call me the -- the tax collector. But it's what the assessor does -- our job is we allocate the taxes. We -- here in Meridian, for example, we will -- based upon our valuation we will determine which -- each individual who owns property -- for each property what their portion of tax is going to be for the city of Meridian's budget based upon the valuation that we make. So, we take that role very seriously. We don't want to over assess someone. If we do they are paying more than their fair share. We don't want to under assess someone, because the rest of us will be picking that up. So, that's what the assessor does. We don't collect taxes. We allocate taxes. How close are values to actual property sales? As you can see here in -- in 2021 single family residential we were about 24 -- 94 percent of what we -- the expected sales price would have been and statistically that would have been 94 percent and commercial is 97 percent. As you can see it in 2020 we were right at 94 percent and 94 percent and those numbers are assessment level. We have to be at hundred percent, plus or minus ten percent. But it's really important -- we are going to come back to assessment level in just a moment here. So, getting into the values. The total market value that we have is a little bit less than -- than 29 billion dollars. That's not the taxable value. The potential taxable value we need to take out the homestead exemption, it's four billion. Other exemptions 48 million and those exemptions -- at the time we did this we hadn't received all the exemptions. The commissioners have until the 18th -- or the 15th of May to get all of the exemptions processed. So, that number now is probably closer to zero. Operating property 228 million. Operating property, that's the property that's owned by utilities. A real good example in Meridian would be the railroad tracks. That's operating property. The tax commission assesses those and they do a very different method. They call it the unitary value. They will value the entire Union Pacific Railroad and, then, they decide what portion of that belongs in Idaho and, then, based upon line miles of track they will allocate that to the different taxing authorities and we don't get those numbers from the Tax Commission until October -- or until August and they will actually be incorporated when the levees are being certified. So, you have potential -- potential taxable value of about 25 billion dollars. On the residential side 22 point -- about 23 billion dollars. That's up 40 percent compared to 2021 and what's -- what's driving this -- before I get into the market drivers, the trends. The assessed value here in Meridian of single family residential is 33 percent. It's a little bit higher than the county median value. The county median value is right at 30 -- 30 -- 30, 31 percent. So, Meridian is a little bit higher. But when you look at all of the -- the demand for single family residential property over here in Meridian, that really shouldn't be much of a surprise that there is a little bit higher median value. Market drivers in -- in migration. Land values. We can't even keep up with the land values. We do our best. I think we do a good job. But it's -- it's changing so fast, it's -- it's -- we are doing a good job I think on the assessments here. Commercial values. Real property is just a little bit less than six billion. That's up 30 percent from 29 percent. Business personal property. This is one of the few areas where the percent change is a positive number. Most of the other places is a negative number, albeit maybe one percent, one and a half percent, and that is that business personal property -- several years ago they had a hundred thousand dollar exemption -- the first one hundred thousand. That was changed to 250,000 dollars. So, more and more business personal property is coming off the rolls and that is not surprising. I know that there are certain interests that think business personal property should be completely taken off, because the -- the difficulties in assessing it. That -- that is a deterrent for businesses coming into the state. So, it wouldn't surprise me at some point in time, five, ten years, that business personal property will be a thing of the past. This -- the -- the number, by the way, that 250,000, is going to come off, the state is going to be reimbursing the taxing authorities of that, so it's not a loss, but that money will, then, be fixed in the future. So, total commercial property is six billion. That's up about 28 percent. New construction. That's an important number, because that's how much we -- the county and the cities and other taxing authorities -- we can increase our budget by three percent and, then, add the new construction value on that. That has been changed. You don't get the whole new construction, it's 90 percent of the new construction, but it's how that works if your budget will say at a million dollars and you took the new construction value times last year's levy and we will say that a hundred thousand dollars, you can now budget up to a -- up to a million one hundred thousand dollars, plus the three percent. There are some people that feel that's one of the real drivers for local government, being able for their -- their taxes going up and I really do think new construction -- I have seen a model where new construction really does pay for growth. So, residential construction is 941 million dollars. The total at the bottom -- you will see there at the bottom and the third column over. Residential is 503 million. It's a little bit off last year, 510 million. Commercial up five percent to 322 million. And, then, new subdivisions and change of status and -- and change of use of land, that's 99 million. This is the last year land use -- changes in land use will be considered part of new construction. From now on it's just going to be strictly the -- the improvements, the physical structures that were put on the land, that's where the value of new construction will come from, not for the change of use. An example of change of use would be if you had a farm at the beginning of the year and it had been subdivided at the end of the year, that would all be assessed as new construction -- the -- the value as -- as -- as developed land for -- but, again, that's not going to be the -- this the last year. You are not going to see that again in the future years. Urban renewal. You have the Union District at 5.3 million -- is five million percent increase. It's the largest increase. There was just I think an amendment there. That is what caused that to go up to 5.3 billion. Total increment value is high 127 million. That's about -- about 48 percent. Okay. We are just going to wrap up here with overall tax burden and this is where we get into two concepts I really want to discuss. It's really understood -- misunder -- very misunderstood I should say. Tax burden is who pays the taxes, residential or commercial, and you will see here for 2021 residential is -- will be paid -- paid 73 percent of the property taxes. Commercial paid 27 percent. People think that that's shifting, because of the way we are assessing that. Our assessments on commercial property are not as accurate, that we are under assessing commercial property. As I -- as I showed you, we are at 97 percent. Year four it was at 94 percent. Some people contend that it's -- we are under assessing and I would just really -- really like to dispel that. But before I get into that you will notice that in 2020 commercial is paying 30 percent. Now that is 27. Residential 70, up to 73. The reason that that change is occurring -- it's just a couple of very good reasons. Number one -- the first reason I want to discuss is -- my ten minutes are up. I will quickly wrap this up. Here you have 47,000 residential parcels here in Meridian, 2,700 commercial parcels. In other words, you have 17 times the number of residential parcels as you do commercial parcels. So, just the sheer number of parcels says that residential is going to be paying more. Residential values is about 23 billion dollars. Commercial is about six billion. So, it's -- residential is four times the value of the commercial and also we are seeing residential increase so much faster. That, of course, is causing that number to get bigger. The increase in residential value this last year was six and a half billion dollars. Commercial 1.3 billion. So, residential increase at five times as the commercial. So, that's why the commercial property is paying a higher -- or is a lower percentage of property tax. Not because we are under assessing, but because we have a lot larger volume of residential properties and the dollar volume is so much higher. That said, some people feel that we are not assessing them -- them equally. That is a concept called level. So, we have burden, whose is paying, and, then, we have the level. I have no control over the burden at all. I am not going to decide who is going to -- you know, if something is going to be subdivided. Who is going to be buying houses.

