A Meeting of the Meridian City Council was called to order at 4:30 p.m., Tuesday, June 7, 2022, by Mayor Robert Simison.

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

Members Absent: Joe Borton.

Also present: Chris Johnson, Ted Baird, Caleb Hood, Laurelei McVey, Tracy Basterrechea, Kris Blume 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, June 7th, 2022, at 4:30 p.m. We will begin this afternoon's work session with roll call attendance.

ADOPTION OF AGENDA

Simison: Next item up is the adoption of the agenda.

Hoaglun: Mr. Mayor?

Simison: Councilman Hoaglun.

Hoaglun: There are no changes for our agenda this evening, so I move approval of the agenda as published.

Bernt: Second.

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

MOTION CARRIED: FIVE AYES. ONE ABSENT.

CONSENT AGENDA [Action Item]

1. **Approve Minutes of the May 18, 2022 City Council Work Session**

2. **Approve Minutes of the May 18, 2022 City Council Regular Meeting**

3. **Approve Minutes of the May 24, 2022 City Council Work Session**

4. **Approve Minutes of the May 24, 2022 City Council Regular Meeting**

5. **Graycliff Estates Subdivision No. 2 Pedestrian Pathway Easement**

6. **The Landing Subdivision No. 13 Water Main Easement**

7. **Final Order for Aviator Spring Subdivision (FP-2022-0013) by The Land Group, Inc., Located at 3235 N. McDermott Rd.**

8. **Final Order for Jump Creek Subdivision No. 6 (FP-2022-0004) by Kent Brown Planning Services, Located One Half Mile North of the Northwest Corner of N. Blackcat Rd. and W. McMillan Rd.**

9. **Findings of Fact, Conclusions of Law for McCrea Meadow (SHP-2021-0006) by Russell McCrea, Located at 1028 NE 3rd St.**

10. **Findings of Fact, Conclusions of Law for Pavilion at Windsong (H-2021-0102) by Kent Brown, Located at the Northwest Corner of W. Ustick Rd. and N. Linder Rd.**

11. **Findings of Fact, Conclusions of Law for Records Apartments Council Review (CR2022-0004) by Brighton Development, Inc., Located at the northeast corner of N. Records Way and E. Fairview Ave.**

12. **Findings of Fact, Conclusions of Law for Timberline North (Timberline Sub. No. 2) (H-2022-0024) by Riley Planning Services, LLC, Located at 655 and 735 W. Victory Rd.**

13. **Agreement for Construction and Joint Use of Pickleball Facility at Kleiner Park Between BVBC Cadence Village, LLC and the City of Meridian**

14. **Memorandum of Agreement Between the City of Meridian and Meridian Dairy & Stock Shows, Inc. for Meridian Dairy Days**

15. **Equipment Purchase Agreement with Kurita American for Well 26 Filter Equipment for the Not-To-Exceed Amount of $953,566.00**

16. **Payment Processing Agreement Between CSG Forte Payments, Inc. and the City of Meridian**

17. Resolution 22-2330: A Resolution of The City Council of The City Of Meridian Setting Forth Findings and Purposes to Declare Surplus Property and Authorizing the Meridian Parks & Recreation Director to Donate Used Playground Equipment to Food For The Poor, Inc.

Simison: Next item up is the Consent Agenda.

Hoaglun: Mr. Mayor, we didn't -- Mr. Mayor -- yes, we don't have any items moved from the Consent Agenda, so I move approval of the Consent Agenda and for the Mayor to sign and Clerk to attest.

Cavener: Second.

Bernt: Second.

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.

MOTION CARRIED: FIVE AYES. ONE ABSENT.

ITEMS MOVED FROM THE CONSENT AGENDA [Action Item]

Simison: There were no items moved from the Consent Agenda.

DEPARTMENT / COMMISSION REPORTS [Action Item]

18. Public Works Week Proclamation

Simison: So, we will go into Department/Commissioner Reports. First up is Public Works Week Proclamation. So, Laurelei, you want to join at the podium?

McVey: So, yeah, we are really excited to be -- being able to bring back Public Works Week. We had a two year hiatus and so this is our 12th annual Public Works Week. So, this year we are bringing back the Expo event. So, if you haven't been to the Expo it is tomorrow night from 4:00 to 7:00 right outside in the City Hall Plaza. It's free and family friendly. If you have little kids they can drive big heavy equipment. There is crafts. There is prizes. But mostly, you know, the thing that gives me the most pride is being able to showcase our employees who provide essential services every day. So, there is very few things that people do that touch every single resident every single day of the year and our employees do that through their water and wastewater services. So, it's really fun to get to showcase that and highlight that. So, we are really excited to have that event tomorrow night and I believe the Mayor is going to issue a proclamation.

Simison: Let's go ahead and do it this way if that works. So, whereas, the City of Meridian residents have peace of mind with every faucet turned on, shower taken, and toilet flushed, thanks to the professional employees of the Meridian Public Works team and whereas each unseen essential worker, engineer, inspector, operator, technician is committed to protecting our health, safety, environment and quality of life through the supply and distribution of clean, safe water, efficient collection and treatment of wastewater and management of solid waste and whereas the dedicated Public Works staff and partners design, maintain, and sustain the quality of these critical services and important infrastructure, recognizing their ability to do so is dependent upon having the support of informed citizens and whereas the Meridian Public Works Department educates the community about the work they do, both in person, through their daily work and virtually through informative and engaging public outreach and whereas Ready and Resilient is a theme for the 2022 National Public Works Week and it represents the often unseen, steadfast and heroic efforts put forth by the public works professionals across north America. Therefore, I, Mayor Robert Simison, proclaim June 5th through 11th, 2022, to be Meridian Public Works Week in the City of Meridian and call upon the citizens and civic organizations to acquaint themselves with the vast and complex efforts involved in providing our public works services and to recognize the substantial contributions the Public Works employees make every day to our health, safety, comfort and quality of life. So, congratulations and we are excited to bring this back to the city. And for any member of Council who may be coming tomorrow, the front parking lot will be closed, so you will need to find other parking accommodations for the day, so -- thank you, Laurelei. Congratulations and good luck to your team.

