

A Meeting of the Meridian City Council was called to order at 4:32 p.m., Tuesday, February 23, 2021, by Mayor Robert Simison.

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

Also present: Chris Johnson, Bill Nary, Crystal Ritchie, Todd Lavoie, Keith Watts, Mark Ford, Joe Bongiorno and Dean Willis.

**ROLL-CALL ATTENDANCE**

<input checked="" type="checkbox"/> Liz Strader	<input checked="" type="checkbox"/> Joe Borton
<input checked="" type="checkbox"/> Brad Hoaglun	<input checked="" type="checkbox"/> Treg Bernt
<input checked="" type="checkbox"/> Jessica Perreault	<input checked="" type="checkbox"/> Luke Cavener
<input checked="" type="checkbox"/> Mayor Robert E. Simison	

Simison: Council, we will call this work session to order. For the record Tuesday, the 23rd, '21, at 4:32 p.m. We will begin this afternoon's meeting with roll call attendance.

**ADOPTION OF AGENDA**

Simison: Next item is adoption of the agenda.

Bernt: Mr. Mayor?

Simison: Councilman Bernt.

Bernt: There are no changes to the agenda, so I make a motion to adopt the agenda as published.

Hoaglun: Mr. Mayor, I second the motion.

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

MOTION CARRIED: ALL AYES.

**CONSENT AGENDA [Action Item**

- 1. Approve Minutes of the February 9, 2021 City Council Work Session**
- 2. Approve Minutes of the February 9, 2021 City Council Regular Meeting**

- 3. Victory Commons Cross Access Easement**
- 4. Victory Commons Water Easement Revised**
- 5. Final Plat for Sky Mesa Commons No. 5 (FP-2020-0021) by J-U-B Engineers, Inc., Generally Located West of S. Eagle Rd., Midway Between E. Taconic Dr. and E. Lake Hazel Rd.**
- 6. Final Plat for Warrick Subdivision No. 4 (FP-2021-0003) by Schultz Development, Located at 5190 S. Carneros Way**
- 7. Final Order for Apex Southeast No. 1 (FP-2020-0013) by Brighton Development, Located on the Southeast Corner of S. Locust Grove Rd. and E. Lake Hazel Rd.**
- 8. Findings of Fact, Conclusions of Law for Mile High Pines Subdivision (H-2020-0099) by Baron Black Cat, LLC, Located in the Southwest Corner of N. Ten Mile Rd. and W. Pine Ave.**
- 9. Findings of Fact, Conclusions of Law for Tetherow Crossing Subdivision (H-2020-0112) by Hayden Homes Idaho, LLC, Located Northeast of N. Linder Rd and W. Ustick Rd.**
- 10. Development Agreement Between the City of Meridian and Spurwing, LP and Pacific Links, Limited Company (Owners/Developers) for Spurwing Sewer Easement (H-2020-0087)**
- 11. Acceptance Agreement for the Display of Artwork in the Initial Point Gallery**
- 12. Agreement Between the City of Meridian and Evans Development, LLC to Accept Payment in Lieu of Installing Streetlights at Movado No. 8 Subdivision**
- 13. Approval of Task Orders for Mural Design between City of Meridian and Selected Muralists**
- 14. Approval of Cues Sewer Line Cameras, Parts and Accessories for 2021 through Cues of Orlando Florida**
- 15. Approval of Grantee Agreements for the Meridian Small Business Grant Program**
- 16. Resolution No. 21-2257: A Resolution Reappointing Jessica Peters to Seat 2, Natalie Schofield to Seat 3 and Jenifer Cavaness-Williams to Seat 7 of the Meridian Arts Commission**

Simison: Next item is the Consent Agenda.

Borton: Mr. Mayor?

Simison: Councilman Borton.

Borton: One item on the Consent Agenda, Item 13, that if we could I would like to pull that for a very brief discussion.

Simison: Okay.

Bernt: Mr. Mayor, with that --

Simison: Councilman Bernt.

Bernt: We will move the -- I will move Item 13 to items moved from the Consent Agenda. Minus that I move that we -- move -- I move that we approve the Consent Agenda -- amended Consent Agenda. For the Mayor to sign and for the Clerk to attest.

Hoaglund: Mr. Mayor, I second the motion to approve the amended Consent Agenda.

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

MOTION CARRIED: ALL AYES.