Commercial properties. I have no control over that at all. We just look at the market and interpret it. But what we do have control over that is the assessment level. How close are we to one hundred percent and you can see as we started out with saying residential is 94 percent, right for '21, commercial is 97 percent. So, I just really want to make that clear that -- that the assessor controls the level, but not the tax burden. And with that I'm going to draw this presentation to a close. It will be my last and final presentation. I have really enjoyed my visits out here and if you don't mind maybe for next year at this time if I'm feeling homesick maybe I can just stop by and sit and see what's going on. Mr. Mayor and Council Members, that concludes my presentation.

Simison: Thank you. Council, any questions?

Cavener: Mr. Mayor?

Simison: Councilman Cavener.

Cavener: Thank you, Mr. Mayor. Mr. McQuade, I'm sorry I'm not here in the room personally to just thank you and commend you for your many years of service to the county. This information is important and I look forward to your report every year and I think it goes without saying you are always welcome in Council Chambers officially or unofficially. We would love to see you. Just one question about this last slide. Maybe it's a two-part question. From your perspective have we -- have you seen that divide in tax burden between residential and commercial over the past five years? Is this a trend that we are seeing a continuance on or is this an anomaly in your perspective? And, then, maybe part two of that is if you know is this similar across the -- the state or is this just -- are we seeing this happen only within Ada county?

McQuade: Mr. Mayor and Councilman Cavener, this is something -- this is very similar across the state. The numbers here in Ada County, they -- they range quite a bit. Boise City is probably 65/35. You go over to Kuna and it's about 90 residential and ten. And so that -- that's -- the split is -- is -- that phenomenon is going on statewide. And, then, secondly, this trend has been continuing actually since we came out of the recession in I think about 2009. 2009 we saw -- because single family residential was just collapsing in value, residential and commercial would become very -- commercial was going considerably -- the burden was going up, residential was going down. But ever since we came out of the recession in 2009, 2010, that has been diverging, not to what we have seen this year. This is -- usually it will be a half a percent, one percent, but here where we -- where we are looking at, you know, two or three percent that -- that's a pretty big separation.

Cavener: Thank you.

McQuade: And thank you for the kind words. I -- it's not very often the assessor gets kind words. Thank you.

Bernt: Mr. Mayor?

Simison: Councilman Bernt.

Bernt: Bob, thank you so much for being a dedicated public servant for all of these years. You are one of the best and we are certainly going to miss you. Quick question for you -- and I'm sure you have been asked this question multiple times and I'm -- you know -- and I'm sure that you guys in your office you do projections and what -- what values -- you know, residential values are going to look like one, two, three years. Do you see this continuing -- the trend continuing to go like it's been in the past? You -- are you seeing it plateau a little bit because of interest rates or whatever? Just wanted to get your perspective on that.

McQuade: Mr. Mayor, Councilman Bernt, yes, it's -- first of all we are not very good at projecting. In my office three years ago, four years ago we took this -- all of the managers and the staff, we made projections of where we thought house -- housing prices were going to be. My guess was going to be 550,000 this year and that's where we are and people were just laughing at me, thought how could that possibly be so? We didn't do a very good job. But we do know that -- at least recent data suggests that it's slowing down, but it's still a very brisk pace. I believe it was March of '22 compared to '21 the percent of increase -- I believe it was about 20 percent. Last year at that same time it was about 30 or 35 percent. So, we are seeing -- and, of course, interest rates are going to -- to impact the -- it certainly will impact the -- the -- the growth rate of -- of prices for single family residential. But we are also getting pressure of people still moving here. They want to come here and so that's going to -- I think certainly be some kind of a counterweight to the increased interest rates.

Simison: Council, any additional questions or comments? All right. Well, you are not done yet. Councilman Hoaglun, you want to join me at the podium.

Bernt: You are not in trouble, Bob. You are okay.

McQuade: I was ready to run, but I --

Bernt: I actually saw your face. I saw your face and you are like what is going on here right now.

Simison: So, we don't offer much here at the City of Meridian when it comes to recognition, but we -- we do like to give recognition with words where we can of gratitude and, you know, it's not often that we are going to have a lot of public servants that serve for almost 30 years anymore. I don't think that's going to be the trend in public service. Could be wrong, but -- from that standpoint. So, we just have a proclamation that we would like to read in your honor today and, then, I will turn it over to Councilman Hoaglun if that's okay from that standpoint. So, whereas, Robert H. McQuade has provided 28 years of service to Meridian and Ada county, serving as the assessor and has been committed to excellence in public service and whereas Mr. McQuade will be retiring from his position where he has faithfully served the residents and always strived to improve the operations of the Ada County Assessor's Office and whereas Mr. McQuade led efforts to improve accuracy and timeliness of appraisal information, electronic conversion of paper files, and led efforts for the assessor's office to gain and maintain the IAAO Certificate of Excellence and Assessment Administration and whereas Mr. McQuade has been recognized for his contributions and was the recipient of the Mills Adler Award for the Idaho Association of Counties in 2009 and, whereas, the City of Meridian recognizes that through the years Mr. McQuade has served and guided the residents of Ada county with commitment and integrity. Therefore, I, Robert E. -- Robert Simison proclaim May 24th, 2022, to be Robert H. McQuade Day in Meridian and honor the hard work and selfless dedication that Robert H. McQuade has given to help the City of Meriden become a vibrant community and a premier city to live, work, and raise a family. Dated this 24th day of May 2022. So, just a little honor to say thank you for everything that you have done.