19. Wood Rose Apartments: Potential Housing Partnership

Simison: Next item up is Item 19, Wood Rose Apartments potential housing partnership. I will turn this over to Mr. Hood.

Hood: Thank you, Mr. Mayor, Members of the Council. Just a quick introduction and reminder about the Wood Rose Apartment project. Erin Anderson with The Housing Company is here this afternoon. She would like to address you about a potential partnership opportunity -- that multi-family project. Received approval earlier this year. There are 52 affordable units in that project. The project is located at 1160 West Ustick Road. So, it's just west of Venable Lane on the north side of Ustick towards Linder. Not quite at the mid mile mark there. So, just with that brief -- very brief refresher of the project, I will turn the rest of the time over to Ms. Anderson.

Anderson: Good afternoon. My name is Erin Anderson. I live at 2238 North Aster Way in Meridian and I'm here with The Housing Company to talk about Wood Rose Apartments. We have a proposal before you for city participation -- financial participation in our proposed project and I don't know if we have the PowerPoint up. Okay. Got you. Okay. Touch screen. Fancy. All right. So, many of you may be familiar with The Housing Company since our last meeting, but for those who aren't, The Housing Company is a nonprofit organized in 1990 with a mission to address the concern of inadequate supply of affordable housing throughout Idaho. We have developed more than 800 units and 2,000 affordable rental communities throughout the state. We own our properties in the long term and take pride in building an asset for the community. We have some developments that are nearby. Moon Valley Apartments in Star. Nampa duplexes. Hazel Park in Caldwell and we are just wrapping up construction on Canyon Terrace and moving the first people in in Nampa and Sunset Landing in Caldwell is scheduled to have the first people move in in August. So, we have a lot going on nearby and we are really excited to -- to talk with you about the opportunity here in Meridian. Oh. Well, that was lively. We are awake now. Okay. So, this next slide -- we are going to just start out with a little bit of context and, then, kind of dig into the proposal a little bit more. This first slide is a breakdown of area median incomes and the reason this is kind of starting out the conversation is because we are going to talk about income limits a lot and usually the first question I get is what do you mean by income limits. In this case there is an annual income limit that's published by HUD. They just released the 2022 information and most of -- of the affordable housing developed and the majority of the units we are proposing tonight at Wood Rose Apartments would fall under the 60 percent of area median income for a four person household, which is 50,520 and, then, there is a sliding scale based on household size. So, if -- if somebody had five people, then, that limit goes up. There are a lot of economic reasons to invest in affordable housing, but one of the big reasons is there have been studies completed that have demonstrated that there is a loss of money in your community due to housing cost burden. So, if somebody is overstretched and they are paying too much for rent, they are not able to spend that money in your community on other goods and services. Another reason -- economic reason to invest in affordable housing has to do with local businesses not being able to stay open because their employees cannot afford housing and we are seeing a lot of news, recently especially about restaurants, but other small businesses that are really struggling to really keep the employee base that they need. This next chart just describes kind of who lives in affordable housing. You may be surprised to see there is a large percentage of people -- 34 percent in the labor force. It's not -- it's -- there is a lot of working individuals in low income housing and the majority of the cost burdened folks are at 50 percent of the area median income and lower, which is why most of the programs we work with serve 60 percent AMI and lower. I don't why I can't advance this sometimes. Okay. I can't seem to get this slide to advance. All right. So, next we have an example of a few different resident -- potential resident profiles just to kind of put a little bit of context to residents that live in our communities. We have single people, families with single parents and children, you know, that are really struggling to make ends meet without some sort of affordable housing. In this case the bottom line here is showing the rents that we are proposing, which is the rent paid by the resident ranging from 895 dollars for that single person to 1,200 dollars for a four person household and those are -- those are rents that are below market and below the 60 percent AMI we talked about earlier. This is the site plan just as a refresher. We have our nine buildings, one clubhouse, eight residential buildings and internal circulation. We are connecting pedestrian pathways along Ustick, as well as to the 11th Street connection and really creating a -- as walkable of a community as we can for access to Settlers Park next door or nearby. These are some images of the Moon Valley Apartments, which is the design we are using here. And go to the next one. We did a market study very recently. It's hot off the press, which is exciting, and that market study chose an effective market area with Chinden to the north, Highway 55 to the east, Victory Road to the south and McDermott Road to the west. What the study found is a 2.2 percent vacancy in market rate units. So, those are not federally subsidized units. And a zero percent vacancy in subsidized units, of which there were only 50 units identified in the market area. The market research also looks at a capture rate. So, that's able to identify that they -- there are 2,938 income appropriate households for the proposed project in the effective market area that would qualify for Wood Rose Apartments, which is a capture rate of only 1.5 percent, which is considered very strong. Next I'm just going to talk a little bit about low income house tax credits and I think because it's the -- the largest source of funds that we have to utilize, I know that there -- the IHFA came out and -- and talked to you a little bit before, but I don't know if they answered all the questions. The low income housing tax credit allocation plan is called a qualified allocation plan. The plan sets forth the criteria which will be used to determine how developments will qualify for the credit. It provides mandatory and threshold requirements, including a competitive scoring criteria, set asides, allocation timelines and further protocol and requirements. Preferences are given to developments that serve the lowest income. Tenants agree to remain in the program for the longest period of time and are located in a qualified census tract. The City of Meridian does not have any qualified census tracts, so that is one thing that we are not able to meet with this project. The next two slides I will leave for your reference, but it breaks down the selection criteria in detail. But I would like to hone in on the points for local leverage, since we are talking about financial contributions. In listening to the IHFA presentation made a few weeks ago, I noticed that the example projects that they brought up were from several years ago. They are not a current representation of the funding challenges and the increased gap in funding that we are facing. There have been changes to the state's qualified allocation plan, which raised the bar in terms of how much local contributions are needed in -- in order to generate the maximum number of points needed for an application of fund -- for funding. That scoring criteria a couple years ago was that 2.5 percent of total development cost and it's currently a sliding scale, where you can generate two points for two percent contribution of total development costs and it goes all the way up to ten percent of total development cost. So, what this means for our competition -- the competition being very great. There are probably three out of five applications get selected if -- if -- maybe even less than that. So, what this means is that the bar has definitely been raised in terms of what the Idaho qualified allocation plan is looking for in terms of local leverage and I think part of the reason they did this was because a lot of applications were getting the same scores and they are trying to differentiate between projects so that they can really choose the ones that have the best leverage sources to match the tax credits. This next slide is really more for your reference, but it's a table illustrating the proposed rents, which are primarily at that 60 percent AMI. Just quickly there is 20 units, for example -- two bedroom units at 1,070 dollars and that includes a utility allowance. So, we pay for -- as landlord we pay for water, sewer, trash and, then, residents pay for electric and gas and the electric and gas utility allowance is a determined amount based on the average usage and that -- that's taken into account every year to keep their rent affordable. The next slide is also more for your reference, but it illustrates the operating expenses and a ten year pro forma of cash flow and I guess the one big thing to point out is that our early years are nearly at a break even operation once we account for debt service. That brings us to, all right, what are we going to be spending all the -- the funding on and I give a breakdown. We have a full breakdown here, but we are right around 200,000 dollars a unit for construction and 300,000 total development cost and one of the costs that's included in there is a building permit fee and impact fee of 595,000 dollars, which I think is possibly a little bit on the low end. Some preliminary feedback from the city is indicating that this fee was generated based on all 52 units and I have to break it out by building. So, I think it's going to go up a little bit. I think it's going to be at least 595,000. So, in April I understand that -- and listened in on the recording of a presentation made by city staff in the -- in a Council work session where one of the strategies presented was a matrix of ideas for addressing housing needs and one of the ideas was reduction of impact fees for -- for housing developments. So, the biggest source of funds being the tax credit. This is a little flow chart that shows you how it works, but the -- the gist of it is that it's -- it's this idea of bringing public -- public-private partnerships together, because there is a private investor that purchases those credits. And, then, I also included some information for just education on how to calculate the amount of the tax credits if you are interested, which brings us to our sources. So, this project we are planning on applying for nine percent tax credits and the reason there is -- there are two different types of tax credits. There are the nine percent and the four percent. The nine percent are the competitive ones that I have been talking about. The four percent are noncompetitive. But, unfortunately, they don't work for this project for a couple of reasons. One is that this project is a little bit too small. There is sort of an economy of scale when it comes to the four percent projects. Second, we are not in a qualified census track. The qualified census track provides a 30 percent boost in the equity essentially and without that we just end up with a gap that's even larger. This slide illustrates that the gap is over a million dollars greater with the four percent bond scenario, even with trying -- even with going for the state's workforce housing trust fund, American Recovery Act's 50 million dollars application round that's coming up even if we apply for 2,600,000, which is 50,000 dollars a unit out of that fund. We still end up with a gap that's a million dollars larger than the nine percent and the reason I bring this up is because I -- I feel like you may be wondering why -- why are -- why aren't we pursuing that workforce housing tax credit. And that brings us to our ask. We are requesting the 1,350,000 dollars that's shown on this source of funds here from a number of possible combined sources. One option would be a grant from the Meridian General Fund. Our understanding is that the city is not currently set up -- and correct me if I'm wrong on this -- to provide lending to projects and there is some detail in this presentation about how it would need to be structured for tax reasons. It would need to be granted in a certain order to really make sure that the grant is utilized to its maximum ability. The second option would be to combine -- to provide a combination of reduced impact fees and a grant from the General Fund, you know, and if -- if -- if those fees end up being 595,000, that would be 595,000 of fees, plus the 755,000 dollar grant. And just to go back to the sources a little bit more so you can see, we have maximized a conventional first loan -- permanent loan source of 4,600,000 dollars. So, that's the most we can support in debt service. The home loan of 1,099,000 is fully amortizing at one percent over 35 years. We are also putting some of our own fee of 251,000 dollars in and, then, the -- the largest source is the tax credit equity of 8,700,000, which leaves us with the gap of 1,350,000. So, that's how we arrived at that amount. As you know, we have been through the zoning and annexation process, with the exception of recording the development agreement. We plan on applying for the conditional use permit and the certificate of zoning appropriateness by September, submitting the application for the tax credits to IHFA by August of this year and they make award announcements in November, which would allow us to, then, work on our building permit application in the meantime, work on the plans and specs and start construction next spring. That's the overall timeline that we are targeting. And with that I did a lot of talking and I welcome your questions.