#### **ITEMS MOVED FROM THE CONSENT AGENDA [Action Item]**

**17. Approval of AIA CMGC Contract for Pre-Construction Services for Fire Stations 7 and 8 and Police Precincts 1 and 2 to ESI for the Not-To-Exceed Amount of \$60,000.00**

Simison: Next is the items moved from the Consent Agenda, which is the approval of the AIA and CMGC contract for pre-construction services for Fire Stations 7 and 8 and Police Precinct 1 and 2 and I will turn this over to Mr. Borton.

Borton: Thank you, Mr. Mayor. Just briefly, the questions that I had for Finance and Mr. Watts, who I see here, was is the decision on -- on two stations, two precincts at once are separate. I know there is future discussions to be had on that and -- and that coupled with some of the more recent legislative developments with funding for cities, I wanted to give at least myself some clarity on what this contract would commit us to. Maybe it's just a reminder of what we have committed to and what it doesn't commit us to. So, just ensuring that we have got the flexibility to -- to pivot and make that future decision on one versus two at a later date. So, I thought maybe Keith could provide some clarity on that.

Simison: Mr. Watts.

Watts: Yeah. Mr. Mayor, Councilman Borton, you know, these -- these agreements -- or the agreement right now is for pre-construction services for -- for two stations. Pre-construction -- it's going to take us through schematic design. So, we are not even getting into construction drawings at this time the construction manager is brought on board to assist with design and, essentially, they are going to work to get you budget estimates for the two stations, so when we come back in the future we can give you some qualified information and let Council decide whether or not we want to go with one or two stations or zero for that matter. But just to bring qualified information back to Council. So, this does not tie us into any further development and we can stop this at any time during this development and this agreement doesn't -- does not take us into construction drawings.

Borton: Thank you. One -- one quick follow-up question. Keep doing it this way should save a little bit of money, right, trying to do the pre-construction for both?

Watts: It has. Yes. And the idea is it will save you an even greater amount when we move forward for construction, if we do -- if we do decide to do two stations.

Borton: Okay. But that decision is at a later date?

Watts: Correct. This is -- and the contractors are aware of this. They know where we are at, that we are just going through -- we are going to go through schematic design, get information to bring back to Council so Council can make an educated decision on what direction to move forward.

Borton: Okay. Thanks, Keith. Mr. Mayor, I didn't have any other questions. That just helped clarify where we were in the process.

Simison: Okay. Then with that, Council, is there further discussion or a motion?

Strader: Mr. Mayor?

Simison: Council Woman Strader.

Strader: I think that if we approve this it sort of gets us closer to a planning cost estimate. That would help us make an informed decision. So, I move that we go ahead and approve Item 13.

Perreault: Second.

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

MOTION CARRIED: ALL AYES.

## **DEPARTMENT / COMMISSION REPORTS [Action Item]**

## 18. City Benefit Recommendation – Updated Vacation Rollover

Simison: Next item is our Department/Commission Reports -- is the city benefit recommendation. I will turn this over to Director Ritchie and Lavoie.

Ritchie: Thank you, Mr. Mayor and Members of Council. Can everyone hear me? Okay. Thank you. So, on behalf of the compensation committee I want to thank you for your time this afternoon. It is essential that the city attracts and retains highly -- highly qualified individuals to deliver exceptional services every day. To achieve these service standards the city must employ individuals who exemplify our city's CARE values. Fostering a culture attractive to such employees depends on many factors, including the compensation -- or, excuse me, a competitive compensation program. So, Todd and I are here today requesting your consideration and approval to update our current vacation rollover program. I sent you prior to the meeting a document with a recommendation overview and I'm going to attempt to share my screen to walk you through that document. So, let me see if that's -- let me know if you can see my screen face. Thumbs up. Thank you so much, Council Member Borton. So, we do currently today have a vacation rollover program in place. We are in front of you today asking for your consideration and approval to update the program. So, I will walk you through this particular change document. Currently today our eligible employees would be those that are regular full-time general employees, regular full-time fire union employees. Currently today the vacation rollover program offers general employees the ability to roll up to 40 hours of vacation into a PERSI choice 401k account. It also gives that option to the fire union employees. However, they have the option -- or had the option to roll up to 50 hours. The allowable redemption method under today's current program was a conversion conducted at a one-to-one ratio and it was limited to just contributions into the PERSI 401k program. So, the Comp Committee has taken a look at this particular program and what we are presenting to you today would be an update to this program, so that all regular full-time employees who have been employed with the city for at least 24 months would be eligible to participate. Our union employees would be governed by the collective labor agreement. Rather than it's up to 40 or up to 50 hours as noted in the current program, today what we are recommending is that eligible employees have the ability to convert any amount of their accrued vacation leave balance of at least 50 percent of their maximum possible vacation accrual annually as of March 31st. All eligible employees must maintain a minimum vacation balance of at least 50 percent of the maximum allowable vacation accrual in order to participate in the program. We would like to continue to offer it at a one-to-one ratio, but we would like to expand the option to roll those vacation hours into either the PERSI 401k choice or the state 457, but it would be limited to one or the other, and, then, all vacation rollover convergents would not be eligible for the retirement match program. That's an overview of the changes that Todd and I on behalf of the Compensation Committee are presenting for your consideration and approval today and Todd and I sit, if you will, for any questions that you may have.