McQuade: Mr. Mayor, thank you so much. I will take this to the office and show everyone and I will tell you I will always cherish this. I was not -- I was not expecting this and I will always cherish this and it's going to be displayed in a prominent place in my house. Thank you so much.

Hoaglun: You still can't run off, Bob. Being elected officials we know what it's like to go to lots of meetings, do lots of presentations, and you are running here and there and so we thought, well, you know, he's going to retire, what's he going to do and we thought, you know, he needs to spend some time with his wife and so the Council and the Mayor we decided to get you -- we signed a card to you, but also a little gift certificate to take you out to dinner somewhere. So, not taxpayer dollars, it's all our money, personal money -- in Meridian, of course. So, we just wanted to give you a nice thank you card and a little gift certificate to express our appreciation for your 28 years of service, your good work for all the residents of this county and particularly in Meridian and we just appreciate what you have done. So, thank you.

McQuade: Thank you. It's very humbling.

15. Valley Regional Transit: 30 Pine Route and Fiscal Year 2023 Budget Request

Simison: All right. Next item up is Item 15, which is the Valley Regional Transit 30 Pine Route and fiscal year 2023 budget request. Caleb, Miranda, are you going to say anything or just turn this over to Stephen?

Hood: Mr. Mayor, we are ready for Mr. Hunt, unless you have any remarks you want from staff first.

Simison: No. Just thought I would check. Okay. Stephen.

Hunt: Thank you, Mr. Mayor, Members of the Council. Stephen Hunt, development director of Valley Regional Transit. Glad to be here today. I prepared a presentation for you about the FY-23 funding request from the City of Meridian. So, first of all, I just wanted to make sure you are all aware of the services that are provided by VRT within the City of Meridian and I will be speaking to the -- the memo that was included in your packet. There are three fixed route services that would be identified serving Meridian for fiscal year 2023. Those include the inner county services of the Route 40, which connect Nampa to Boise. Route 42, which also connect Nampa -- Nampa and Boise through Meridian and, then, Route 30, which essentially covers the core Meridian from the east side to the west side, starting at Ten Mile crossing and going over to The Village. In addition to those fixed route services VRT works -- has been working with the City of Meridian on providing several specialized services. Those include support for Harvest Transit, the Meridian veterans shuttle, as well as the Rides2Wellness, which is a program that covers Ada county, including -- including the City of Meridian. So, between all those services we provide a -- a number of transportation options to the residents in Meridian and the FY-23 request would be to continue support of those, in addition to any of the other planning support for -- for services, the customer service support, IT, all -- and of the associated programs. I wanted to also spend just a minute talking about what's going on with ridership over the last month. Sorry. Last few months. As you know, COVID has been a really big impact on transit ridership for the last two years, but in -- since -- since February of 2021 we have seen ridership bottom out and start to come back and so when we are comparing now first quarter of FY-22 and quarter two of FY-22 to FY-21, we are seeing ridership growth system wide. That's up about 18 and a half percent. We are seeing some -- some really significant percent increases in the specialized transportation as well and that is a lot of -- of the -- due to the fact that during COVID we saw many of those programs closed down or -- or significantly reduce their levels of service and so we are seeing that come back, which is exciting. One more on that slide. We know that comparing it just to FY-21 is -- isn't the whole picture, so we wanted to look at the last several years. So, although ridership has -- we feel like hit the bottom and is starting to trend up, we are about 75 percent of where we were say in April of 2019, which was pre-COVID numbers. So, we are encouraged by the -- by the growth. We still have some ways to go. So, as it relates -- oh. Excuse me. One of the other things that I forgot to mention back here -- you know, we have been planning for the launch of the Route 30 for -- for a number of years. We have been working with staff the schedule of that launch date and we are proposing to launch that at the beginning of FY-23. So, we had delayed it initially because of COVID, then, delayed it one more time because of delta variant. We thought there might be an opportunity to start that in this fiscal year. We are seeing, both in terms of the amount of COVID that's being spread around, as well as just people coming back to work and those are all trending in the right direction, the ridership is trending in the right direction. We want to have services for when developments such as the apartments across the street here come online, we want to have service available for both residents and employers when -- when those open up. So we are targeting October of 2023 to be the start of the Route 30. So, speaking about the FY-23 -- the specific FY-23 funding request, just wanted to reiterate we -- we apply a cost allocation model to our full budget. We begin by identifying all of the -- all of the expenses for the year, by identifying the non-local revenues and apply those revenues to the -- to the budget and, then, we categorize those costs into general assessment -- general assessments into capital and service assessments and any other specialized services, such as the Harvest Transit or -- or Rides2Wellness and we distribute the remaining local -- local cost among our funding partners and that's what this -- that's what this graph shows here is total budget, any non-local revenues, the remaining local contributions that will be distributed and, then, what Meridian's share of that remaining local contribution is. Last year when we came and we talked about our funding request, we -- we tried to keep the City Council appraised of all of the different changes that happen as we move from this stage of our initial budget, roll out to the final completion and -- and the cooperative agreement. Based on feedback we received last year we are starting with what is the -- the worst case scenario for the -- our request to the City of Meridian. We will continue to refine our budget over the next several months. Any changes to that would be documented in the cooperative agreement, but as a funding request our request to the City of Meridian would be the 884. A couple of things that we are still working on is we are still working on finalizing all the -- the -- applying all of the non-local revenues to the -- to the current year. We also at the end of this fiscal year would have potentially other revenues to -- from FY-22 that we would apply and all of that gets captured in the cooperative agreement, which we would -- which we would execute at the beginning of FY-23. But to note there -- when we compare FY-22 baseline -- again, this is -- this was the baseline, not what the executed amount was, because we had originally intended to be running the Route 30 in FY-22, we pulled that off as our budget and -- and the planning continued in FY-22, but to compare as much as we could apples to apples, our FY-22 baseline request, which would be providing the same levels of service as we were talking about in FY-23, this is how those two break out. We are continuing to see some cost increases that are largely due to -- to increased labor, there is health insurance costs that continue to go up, as we convert to battery electric, the procurement of our -- our electric vehicles. We included a battery lease in there, which is new this year. So, we are starting to see some of those cost increases, the -- the cost benefits that we see with going to electric, such as lower preventative maintenance, those we will see in the future, but we don't see them in the moment. So, those are the cost drivers. We also included this year, which was not included last year, is a reserve assessment and, again, that's all outlined in the memo in front of you and I am just here to answer any questions you may have on the information presented.