Simison: Thank you, Erin. Council, any questions?

Perreault: Mr. Mayor?

Simison: Council Woman Perreault.

Perreault: First I want to say thank you, Erin, for coming and sharing this with us. This is a -- a good third meeting to have educating us on how some of these things work. I imagine that we will be needing to educate ourselves much more so in the coming years as we have further discussions about housing affordability in our community. I just wanted to clarify. We -- and -- and I want to share that Erin sat down with me and went through this presentation with me, because I had a lot of very specific questions and -- and thank you very much for doing that. But it's my understanding that the numbers that we get from HUD on income limits are not fresh, that they are collected from data that's a year and a half old or two years old. Can you share more about that and what does that mean for that almost 3,000 households in Meridian that qualify? Are we at 4,000 now? You know. And -- and the fact that there is only 50 currently. Can you kind of give us an understanding of how many do other cities have in relationship to potentially 3,500, 4,000 thousand households that need it? Are we way behind the curve?

Anderson: I think many communities, you know, throughout the Treasure Valley are very behind the curve. It's just -- especially just considering what's gone on in the last few years. I think that there is definitely a frustration with the data. You know, census data lags behind the information that they gather when they look at these incomes is -- is -- tends to be a year and a half to two years old and it is frustrating, because there definitely would be more people in need of affordable housing than what's reported in the market study. So, the market study is really a conservative -- very conservative estimate and there have been some things proposed and some things even enacted in legislature to try to expand the definition of affordable housing to meet up to 80 percent AMI, for example, instead of 60 percent, but it's proven to be very challenging to implement. There is also that missing middle -- up to 120 percent AMI that the Workforce Housing Trust Fund is hoping to also solve. There is 50 million dollars that the state's planning on allocating towards that problem and, again, this particular project, as I mentioned, is -- just doesn't quite fit the mark for that type of project due to the size and the -- the location. So, it just isn't the right opportunity for the -- for that source where we could go maybe a little higher with the income limits. But the sad thing with that is that's only a one time shot, too. I mean those are recovery act dollars or a one -- one time go and, then, after that, unfortunately, we are kind of back to these limitations of the program. There are people lobbying to basically provide comments to HUD on how those income limits are established and I guess there is some flexibility where perhaps your community could really take a deeper dive and look at your local -- your local needs and pushback and submit like basically comments back to HUD to say this isn't right. So that might be worth looking into.