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

Bernt: Mr. Mayor?

Simison: Councilman Bernt.

Bernt: Just one clarification. The allowable redemption methods, the conversions will be invested into these PERSI choice or the 457, but to make it clear, they are not able to get any type of addition to their check or -- direct from the city; is that correct?

Ritchie: Council Member Brent, that is correct. It is a rollover into a retirement account, not a cash out option.

Bernt: Cash out option. That's what I was looking for. Perfect. Thank you.

Perreault: Mr. Mayor?

Simison: Council woman Perreault.

Perreault: Thank you, Crystal. Could you elaborate on the paragraph that says all eligible employees must maintain a minimum vacation balance 50 percent of the maximum level vacation to participate in the program. That needs to be held during -- how long do they need to keep it at that balance? Is that -- is that an annual requirement or -- can you talk about the time frames for that?

Ritchie: Uh-huh. Yes. So, we want to offer benefits to our employees, but we also want to offer -- we also want them to maintain a work-life balance. So, what we are saying in order to participate in the program they have to maintain a vacation balance to be able to use for vacation purposes and in this case we are recommending that at 50 percent of their pool balance that they would be eligible to roll those over and still maintain a vacation balance for those vacations needs. So, they are not able to roll all of their vacation, just 50 percent of their maximum accrual, so that they maintain vacation ability during the 12 months before the next rollover option. At this point in time Finance and HR would designate a point in time of March 31st that we would pull the accruals to determine who is eligible, we would communicate that out to the employees that they are eligible and here is the amount that they have available to roll, and that would occur then.

Perreault: Thank you.

Ritchie: You're welcome.

Simison: Council, any further questions?

Borton: Mr. Mayor?

Simison: Councilman Borton.

Borton: Just a quick question for Todd. If you can give us a snapshot of the fiscal impact.

Lavoie: Sure. Mr. Mayor, Councilman Borton, this is a tough one to do. This is a second

year program, so we don't have a lot of trend data yet on the use -- the use of this program. We only have one year. We had 16.43 percent of the people participate last year. So, if we use the same 17 percent estimate that people will actually use this program, based on our projections we see about 125,000 dollars as a potential cost to the City of Meridian for this year's rollover program, assuming 17 percent of the people maximize their full cash out opportunities. So, there is a lot of variables here, but that's --

Borton: Sure.

Lavoie: -- the best estimate after one year of data.

Borton: Thank you.

Lavoie: Thank you.

Simison: And just to follow up on that question, I guess the questions that I did not hear or discussion is -- is this for the upcoming FY-22 budget consideration? Is that their recommendation?

Ritchie: Thank you, Mr. Mayor. No. I apologize, I should have clarified that. We are asking for that for 4/21. To be effective this spring.

Cavener: Mr. Mayor?

Simison: Councilman Cavener.

Cavener: A clarifying question. If it's -- if it's wanted to be brought in fiscal year '21, from a budgetary standpoint is that a -- is -- is Finance or HR planning to bring like a budget amendment to cover those particular costs or is it built into the compensation that's already assigned to each employee?

Lavoie: Mr. Mayor, I'm happy to take this one for you. The budgetary situation for this one right now is we may need to do a budget request in fiscal '21. My guess -- my estimates on the current budget situation right now is that we will have it -- we will have available revenues over expenses that should be able to absorb 125,000 dollars for the entire City of Meridian's expected cost tier. We can reevaluate our finances in June and if we need to do a budget amendment to make the budget hole, we can present to you in June. But I think as of right now the city has the bandwidth to absorb 125,000 dollars in additional cost split between two funds, the General and the Enterprise Fund.

Cavener: Okay.

Strader: Mr. Mayor?

Simison: Council Woman Strader.

Strader: Thanks, Crystal. I -- and maybe for Todd as well. I think it would be helpful if you could give us an idea of how meaningful this could be to someone. So, you know, how -- I don't remember exactly how many days people get, but how many days would be eligible for this rollover and do we have an estimate of like the average maximum benefit for employees or -- just to give me a ballpark example.