Simison: Thank you, Stephen. Council, questions?

Strader: Mr. Mayor?

Simison: Council Woman Strader.

Strader: Hi,, Stephen.

Hunt: Hello.

Strader: I apologize, I'm going to be asking detailed questions.

Hunt: That is okay.

Strader: If you could go back to the slide that has the different sort of special senior center Rides2Wellness, that list. I just wanted to understand the mechanism through which you guys kind of outsource those services. So, the senior center specifically, my understanding is that for every ride you guys provide the senior center with a payment and that payment is meant to reimburse them for gas, drivers, repairs of their vehicles, et cetera. I just wanted to just double check -- and if you want to just follow up via an e-mail or something that's fine, too, if you don't have it in front of you, but what those payments represent and, then, you know, I know they have capital needs. The vehicle they are using is not going to work going forward. It's like over 20 years old. It's been breaking down. Do you guys help provide the capital costs to a provider, like the senior center, when you're kind of outsourcing the provision of transportation services to them? So, just maybe some follow up on -- on those details and mechanics and -- and what they are meant to reimburse exactly.

Hunt: Mr. Mayor, Council Member Strader, yeah, we can certainly follow up with more information about that, but it is my understanding that our -- our request for the senior center in particular is a budget that we, then, build to on -- on a per ride basis, which is different say than how we -- how we are talking about costs for -- for fixed route service. And, then, to your second question about capital needs, I think it depends a little bit on the -- on the relationship we have with the provider, but we -- we certainly help our partners with capital expenses. So, if there is a capital need we work with them to identify what that need is and put that into -- into our -- into our budget.

Strader: Mr. Mayor. Thank you. That's really helpful. I think maybe the Director Crystal Campbell of our CDBG group will possibly reach out to you regarding some details there as well. I just want to make sure if -- if they have a capital need and you have an agreement that they are reaching out to you as well for help if their vehicle doesn't work anymore, so -- just so we cover all of our bases.

Hunt: Mr. Mayor, I have a clarifying question.

Simison: Mr. Hunt.

Hunt: So, Council Woman Strader, you are saying that you are getting request on your capital block group grant for funds to the senior -- Meridian Senior Center?

Strader: Yes, that's correct.

Badesheim: So, Mr. Mayor, Council Member, we actually have in our budget at least one and -- and possibly two vehicles for the -- for the Meridian Senior Center. I think what they are looking for is local match, because we have to have a 20 percent match for that vehicle. So, it may be -- and this is something we can follow up, but we do have that in our budget for -- I know at least one vehicle for them and I think they were also wanting to add another one maybe for next year.

Strader: Thank you. I -- I didn't want to take us completely down a rabbit hole, which I am notorious for. We will definitely follow up with you to make sure we -- we are covering all the details. Thanks.

Hoaglun: Mr. Mayor?

Simison: Councilman Hoaglun.

Hoaglun: Stephen, it's a small amount, but I was just curious if you would explain the -- the reserve assessment that's being implemented. I mean it's only showing 8,900 dollars. What -- what's that going to be used for? You know, looking in the memo it talks about, hey, this was -- it was not introduced until this current cycle, but that was it and I'm assuming that reserve assessment will be a percentage and it's going to be equal for -- for all entities, so if you could explain that in a little bit further detail.

Hunt: Mr. Mayor, Council Member Hoaglun, that's -- that's correct. So, we have been working with the VRT board to establish a policy that where -- where VRT could have a cash reserve to -- on hand such that if there are any incidents that -- where we might need cash we have a place to go to that isn't -- wouldn't require us to come immediately to any of our funding partners and request that in a moment and so that's the general purpose of it and it is set -- there is a -- the board -- working through the board we have set what that total target is for our reserve amount and, then, using the cost allocation model we distributed those -- that amount among all of our funding partners and I -- and, then, what's presented here I believe is a ten year -- is a ten year time frame to get up to the reserve amount that we are looking for and we included that in our funding request of each of our funding partners. Clearly that's to start the discussion. But, yes, it is distributed according to the -- the cost allocation.

Bernt: Mr. Mayor, follow up?

Simison: Councilman Bernt.

Bernt: Same -- same line of question. If -- with this 8,900 dollars let's say during the next fiscal year those funds aren't used are they reallocated back to the cities or do you keep them?

Hunt: That is a good question, Mr. Mayor, Councilman Bernt. The -- I believe they would remain with Valley Regional Transit in an unallocated fund. I don't know the exact terms of how those would be managed, but the intent would be that there would be a cash reserve that -- that would be on hand for the Valley Regional Transit to use in cases of emergency and with the intent of growing that amount over -- over the ten year period I have to assume that, yeah, those would remain with VRT.

Badesheim: Mr. Mayor, Council Member Bernt, the -- the target is about 3.9 million for us to have and that was based on three months worth of -- I think it's three months worth of operating -- local revenue or for -- for operating. So, what we -- the board approved a policy that we would negotiate that with each jurisdiction with their cooperative agreements each year. So, this is the amount that would be allocated for this year. If we get to the end of 2022 and it looks like there was some savings, we would, then, credit that back. So, the cash reserve amount we might request the next year might be zero or it might be lower based on -- so, we have an annual target and as long as we are hitting that annual target then -- and, then, it -- over that ten year period and it is to collect enough so that we have that reserve available.