Strader: Mr. Mayor?

Simison: Council Woman Strader.

Strader: Thanks, Erin. I have a couple questions. One -- one thing that's really hard for me to wrap my head around -- so, you know, with a full contribution it looks like the city would be spending about 25,000 per unit. Is that a good number for a city to spend? Like I'm having a hard time evaluating that, because we don't have an affordable housing program in place today. There is not a competitive process where we are looking at multiple projects. Is there a benchmark that other cities have used in terms of projects? I know when the IHFA folks came the answer was any contribution is helpful. Now I'm worried that the answer is kind of like, no, there is a bar that needs to be met to move forward and I guess I just want to understand it. Is that -- this is a small project. There is an ocean of need --

Anderson: Right.

Strader: How does that matrix look?

Anderson: It's twofold. I mean there is -- there is not only the concern of the competitiveness on the nine percent credits that we mentioned and the local contribution threshold bar being raised, but, then, there is just the reality that in the last two years costs have risen so exponentially that the examples that IHFA gave were very stale. So, you know, if -- if I felt like there was a way we could maybe get -- be competitive in the application with less funds that would be one thing, but we also just have this gap we are trying to solve for as well. So, I think two years ago costs were probably 50 percent less. It's just been insane.

Strader: Mr. Mayor?

Simison: Council Woman Strader.

Strader: Yeah. I mean I -- just to sort of reflect back what you are saying, I -- I totally see that in the market. I guess it's a -- it's a real challenge, though. You know, at some point we hope the market will cool down and with interest rates going up, you know, maybe costs will go down for a time or at least not escalate as quickly. I guess a -- I'm having a little bit of a hard time with the request, just because we don't have an overarching plan of how we want to tackle this big topic. But you are the one that's in front of us. You are that opportunity that's in front of us. I guess I -- I just had two smaller questions. One was a question about is there any reason that the city couldn't use ARPA funding as part of our contribution? And, then, my other question was just to confirm the -- you know, if -- if -- if we were -- and I know our Finance Department doesn't like that, but if we were to say specifically for affordable housing only, that we would structure, basically, forgivable loans that we intend to use as grants. Does that mean that the city's needed contribution is actually 60 percent of the 755,000? So, that's 453,000 in your mind? Is that how that would work? Thank you.

Anderson: You -- you lost me.

Strader: Mr. Mayor. I apologize.

Anderson: Sorry.

Strader: Yeah. No. I -- it was two things. Number one was could we use ARPA funding?

Anderson: Yes. If the Council is willing to consider that and if it's an eligible use, then, absolutely.

Strader: Okay. Thank you. And, then, my second question was you -- I understand for tax reasons you prefer these to be structured as loans. The gap in your funding is 1.35 million. Maybe -- I don't know if it's possible to waive the permitting fees and impact fees, but I'm coming up with a General Fund request of 755,000. That's the delta. I was just curious if -- if we are saying that taxes eat up 40 percent of that, if we were to find a way to structure it as a forgivable loan, would the request be as low as 453,000, then, if it could be structured that way?

Anderson: It would go the other direction. So, this is already assuming not being taxed on that. So, it would --

Strader: I thought it was the opposite.

Anderson: Yeah.

Strader: Okay.

Anderson: Yeah. It would increase.

Strader: That makes sense. Thank you.

Perreault: Mr. Mayor?

Simison: Council Woman Perreault.

Perreault: If Caleb would be willing, can he comment on the -- are there permits and fees that cannot be waived? How does that process work on our side? It's not a conversation we have had frequently. So, educate us on that if you would.

Hood: Mr. Mayor, Council Woman Perreault, so there are -- in the ordinance I know that there are some impact fees for affordable housing projects that are eligible for waivers of the impact fees. I also know there was a meeting this afternoon and we are looking into some of the other things in the spreadsheet that, yeah, we are researching those and would bring those back to you to see what the process would be to waive a fee or offset those fees or reduce those fees. Historically the City Council has granted some fee waivers in certain circumstances, but the circumstances are different than this one, so they are trying to understand what -- what the criteria are and, then, could potentially bring that back to you if you are interested.

Baird: Mr. Mayor, if I could add to that briefly?

Simison: Mr. Baird.

Baird: Traditionally when permit fees have been waived the city only waives the city's soft cost fees. We do have some hard costs that we are paying out to consultants who are doing certain inspections. That changes each time, so we have to go through an analysis. And, then, with regard to impact fees, as Caleb pointed out there is an exception to potentially waive impact fees for low income housing. However, there is a requirement for any waiver of impact fees for any purpose, the City Council needs to identify a funding source to make up the impact fee fund. So, unless there is another pot of money out there an impact fee waiver is akin to another General Fund draw.

Hoaglun: Mr. Mayor?

Simison: Councilman Hoaglun.

Hoaglun: I appreciate the information, Erin. I -- I have a question. We are not going to, of course, make a decision tonight, but as we go into the budgeting process here later in June that -- that's helpful to have this in front of us and know what the request is. My question is related to your application before IHFA. They have a deadline of August 5th. If -- that's capital -- if the city were to do something and our budget year starts, you know, in October 1st, having a letter in your packet for application, does that suffice for any action the city might take to help out?

Anderson: Yes. A letter indicating some sort of soft commitment -- you know, it can even be conditional -- would -- should suffice.

Simison: So, Erin, a question. I know you didn't come up with the rules for the Idaho Workforce Housing Trust Fund. Do you have any insight as to why they only apply that to the four percent? Because, obviously, with the gap that you are seeing at one point -- you know, Idaho Workforce Housing asked for twice as much compared if you got half we wouldn't be having this conversation per se. Any idea --

Anderson: Right. Yeah. Part of it is that historically nine percent tax credit projects have been able to stand without much of a gap, because the tax credit equity generated was so -- is -- was sufficient. But, unfortunately, as you can see now that's not what we are experiencing. So, I think there is this idea that nine percent tax credit applications don't need it and -- and the fact that nine percent tax credit applications might have some of the lower, you know, 60 percent and -- and lower, maybe some 40, 50 percent area median income units, whereas workforce housing they really wanted to try to work in some of the units that are up to 120 percent AMI and those four percent bond deals conceivably could be more likely to work some of that in -- some of those higher income units.

Simison: Do you happen to know who made the determinations on the Workforce Housing Trust Fund requirements? Was that the governor or was at the --

Anderson: They keep -- they keep pushing the -- the date back for when they are going to release the guidance. Today I heard it will be another three weeks.

Simison: So, if they were eligible for the nine percent -- any reason why they couldn't be eligible for the nine percent if they so chose to write the rules that way?

Anderson: It could be. It could be. I think it's just -- it's -- it comes down to that question as to what they are really trying to -- to target.

Simison: Since these have limited time frame use of funds that they want to get them into the system as soon as they can, you think you would want to target them towards projects moving forward, not others, but that's -- we will -- we will take that conversation up with maybe the governor's office.

Anderson: Yeah.

Simison: Okay. Council, additional questions at this time? Okay. Thank you, Erin. Appreciate it.

Anderson: Thank you. Let me know if you have any other questions.

Simison: Will do. And we will be in touch.

Perreault: Mr. Mayor?

Simison: Council Woman Perreault.

Perreault: Since these are not requests that we have frequently, how does it work with the time frame to get back to -- back to them on our response? Do we set a time now or do we just work that, you know, in the coming weeks until we have all the information we feel like we need and, then, come back or how does that work?

Simison: I would say with the latter. We will -- some additional information was probably needed, as well as we move into the budget conversations, but there is also going to be a conversation about ARPA in the coming weeks. So, I think there is several pieces between the regular budget, ARPA, and additional information that will -- in the next two to three weeks you should have some general guidance I think on what direction Council may or may not want to go with the funds that are out there. Also I think there is merit to see what the actual Idaho Housing Trust Fund requirements are going to be. If they for any reason move this to the nine percent to make it eligible, that's a completely different conversation in my opinion, so -- but we will be -- you can count on your Council President to bird dog this issue moving forward.

Perreault: Mr. Mayor, may I ask one more question?

Simison: Council Woman Perreault.

Perreault: Erin, so if it does become eligible under the workforce housing project, is it -- I mean the fact that this is 30 and 60 percent AMI and not 80 to 120 percent, even -- even if the nine percent tax credit is allowable, is it still going to restrict you from pursuing those funds?

Anderson: I'm sorry, can you say it one more time.

Perreault: So, the -- the work -- the workforce housing funds that the state has -- has distributed, if I understand correctly we have discussed two potential criteria. One is 80 to 120 percent AMI is what they are focusing on. The second is that the nine percent tax credit can't be used in conjunction. If -- if we -- if the state determines that the nine percent tax credit can be used in conjunction, but they still want to focus on that 80 to 120 percent AMI, does that exclude you, then, from applying for those funds?

Anderson: As I currently understand it, it's incredibly likely we will be -- we would be excluded for applying for the Workforce Housing Trust Fund, ARPA funding as a nine percent application. Yeah. And I -- I think it's highly unlikely they are going to change their mind on that. And just to clarify. So, the -- the state statute does say 60 to 120 percent. I said 80 to 120, because the other programs I have been talking about already meet the 60. So, they -- in other words, they are just trying to get -- reach beyond what some of these other federal programs already do.

Simison: All right. Thank you very much.

Anderson: Thank you.

20. Police Department: Idaho Humane Society Contract Updates

Simison: So, next item up is Item 20, which will be Police Department Idaho Humane Society contract updates. Captain Colaianni, turn this over to you for now.

Colaianni: Thank you, Mr. Mayor and Council Members. I will be brief. To kind of bring us back to -- to center, last year the Idaho Humane Society and the Police Department contract weren't in sync with the timing of the budget and it came in late and we -- me -- I got in front of Council last year and assured you that wouldn't happen again. We put in some side boards working with Finance to make sure we have some contract benchmarks that we hit, so we can have a lot of your questions answered, at least give you a presentation of where we are at with the contract. So, tonight we have Tiffany here from the Idaho Humane Society, Leann, and Dr. Rosenthal. Tiffany has been working very closely at -- with the Police Department at Mr. Cavener's request and we have been working with them, in communication with them almost monthly. Vicious dogs, expectations, response times, that was something that Council asked. Council Woman Strader, you had asked about impound fees. Emily Kane is here tonight to talk about those. Dr. Rosenthal is here to speak and, then, Leann handles the contract end of this and she is working with Emily on fees and contracts. So, I'm going to turn it over to them to do their presentation and you can ask questions and, then, if you have anything else I will come back up at the end. Thank you.

Simison: Thank you. Doctor, welcome.