Bernt: Mr. Mayor?

Simison: Councilman Bernt.

Bernt: I completely understand the intent of what you are trying to accomplish. I don't know if I'm a huge fan of, you know, of -- of -- of having, you know, taxpayer money in an account and knowing that it may or may not be used. I just think that that's -- sometimes that gets a little bit murky and it can be just a hair confusing. So, maybe something we can talk about in the future. Not sure I'm a huge fan of that. But another question that I had -- so, just to be clear -- and I have been asked this question a couple of times, so we originally came out with the budget for this new route in 2021. Because of COVID it wasn't implemented. Again in 2022. Talk to me and provide some clarity with regard to what the difference is from the funds that have been paid to you that haven't been used because the route hasn't taken effect and won't take effect until October of this year versus how much you are asking for in this budget that will cover this route again.

Hunt: Thank you, Mr. Mayor, Councilman Bernt. We have been working with all of our jurisdiction partners, City of Meridian in particular, to identify the money -- the monies that we need to operate the services that are provided. In the case of the Route 30, we -- like as shown on here on this FY-22 baseline request, we had originally included that. By the time we made it to our cooperative agreement in September we knew that we would not be operating the -- the Route 30 for the full amount of time. We adjusted the amount that we were requesting and, in fact, as per the invoice we -- we have reduced that further, knowing that there could be an amount that we would come back and ask for should we start the Route 30 in FY-22. So, the short answer is we never -- we never invoiced the City of Meridian for any Route 30 service.

Bernt: Okay.

Perreault: Mr. Mayor?

Simison: I think the best way just to add -- this is the clean dollar figure. There is not a credit that's over at VRT that's waiting or otherwise? I try to make sure we shored up -- what is the real cost without these last two years of back and forth. Council Woman Perreault.

Perreault: Thank you. So, similar, but unrelated question regarding Route 30 or any route, really, that VRT is running where, you know, you have the -- the ridership numbers.

Obviously readership wasn't there with COVID, but aside from COVID help me understand the decision to keep a route going or not going. Is it based on ridership? Is it based on funding? Is it -- can you help me understand -- you know, I do see these -- and if you want to go back to the slide with those numbers -- I do see those numbers, they -- they don't look like significant amount of ridership to me, but I don't know how that compares to other routes or what the expectation is from VRT for Route 30. Help -- help explain a little bit more why you are wanting to start it up now in -- in regard to the numbers that you have. Connect those dots for me if you would, please.

Hunt: Yes. The -- we work with each jurisdiction partner to identify transportation needs and, then, work to secure funding to provide those -- provide those services. Whether or not that service continues is dependent on both -- essentially on the -- the funding partner's willingness to contribute -- or to continue that contribution given the -- the result that they are getting. So, we have these conversations each year with our funding partners. Is -- is the ridership that we are getting back for that investment worth it? Ultimately that comes down to a value judgment of each of our funding partners. But more to the point about when -- why are we thinking that the Route 30 might be good to launch now -- is we are looking -- when we are -- when we launch a new service we want it to be -- we want it to be successful. We want the environment to be ripe and with the development that's going on at the Ten Mile Crossing, which is -- when we originally developed the -- the Route 30 the idea was we were trying to connect the job centers of the Ten Mile Crossing, downtown Meridian and out of The Village. Those three entities have continued to grow and develop since we originally planned the route. We want it to be -- one of the triggers is the residential development that's coming. Actually, not just in downtown Meridian, but including downtown Meridian, but also along Pine. The -- the -- there is significant development off of State -- State there that's within walking distance of the new service. So, there are new -- new development that's coming online that we -- that we want to have the service in place as people are moving in establishing the transportation habits that they have that as an option. It also provides an opportunity for us to work with each of those developers to establish maybe past programs, which is something that we are -- are starting to do, so that that could be a benefit to the residents of those facilities and/or on the employer side -- employer pass programs, which is something we have done for many years to help encourage different types of travel behavior. So, that's kind of the -- the meta environment we are talking about. Specifically, though, we are seeing people return to more regular activity, although it's still not the same as it was pre-COVID, but we also recognize that it -- it may not be exactly like it was in 2019 for many years. So, what we are looking at is are the -- are the specific impacts of COVID -- COVID's impact on people's travel behavior changing, enlightening, and we feel that that is the case and is the development in the -- in the corridor will continue to grow in a way that we want transit to be able to take advantage of that and so those are some of the factors that we are looking at specifically for Route 30. There were some ridership projections that were included in the memo and those are -- are there to give a sense of what we hope to see once it's implemented. All routes take a little bit of time to mature. People need to learn about it and adjust their schedules accordingly and the -- the target that at the end of that I think is at about eight or ten boardings per hour, which is roughly where our system wide average is and so we would look at that as -- as being successful.

Strader: Mr. Mayor?

Simison: Council Woman Strader.

Strader: Yeah. I mean I thought one of the comments you also made in your memo that at least I found compelling was that with inflation and particularly the cost of gas going up so much that is something else that might be a positive factor for ridership. So, I'm sort of hoping that that will outweigh the lingering effects of the pandemic. But thought the memo is great. Thank you.

Cavener: Mr. Mayor?

Simison: Councilman Cavener.