Rosenthal: Mr. Mayor, Members of the Council, thank you. I'm Jeff Rosenthal, CEO of the Idaho Humane Society, and I have been in that role for 21 years now and really just here to make a few introductory comments for the contract. Most of that job just got taken away from me. But -- and, then, we will have Leann and -- and -- and Tiffany come up and talk about the matrix and performance measures and some narratives around the actual field work that occurs in the City of Meridian and, then, Leann will cover the -- the high points of the FY-23 contract request. The animal control program consists of a field enforcement team and a fully staffed animal shelter facility and since 2013 Meridian has outsourced those functions to the Idaho Humane Society. For the unincorporated Ada county and Boise city, that relationship for shelter services goes back to the 1940s and for field enforcement goes back to the 1970s. Currently communities in Ada county provide these animal control related services through a cost sharing agreement with the Idaho Humane Society and so we allocate the animal control related services separate from the rest of our activities and, then, that animal control budget is allocated amongst the various contracting municipalities and the county based on these matrix reflecting usage and respective populations of each community. It's similar to what you see in a lot of community agreements around the country. Some of them purely governmental and the methodology has been kicked around between the municipalities for numerous years and -- and this is what we have arrived on over time. Generally the major trends and cost drivers are factors that you are very well aware of and probably discuss at every single Council meeting and its growth and we have more people and more animals in our community than ever before and in the past the kind of growth that we have experienced would have resulted in overwhelming numbers of animals continuing to enter our shelter facility, but the good news is that today, because of the folks that live in this community embracing spay and neuter and generally responsible pet ownership, we don't see those increases in shelter intakes and have been pretty stable over the years despite that growth and thanks to that this county has been termed a no-kill community for years now and the live release rate for dogs in the past fiscal year was 93 percent and cats 94 percent and that's terrific and it engenders a lot of support from the community for my organization and also for the animal control program and -- and yourselves. That growth in the community for field enforcement is a bit of a different matter, because more people and more animals living in increasingly congested spaces does mean more conflicts and incidents. So -- so Tiffany will kind of expand on those experiences and those trends. Of course, the other factor is also something you are all very well aware of and that's inflation. Inflation of goods, services, drugs, fuel and substantial wage inflation and worker shortages that we have seen in the last couple years and you see that reflected in our budget as well. And, then, finally, before Tiffany comes up, I just want to point out that IHS embraces an animal control version of contemporary community policing and its enforcement role and we emphasize providing resources, engagement, and mediation as the preferred means of getting compliance over citation and empowerment. Especially since many of the problems we encounter in this community and throughout Ada county do have a socioeconomic component and we are very well positioned to provide those resources because of our veterinary services department, behavioral and training services, and pet food pantry and other programs, which are not contract funded, but come from the philanthropy end of our -- of our programming. And, then, additionally, I just want to let you know that within our organization and nationally animal services recognizes diversity, equity, and inclusion as a priority issue, both internally and in the manner in which our outward facing programs and staff conduct themselves and -- and this is something that our entire industry is taking very seriously in the last few years and in the past year, in addition to the required field training program, we provide officers. We also include mandatory training on inclusivity, recognizing and avoiding bias, antidiscrimination training and it's especially important as we encounter and work with the marginalized citizens and groups that also are pet owners in our community. So, with that I will remain available for any questions and I will have our Director of Animal Services Tiffany Shields come up and speak to the numbers.

Shields: Good evening, Mr. Mayor, Council Members. I hope I know how to move this to the next slide. But I wanted to say, first, on what he talked about about our training, one of the things I wanted to let you know is we are actually -- our officers have been attending training with the Meridian PD officers and code enforcement. So, some of those classes that we are getting are right alongside with them. So, our officers hold the same values as them and have similar training to them also. And he already mentioned, but we use community policing policy of education first and providing support over punishment to help interrupt the cycle of not providing care for animals and we have worked really hard building those relationships. So, let's see if I can. We can skip all of these; right? All right. So, you guys have our stats on here. I have been providing stats monthly. I do send those to the city clerk. I also have been sending them to the captains. So, you can actually look at these numbers monthly if you wanted to. But this kind of condenses it and makes it a little easier to read, but the total number of calls in 2021 was 1,742. We had -- as far as the impounds, the number of animals that we took in -- and this includes animals brought to us by citizens, as well as officers out responding to calls and that includes 834 animals. That does not include wildlife and we do respond to injured wildlife as part of our contract. Let's see. So, one of the things that was really important to some of our other contract cities is how long it takes us to respond to a call. So, I just want you to know that these are priority one call response times. So, I don't know if you have a list, but that's, for example, an aggressive dog in progress. Assist another agency. So if Meridian PD is calling us for assistance on an owner arrest and owner deceased, something like that, that's a priority one call for us. Bite or dog at large. Cruelty. Dog in a hot car. So, we are dropping everything to go over to this call. Whatever we were doing. So, if you look at this response time report also I provide this monthly and in Meridian -- sorry -- Meridian in 2021 we had 71 priority one calls and our average response time was 20 minutes for that. So, I'm just going to take a couple of slides -- I hope you don't mind, I'm going to take a little bit of your time on this, okay, because, you know, I think what you guys hear about is the barking dog calls, the ones that there is not a lot of resolution to them, so maybe you don't hear about all the things that we are providing as part of our contract. So, this is Vegas. He was a neonate kitten that no one could find his mother. This is a priority one call. Not only because a Meridian PD officer found him, but because he can't survive on his own. So, Meridian PD called us. We impounded the kitten, it went into our foster program and he grew up and he has been adopted and he is actually from Meridian. All the animals in these slides are from Meridian. This next one -- one of the things that Dr. Rosenthal touched on is more people -- more people are closer and one of the things that that is causing is it's causing a lot of bites. It's causing a lot of dogs are getting out more, they are biting. They are biting even on leash. In this case this was a dangerous dog case that went all the way to a hearing in front of the chief. Three dogs mauled this victim and her little service dog there, Bash, that you see. She had compound fractures to her arm. She is still suffering to this day from ramifications from this bite. Meridian code. We did not get the dogs in custody. Meridian code just requires that the dogs get moved or euthanized. So, the owner moved these dogs. We have no idea where they are currently. But they are no longer in Meridian city. They are declared dangerous in Meridian city and cannot return. So, that's another thing that we do. And, then, this is another dangerous dog case that we decided to take a different route with. Now, this dog's name is Savior. He has bitten two people. One he was in his home when he bit. The second one he chased a child down and grabbed the child from behind. I reached out to the captains on this case also, because I was like, okay, Meridian City code euthanize or move. We want to make the community happy, as well as the dog owner, which is almost impossible in these cases. But in this case we decided to use the state code. We sent the dog home with conditions and restrictions. The dog must be muzzled in public. They had to have a secure fenced yard and he has to be on a leash in the backyard and they have to meet those until they go before a judge and, then, a judge will decide what happens with Savior. But he did go home and the owner was charged using the state code, rather than declaring him dangerous through Meridian City code and so far it has gone well. We have had a few complaints of people saying, oh, they don't have them in control, but he -- he is wearing his muzzle when he is out in public and he has not been reported loose again since the original incident. As our rural areas are starting to impact city areas, you have busy streets. This horse was hit by a car on Locust Grove Road at midnight in the dark. He was hit by a Ford Explorer. It totaled the Ford Explorer. It -- the people -- the occupants were okay. The horse had a severe head injury. He had injuries all over. He had a broken back leg. Luckily we went out at midnight and luckily we were able to locate an owner. We stood by until that owner got an emergency vet on scene, because failure to provide care for this horse would be a total different issue. Meridian PD was on scene that night and they did get care for this horse, but that's another thing is like what would Meridian PD do with this injured horse at midnight? So, that's another thing. And if we did not find the owner we would have been getting our truck and trailer out there to impound the horse and get it vet care. Also I just want to mention this is a cruelty case. This horse was tied up. He had no water, no food. We pursued a cruelty case against this owner. We impounded this pony. He has since left and gone to a local rescue group. But also we worked with Department of Agriculture on this one, because he also had production animals on the property that were not being housed correctly or vaccinated correctly or fed correctly. So, we have a really good relationship with the Department of Ag also. And last, but not least, I'm showing you these cute little guys. This is Chico, Bella, and Rocky and they are all owned by the same family. Chico has been impounded five times. Bella has been impounded eight times. And Rocky's been impounded five times. So, when we talk -- when you guys are talking about your impound fees and how much it impacts your animal control contract, when we have to return to the neighborhood to pick up the same dogs over and over -- and, yes, we do make an effort to return them to the owner, but not when they are repeat offenders like this and these -- this family they pay a ten dollar impound fee every time they come in to pick up these dogs. With Chico we offered the owner reduced fees and they did agree to neuter him, so we were able to get Chico neutered and we have not seen him since April. Bella was impounded eight times and they chose to pay full fees and accept citations, because they did not want to spay her. Rocky has been impounded five times. We also neutered him to try to help them do that. We neutered him on the fourth impound. On the fifth impound the owners did not come for him and he was just adopted out through our adoption center. Their owners were issued four infraction citations, because dog at large is just an infraction. I just want you to keep in mind every time these dogs were impounded it probably represents perhaps five percent of the times or less that the dogs were actually out running loose. The current impound charges and citations failed to motivate these owners to change the way these dogs were housed and I know -- I just know you are discussing an increase in the impound fees and that -- I just bring this up as an example. We do feel that an increase is needed as part of being progressive with animal control costs, as well as trying to counter recidivism. And now we are going to talk money and that's Leann.

Gilberg: Good afternoon, Mr. Mayor, Council members. Yes, my presentation is probably not nearly as exciting as Tiffany's. I am the chief financial officer at the Idaho Humane Society and I want to just give you some of the highlights. I believe you have received the packet with a lot of this detail in it. The -- I wanted to kind of start with the high level. The Idaho Humane Society -- our budget last year was 8.9 million dollars and we split our budget into two different facilities. We have got the Bird Street facility and we have got the Dorman Street facility. The Bird Street facility was a 5.3 million dollar budget last year. You don't get charged any of that. That is where we do our public veterinary care and where we do our adoptions. We don't charge the animal control contracts for any portion of the cost of that building. The other part of the budget is the Dorman facility, which was 3.6 million dollars last year. About 40 percent of our total budget. And we cover the cost of about 25 percent of that building, with the other 75 percent of that building being allocated to the animal control contracts. That is based on historical usage of the -- of the building on animals that house the building and the operations that go on there. So, in -- at the end of the day the contracts between yourselves and the other four contracting municipalities covers about 30 percent of our total budget. Payroll is about 75 percent of that budget. It is a very labor intensive budget, obviously, which is part of the reason we have seen costs go up so much and I will talk to you a little bit more about that in a minute. Okay. There we go. How do I go back?

Johnson: You can use the arrows to go back and forth.

Gilberg: Arrows. This -- I'm just going to touch on this real briefly, just to give you a little bit of history, because most of you haven't probably been around for quite this many years. From -- in fiscal year '16 through fiscal year '19 the Idaho Humane Society lost almost 550 -- 550,000 dollars on the animal control contracts, because we were all still in one facility and we just -- we were struggling to allocate the cost to the contracts appropriately and meeting a lot of resistance in some of our bigger contracts at the time. So, in fiscal year '20 we moved our adoption facility and veterinary medical center over to our new facility and we are able to better -- achieve a better segregation of those operations. From the past about seven years animal control costs have consistently been about 30 to 32 percent of our total expenses for a year and, again, personnel costs are 70 to 75 percent of that and in these years when we were underfunded we were, unfortunately, really a low paying employer in the area. Our employees were making no where near what a municipal employee or even a fast food worker would make. To give you a little bit of an idea, in 2018 -- so, not that long ago, our officers started at 11 dollars an hour. In 2020 that increased to 13 and, then, it increased to 15. This year it's 17 and we plan to increase that to 18 this year. Kennel staff that were starting at eight dollars an hour three years ago are now making 12 to 13 dollars an hour. I'm not sure what your guys' minimum wage is. I read in an article a couple weeks ago that Boise's minimum wage is going to be 16 dollars going forward. Just to give you an idea of kind of where we are at, we are still on the low end, but we are raising that bar every year. Veterinarians and vet tech is another issue, another area where we really had to focus our budget. If you -- I don't know if you have heard, there is a national shortage of veterinarians right now. Trying to get veterinarians to -- to retain and hire veterinarians is very difficult and we have had to significantly increase the wages of our veterinarians over the last year. So, as you can see the costs are much more than the three percent increase that we got accustomed to for a few years. Talk a little bit about Meridian's portion of that. The budget request for fiscal year '23, the total budget for animal control is 2.8 million dollars. Meridian's request is 625,000 dollars. That's an increase, since fiscal year '20, of 20 percent. It's only an increase of eight percent since last year and part of last year's increase wasn't funded, so, therefore, it's pushing into this year. We have had wages increase well over 20 percent over the last three years. So, you can see why there has been an increase in the budget over these last three years. The population of Meridian has increased based on my calculations about 13 percent during that same -- same time period and we all know what fuel costs and wages and the demands of the population are doing. To give you a little bit of an idea, Meridian is paying about 22.2 percent of the total animal control budget. Your population as a percentage of the area that we serve is 26.4 percent and the calls have averaged around 20 to 23 percent of the calls that we get. So, you are right in the range of your proportion -- what we consider your proportionate share of the total budget. And, historically, I just -- I just want to give you a couple of quick factoids about cost per capita you might be finding interesting. The cost per capita as you can see is $4.68 for next year and in fiscal year '18 that was $3.88. So, in less than -- it's an increase of less than a dollar in five years. We did a pretty big analysis in 2016 when we were talking with the different entities about our move to the new building and kind of what our services look like versus what some of the other municipal services that we found comparatives for. At that time in 2016 the lowest comparative we found was $5.32, which was in Salt Lake, and Seattle was $5.87. So, you guys -- your per capita cost right now is still lower than what theirs were in 2016, just to give you an idea. We have gotten some recent data from Pocatello. Their services for their municipally run shelter is about 21 dollars per capita and Spokane is paying over four million dollars for their animal control services, with about 220,000 population and we serve twice that many residents in Ada county for 2.8 million dollars. Washoe county in Reno is paying almost six million dollars for a population smaller than we are. So, I guess that's -- what I'm just trying to say is I feel like -- we feel like we are providing a good service for a reasonable price to you. And, then, the next three pages are just basically -- you have got it in your pocket. It's a breakdown of our budget for the year. For the animal control it's the 2.8 million. How it breaks out between animal control costs are between -- sorry -- between personnel costs and operating costs. I will tell you, as I said, personnel is about 70 to 75 percent of it. Historically it has been. We do our best to allocate a hundred percent of the officers a hundred percent of the front desk staff, a hundred percent of the dispatchers they go to the contract. The workers that work in the shelter over at Dorman and the medical care teams, they get allocated based on a percentage that we have historically used. It's about -- I think it's a 60/40 split based on animal intakes over historic years. And, then, there is, obviously, a little bit of administrative costs that we allocate to the contract, because we have got to do the payables, we have got to do the HR, we have got to do the admin, all that stuff, and so we kind of split that up by a third of our business is animal control, a third of our business is veterinary care to the public and a third of our business is adoptions and so we allocate some of those administrative costs. That's -- that's kind of where you get your payroll costs. And, then, the operating costs are also allocated, those that we can identify specifically to animal control, like their radios, their uniforms, their gas and their vehicles, whatever the case may be, we allocate that to the contracts. Anything else at Dorman gets allocated. None of our Bird Street costs get allocated. And that's in a nutshell, I guess, what I have got for you.