Cavener: Stephen, nice to see virtually. Sorry I'm not in the room. Thank you. Thank you, Kelli. Please pass on my appreciation to the VRT board for getting this conversation to us before we go into -- into budget hearings. I think this is good dialogue from amongst the Council and I appreciate your guys' proactive efforts to get this to us earlier rather than later. Maybe a comment first and, then, a question, because I think Council Member Bernt brought up a really good question, which is about the reserves and I think he shares the same concern that at least that I shared when I was on the VRT board about using taxpayer dollars to help build a reserve for another agency and I think just for the benefit of the Council, my level of comfort and supporting this is because it is a slow build up. I think it also has VRT being really thoughtful about how they are spending their dollars and trying to find some efficiencies to reserve extra revenue and at the end of the day if -- if something happens we still would need VRT to be able to operate in some capacity and making sure they have got that revenue to do that. To -- to me I'm -- I'm comfortable with the request for the reserve as is, recognizing that that's going to come back to us on an -- on an annual basis and future Councils will still be able to make that decision about if it makes sense for them or not. Stephen, my -- my question for you is just about when -- when Pine 30 was initially conceived there was a lot of excitement about, hey, we are going to get these new electric buses and the city participated in that and the infrastructure to charge them and you touched on earlier and it's in the memo about the batteries. So, my -- my question is we are finally getting close now to being able to launch Pine 30 and I know these buses are still relatively new, but we are now kind of inheriting a depreciated asset to some degree and so I'm curious about what's the thought from the VRT board or administration about when the cities will be asked to provide additional funding for replacement, repairs, and how that's all contemplated in the funding request.

Hunt: Mr. Mayor, Council Member Cavener, that's a great question regarding capital and something that we are building into our -- our cost allocation model is sharing those costs among all of our funding partners. So, when the Route 30 was developed we worked with the City of Meridian to -- so, this is one area that we did invoice and we received the money and spend it on -- on those vehicles as -- as planned. If we are launching new service we -- we work with our funding partners to ensure that we have the sufficient rolling stock, the capital, and if it -- if it like puts us above where we were and we need a new service to do that service, we -- we work with the entities that are kind of pushing us in that direction. That's the way we have done it in the past to get that additional vehicle; right? We -- we are relatively new at putting the capital cost into the cost allocation model. Being able to do that over -- with the -- a longer time frame will allow us to share those costs more equitably with our funding partners, but you will see capital costs come to our funding partners according to the cost allocation model based on where service is being provided and what that -- what the cost of that capital is. I hope that answered your question a little bit.

Cavener: Mr. Mayor, maybe a follow-up.

Simison: Councilman Cavener.

Cavener: Thanks. So, Stephen, I guess kind of to that point, City of Meridian purchased the buses, helped fund part of the charging infrastructure. That stock -- by the time Pine 30 begins that stock will have been on the road for a little over a year and so I guess, one, what's the lifespan on one of those and what is VRT's approach to making sure that what the City Council appropriated for we receive over the -- over the timeline of that capital being in use?

Hunt: Mr. Mayor, Council Member Cavener, you are asking about the depreciated value of that particular asset and how do we make sure that the City of Meridian gets credit for for that. So -- and you asked a couple of questions in there. One is how long do the buses usually last and they are 12 to 15 years. Is the -- is the useful life benchmark of those vehicles. How long they actually last can depend a lot based on -- on how the -- the bus operates. But we don't currently have a mechanism kind of thought through in terms of capturing a depreciated amount. There is arguments I suppose on -- I guess we don't -- we don't have that. I could tell you more about how we have done capital in the past, but -- that's a good question, Council Member Cavener.

Cavener: And Stephen -- Mr. Mayor. Sorry. If I may ask --

Simison: Councilman Cavener.

Cavener: And, Stephen, that's not necessarily something that I think that I need an answer on today, but I guess I think that is something that I would hope staff and the -- and the board is exploring and I would hope would likely be included as part of a future presentation to us.

Hunt: Certainly.

Cavener: Thank you.

Simison: Maybe a follow up. Just -- has that bus been operating somewhere somehow during this time? It has not been operating is what we are -- I'm getting as a, no, it has not been operating. If that helps or doesn't help. I mean --

Badesheim: So, we purchased -- Mr. Mayor, we purchased -- we had a -- a contract for up to 12 vehicles and four of them we have taken delivery of and we are operating. The others partly because of the pandemic got delayed. So, some of those have just been arriving in the last six months or so. They are -- there is still some charging equipment that's being installed. So, a lot of this is still on guarantee and warranty and so the vehicles that we have in our possession have not all fully gone out to service yet, which is not unusual when you are starting a brand new technology and -- and bringing on that many vehicles. So, the -- the vehicles that we will -- and I believe will be using the 35 foot vehicles, which are the ones that we are taking delivery of and have been for the last few months, so as far as I know they -- the vehicles that will be operated in Meridian haven't actually officially put in service yet.

Simison: Maybe that helps answer that immediately, but maybe long term there would still be additional Information Councilman Cavener may want to hear from, so --

Hunt: Yeah. Mr. Mayor, I would add that it's true we pool all those capital resources together, so it's not like there is a Meridian bus that is the only Meridian bus and when it's expired we are going to come back and ask for another, you know, whatever to replace that Meridian bus. It's -- it becomes a shared resource. So, there will be new vehicles out here.

Simison: Council, any additional questions? Okay. Thank you for this information. This number is in your budget book that you will be receiving for your consideration through the budget process.

Hunt: Thank you.

16. Public Works: Two Percent (2%) Water and Sewer Utility Rate Increase Discussion

Simison: Thank you. Next item on the agenda is Item 16, Public Works two percent water and sewer utility rate increase discussion. Turn this over to Laurelei.

McVey: Thank you. All right. Good afternoon, Mayor and Council. Today I'm coming before you to give you some details related to our need for an adjustment to our water and sewer utility rates. So, I think before we start the conversation it's really important to note that we have not increased water-sewer rates since 2014 and today I will cover the various reasons that have driven the need for that increase. Meridian is in a really unique and enviable position of having no debt. This is in part due to our careful long-term financial planning of mayors, departments, and councils of both past and present. We all subscribe to the save before you spend philosophy and as such our rates have to be sufficient to cover those ongoing expenses, as well as funding our large capital projects.