Simison: Thank you. Council, any questions?

Perreault: Mr. Mayor?

Simison: Council Woman Perreault.

Perreault: Thank you very much. Just a question about the slide that we are on right here, showing that there is an increase of 8.7 percent expected for your income year over year and an increase in 5.9 percent for your expected expenses. So, the difference in income -- the income increase from your expenses, is that to make up for income that was lost from prior years?

Gilberg: No. It's kind of confusing, because I had to split it between three slides. So, if you go to the next page you will see that there was also an increase -- there was an eight percent increase in -- in total income, but that's the total increase in expenses as well, because if you see the bottom line is a zero percent increase. The dollar value difference to IHS that -- we had a 9.5 percent increase in contract income, but some of our other incomes went down and so, therefore, it was a net. I'm sorry. And I'm missing -- I am now listening to your questions; right. Hang on a second. Give you one second. Because the math works. So, our total expenses are 2.855. I'm wondering if I have got a bad formula in there now that I look at that, because you can see that the total contract income went up more than the redemption income, because we are seeing a trend down in that. So, the total -- I was just going off the total contract income matches the total allocated expenses. We are not making up any income from prior years. Your increase is going to be bigger, because we didn't fund a hundred percent last year, but the budget itself is not drawing in dollars from last year to give us a bonus, we are actually expecting to take a loss for this year. It's just basically the -- we budget the income to exactly match the allocated expenses. I can see where your confusion is and I need to look at that.

Cavener: Mr. Mayor?

Simison: Councilman Cavener.

Cavener: Maybe some direction from you guys, I -- I have got a host of questions, but we are -- we are up against a -- a hard deadline. What's the best way to get information -- maybe to get the correct version of this presentation that's before us sent to us and, then, the best way for us to get you questions?

Gilberg: You can e-mail them to me. Is Emily here? She -- you can e-mail them to me or you can send them through Emily. She and I have a direct line of contact. I -- these numbers are right, it's just something went wrong with that percentage calculation and I can't do the math in my head at the moment.

Simison: Council, any additional questions at this time or can they be done through Emily for follow up or -- does that work, Captain, as well -- is that -- okay. All right. Thank you very much. Councilman Hoaglun.

21. Police Department/Attorney's Office: Proposed Updates to Animal Impoundment Fees

22. Police Department: Proposed Ordinance related to Public Intoxication (Potential Meridian City Code 6-3-4)

EXECUTIVE SESSION

23. Per Idaho Code Section 74-206(1)(d): To consider records that are exempt from disclosure as provided in chapter 1, title 74, Idaho Code

Hoaglun: Well, Mr. Mayor, we do have some other business that we need to take up in Executive Session, so we will put on hold the Items 21 and 22 for a later date. So, with that, Mr. Mayor, I move that we go into Executive Session per Idaho Code 74-206(1)(d).

Cavener: Second.

Simison: I have a motion and a second to go into Executive Session. Is there any discussion? If not, Clerk will call the roll.

Roll call: Borton, absent; Cavener, yea; Bernt, yea; Perreault, yea; Hoaglun, yea; Strader, yea.

Simison: All ayes. Motion carries and we will move into Executive Session.

MOTION CARRIED: FIVE AYES. ONE ABSENT.

EXECUTIVE SESSION: (5:44 p.m. to 6:06 p.m.)

Hoaglun: Mr. Mayor?

Simison: Councilman Hoaglun.

Hoaglun: I move that we come out of Executive Session.

Cavener: Second.

Simison: I have a motion and a second to come out of Executive Session. All those in favor say signify by saying aye. Opposed nay? The ayes have it.

MOTION CARRIED: AYES. ONE ABSENT.

Hoaglun: Mr. Mayor?

Simison: Councilman Hoaglun.

Hoaglun: I move adjournment of the work session.

Cavener: Second.

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

MOTION CARRIED: FIVE AYES. ONE ABSENT.

MEETING ADJOURNED AT 6:06 P.M.

(AUDIO RECORDING ON FILE OF THESE PROCEEDINGS)

____________________________________ _______/_______/_______
COUNCIL PRESIDENT BRAD HOAGLUN DATE APPROVED

ATTEST:

____
CHRIS JOHNSON - CITY CLERK