So, we are proposing a two percent increase on the water and sewer base and usage rates. So, you will see there is other components of the utility bill that won't be impacted by this, but that two percent increase will result in about an estimated dollar 22 cent per month increase for our average customer in Meridian. So, a little bit of background on the city's Enterprise Fund. So, this is the fund that supports water and waste -- the water and wastewater utilities and has several revenue sources. So, the majority of the annual revenue comes from our water and sewer rates. You will see about a third of our revenue comes in the form of assessments. Those are also sometimes called hookup fees, which are paid when new development connects to the system and that's the buy in to their share of the systems capacity and replacement value. Expenses in the Enterprise Fund come in two primary forms. The first is funding our ongoing personnel, operating, and maintenance expenses and the second is funding our -- in the Enterprise Fund usually large one time capital projects that are needed to increase system capacity, improve customer service and/or meet state and federal regulation -- regulations and requirements. So, this is a -- our financial model of the Enterprise Fund. So, in order to maintain the stability of the Enterprise Fund and of utility rates we plan on a ten year horizon. So, we have a detailed financial model that looks at operating expenses, capital projects, and revenue based on projected growth rates and use rates to show us what we think our fund is anticipated to do over the ten year horizon. So, you will see our fund balance is dropping below the solvency point in or around 2028 and this is really due to a significant increase that we are seeing in the capital -- capital construction side. We have had to add close to 47 million dollars in additional expenses to our planned project portfolio. These costs are primarily for existing projects, not adding new projects. In the current market we are seeing bids come in between 20 and 50 percent higher than our engineer's estimates regularly. We are also seeing some increases on our operational side as related to chemical costs and electricity rates, just to name a few. However, they have a smaller impact on the fund balance than those large capital projects. So, a couple of things to note. As I already mentioned, we have not increased the water-sewer utility rates since 2014. In 2014 we implemented a ten year EPA fee to cover expensive capital cost based on new federal and state requirements that were put in place at our wastewater utility. That fee is set to sunset in 2024. That fee has been really successful in allowing us to collect the necessary revenue over the ten years to complete the required wastewater projects and remain debt free. You will also see the last time that we updated our assessment or hookup fees was in 2017. It should be noted that we are in the process of completing a cost of service study that will help us determine where those assessment fees should be set and we anticipate bringing back an increase in those fees later this summer. So, you will see this is our proposal that models increasing the rates by two percent and increasing the assessment fee by our estimates. So, it improves our solvency picture. You may wonder or want to know why our solve -- our picture still drops below in 2031 and why we are not asking for a larger increase today. We look at this financial model every year and it changes based on actual project costs, amount spent, revenues collected and so we -- this is the increase that we would propose this year, an update to the assessment fees, and, then, reevaluate again next year and -- and bring forward the picture again at next fiscal year. So, where we compare to others -- Meridian continues to have water and sewer rates that even with the two percent increase fall almost ten dollars per month below the valley wide average and over 25 dollars per month less than some of our neighboring cities. However, I did want to take a minute to talk about some of the low income assistance programs that are available to our customers for their utility bills. One of those is the Meridian CARES program. This program is funded by the city and administered by El Ada and customers who meet financial eligibility requirements can receive up to one hundred dollars per year to help pay for their water, sewer, and trash bills. There are additional community sponsored programs that are not part of the city that are also available. The Boise School District puts out a really good resource guide that outlines how you can get assistance with utility bills, among other types of assistance resources. So, our schedule for moving forward. We are publishing a notice of this proposed increase in the next two utility bills. We are also publishing it in the newspaper and we plan to hold a public hearing at the June 14th 6:00 p.m. regular Council meeting. If all of that moves forward and Council approves the two percent rate increase -- increase, we would look to implement that increase on June 15th. And just a couple of notes. Public Works is really proud of providing the critical and highly regulated services that we do to the Meridian community. Our services are essential. We don't ask for this rate increase lightly. However, the rising cost of doing business and funding our critical projects have driven the need for the adjustment. We really strive to keep our rates stable and affordable, while still providing premier water and wastewater services to the City of Meridian community and with that I'm happy to answer any questions that you might have about the proposed increase.

Simison: Thank you, Laurelei. Council, questions?

Bernt: Mr. Mayor?

Simison: Councilman Bernt.

Bernt: Not really a question, but more of a comment. You know, first off, I think that this is important. I -- I think that you are right that in the past it's -- you know, past council, past mayor, past directors and staff who have put Meridian in a -- in a position where we are -- you know, where we have what we have and without any debt. It's -- it's been the Meridian way for generations and, hopefully, we can keep it that way for as long as we can. So, I applaud you and those who came before you for a job -- job well done. I think -- on top of that I think it's really important that we let our residents know and I'm sure the Mayor's office will reach out to the community and let them know that this is happening and so that if there are folks who are -- who have concerns or questions that they can frequent the -- the public meeting that we will have next month. So, thank you so much.

Simison: And as was mentioned, this is going out in everyone's utility bills and will also be going out on NextDoor and social media.

Bernt: Good.

Strader: Mr. Mayor?

Simison: Council Woman Strader.

Strader: Thanks, Laurelei. Great presentation. You know, on the one hand I feel like eight years without an increase, that's fantastic execution of our fiscal philosophy. On the other hand, part of me thinks, wow, eight years without an increase, that kind of scares me, if I'm being honest. If we had more regular increases going forward over time what does that curve look like?

McVey: Mayor, Council Woman Strader, so it -- it would bring that insolvency point up. However, we try really hard to balance the need of collecting what we actually need and we have projected projects for and not over collecting for unknowns. So, we have -- we have tried to balance that and just collect for what we have needed.

Strader: Mr. Mayor?

Simison: Council Woman Strader.

Strader: Yeah. Absolutely. That makes a lot of sense. I -- you know, the one thing that gives me pause a little bit is just the mix in terms of our reliance on assessments compared to having a base that's completely supported by the existing residents, because as we build out, right, like 20 years down the line, as the whole city is filled out, I think we just want to reach an end state where the base of residents supports the utility and not reliance on new construction. I mean that happens. I guess if you could comment on that. Is that off base or is that something we should be thinking about?

McVey: Sure. Council Woman Strader, that's a great point. One of the things that will kind of offset, though, as assessments decrease our need to build additional infrastructure will also decrease and so you will see that kind of leveling where we will have less of the expensive capital projects and more just reliance on steady state operations if the city is not continuing to grow.

Strader: Mr. Mayor, one more.

Simison: Council Woman Strader.

Strader: One thing I would love is as we do these projects that we are considering with ARPA funding, the things that, you know, save us on operating costs going forward, like, you know, using our bio gas to generate electricity, for example, things like that. It would be great if we could keep track of those, you know, money saving projects that we are doing. I just think it's really great to show, you know, the resourcefulness of your department in terms of digging deep to save on operating costs as much as possible, because I feel like that is a part of the story. Thank you.

Simison: And if I could just add in here, you know, I -- I have shared -- expressed some of the same concerns from Council Woman Strader, that not taking an increase in eight years. I think when you are having a growing staff, growing issues, there probably should have been. I think that's what -- by doing the rate study is helping us chew up where we should be taking more ongoing costs compared to the practice that we have had where we have commingled the costs and this -- that will help us get to that point and we can continue to do that. But I do think the taking -- it's our hope that this -- where we are at is not -- the -- the increases that we are seeing this year compared to last year are not the future of increases moving forward. So, prudence and setting what we know we think we need, but being prepared for additional adjustments to what the market finally levels out at at that number, whatever that may be in the coming years. So, we understand this is step one of potential many, but what we think we truly need access to to move forward right now.

Hoaglun: Mr. Mayor?

Simison: Councilman Hoaglun.

Hoaglun: Yeah. I -- I -- I don't doubt the need to do this and so the if part is -- is an answer to me that, yes, we have to do it. It's -- it's -- it's necessary. We want to keep our -- our system operating and -- and being able to handle the growth, so if we increase assessments that helps on that end. The only -- the only question I keep mulling through and it would be interesting to get feedback from the public when you hold the public hearings is how we do that, because do we increase it two percent for 2023 in the coming fiscal year, but, then, in 2024 the EPA fee sunsets, which is a three -- three and a half, three and three quarter percent and all of a sudden our rates go down and, then, it's back to increasing again. So, do we hold off a year and, then, take that -- take that EPA fee, absorb that, because they are already paying it, continue that and -- and I want to make sure people understand that reason why and, then, implement a series of what changes need to be made moving forward. So, it's just a matter of how it's done is kind of -- I'm not settled in my mind yet, but your -- your comment on that I would -- I would certainly welcome.

McVey: So -- Councilman Hoaglun, so we did run that analysis. So, the EPA fee is set to sunset in 2024 is $3.75. If we did nothing and waited until 2024 and replaced that EPA fee, it would be approximately a 6.6 percent rate increase at that time.

Simison: Council, any additional questions at this time?

Cavener: Mr. Mayor?

Simison: Councilman Cavener.

Cavener: Thanks, Mr. Mayor. Laurelei, I appreciate the presentation. Appreciate your work and kind of sharing kind of where things are headed with the Council. Similar to Council Member Hoaglun's question, I guess maybe that may just be a suggestion, is I think it's important that we share what staff is recommending, but perhaps also provide the public for feedback on some of the other proposals. I know that you guys as -- as a department have contemplated. I -- I kind am somewhere where Council Member Hoaglun was is just letting the EPA sunset -- EPA sunset and have that replaced with -- with the -- with the increase. But, obviously, want to hear back from -- from the public sand, then, perhaps a suggestion. Laurelei, it sounds like that you and your team are reviewing rates and kind of where things need to be on an annual basis and I think you have heard good feedback from the Mayor and some of the Council Members about maybe eight years was too long and -- and I think having you come back to us on an annual basis, even if the recommendation is we don't anticipate needing to change the rates this year, I think that's beneficial for the Council for us to hear that on a -- on a -- on a -- I guess a reoccurring basis. Sometimes perhaps maybe before our budget hearing, so that we are all on the same page and we can contemplate that when we go into our budget hearings. And, then, just my -- my only question was about on Meridian CARES and I don't expect you to know this off the top of your head, but bonus points if you do. Do we know about on average how much we spend through that program for people who are in need?

McVey: So, Councilman Cavener, I believe -- and this is a rough estimate, but I believe last year was about 13,000 -- in the ballpark 13,000 dollars.

Simison: Great. Thank you, Laurelei. I appreciate that update.

Perreault: Mr. Mayor?

Simison: Council Woman Perreault.

Perreault: I just wanted to say that I appreciate Councilman Cavener's comments and I agree with him that a yearly review would be great, specifically because the estimated 46 million increase in costs are -- there is several of those projects that are three plus years long and so we don't know if we are going to -- it's going to be 55 million next year when -- you know, as all of this plays out and so at least specifically during this time when construction costs, chemical costs are so volatile, the annual review I think is really necessary, so --

Simison: And maybe just add to that, I think based on the -- the way we are approaching this an annual review will be necessary, you know, unless there is a dramatic change in -- in the industry you will need to come back every year.

McVey: The other thing that can change our Enterprise Fund budget dramatically is changing regulations. So, that would be the other thing that could come in that we would have to, you know, do different projects or bring forward planned projects, which could change that picture as well.

Simison: Thank you, Laurelei.

Hoaglun: Mr. Mayor?

Simison: Councilman Hoaglun.

Hoaglun: I move that we adjourn our work session.

Bernt: Second the motion.

Simison: I have a motion to adjourn. All in favor signify by saying aye. Opposed nay? The ayes have it and we are adjourned.

MOTION CARRIED: FIVE AYES. ONE ABSENT.

MEETING ADJOURNED AT 5:47 P.M.

(AUDIO RECORDING ON FILE OF THESE PROCEEDINGS)

___________________________________ ______/______/______
MAYOR ROBERT E. SIMISON DATE APPROVED

ATTEST:

____
CHRIS JOHNSON - CITY CLERK