Lavoie: Sure. Mayor, Council Woman Strader, so of the data that we have -- again, please, know this is all -- a lot of this is projection and hypotheticals. The largest value that we could potentially see for one employee would be right around 12,000 dollars in a payout. That's if they exercised one hundred percent of the eligible hours and rolled over one hundred percent of that. The average, using the data, is about 1,500 dollars if every single employee that's eligible did exercise an opportunity to cash out or rollover the money into a post-retirement account.

Strader: Thank you.

Lavoie: You're welcome.

Simison: You know, Council, the one thing that I -- I wanted to at least get Council's temperature on this concept, you know, from a practical standpoint I'm much more -- and -- it's a -- I would treat this personally more like an education reimbursement where we, under our budget plans, we have got an intent to participate in the program, which can help us build a dollar figure for upcoming budgets. I don't -- I have not talked to Todd about that process in terms -- or Crystal in terms of how that would look, but at least it would give us a better idea each year if we want to go this way what the actual costs could be by having the employee say it's my intention in FY-22 to participate and, then, we could actually run numbers and put in an associated amount into the budget for consideration. So, those are some of the conversations that I would like to have with staff at the appropriate time in terms of how to administer it, but I think it's -- at least right now, you know, for me it's do you see value in -- in adjusting the program, knowing that there is a cost or not, or is it always going to be each year based upon what the cost would be is going to be the impactful conversation.

Borton: Mr. Mayor?

Simison: Councilman Borton.

Borton: Does action on this item -- does it require stating a date -- effective date? Is it starting with the March payroll or starting with X pay period that would be referenced or what's the recommendation of that?

Lavoie: Mr. Mayor, if I could take this one for you. The date that we do need to have this approved by would be your March 23rd Council hearing, because I'm assuming the fifth Council hearing on March 30th would not be held. So, the 23rd of March during the Council presentation is when we need to have this, because the dates, as you referenced, Joe are March 31 and the policy -- we want to respect the policy as written.



Borton: I didn't ask that very well. I think I was trying to find if we stated at the effective date, so when it was -- the policy would start and first be applied. For example, if we took action today would we state that it is effective March 1, for example, or --

Nary: So, Mr. Mayor?

Simison: Mr. Nary.

Nary: Mr. Mayor, Members of the Council, so what we would do is take your direction today, bring you back a policy that would have a resolution attached to it and in that policy it will have the policy and the procedures on how this is going to be implemented.

Borton: Okay. Thank you.

Hoaglund: Mr. Mayor?

Simison: Councilman Hoaglund.

Hoaglund: Mr. Mayor, you know, looking at this we have had it for one year, which is not a long time frame to evaluate. We are giving another additional option, but only one other option of where to move that money to and, then, some other minor -- minor tweaks to the -- to the program. To your point about the funding and whatnot, do we ask for intent or do we just kind of go off of estimates each year what Mr. Lavoie mentioned, you know, using last year, estimate 17 percent usage and, then, we budget for that figure and, then, can make future adjustments might be an option, as opposed to asking people -- because, you know, sometimes people intend to and they don't or they didn't think about it and, then, it's decided that, yeah, let's do that. So, that -- I don't know if that intent would be to lock them in or just give us an idea, but either way I think, you know, some sort of estimate, whether it's doing that or having that 17 percent or whatever Finance looks at over the previous year would help us set that number each year and, then, maybe make adjustments if necessary come towards the end of the fiscal year.

Simison: Yeah. And those are -- those are those questions -- I think some of the challenges as well. You may remember that we upped the amount of accruals the employees will get in their vacation each year as part of that process. That -- that is going -- that will have a potential impact, because people will have more time and will they either take more time off or will they use that to reinvest into this, which -- so, that 17 percent, while it's a good starter, you could have 50 percent employees participating next year, because they have more hours than they know what to do with or they are going to take them all. So, I think it's going to be a learning process for several years regardless of what direction we go in how best to administer. It is just back to that basic question, I know it's hard to sometimes make a determination when you have a policy change that has a financial impact when the financial impact is the unknown and so --

Cavener: Mr. Mayor?

Simison: Councilman Cavener.

Cavener: I think to that point, you know, I appreciate that this has come back a year later -- maybe it's just a suggestion is that at least maybe for the next couple of years that this comes back on an annual basis, so that Council has a good opportunity to kind of hear what the -- that financial impact is and how it's changing and evolving. Again, my assumption would be with this year a lot of our employees didn't have the opportunity to -- to go anywhere per se, so maybe it's likely that many of them held back on their vacation. So, just a thought to begin to continue maybe to bring this back on an annual basis.

Simison: So, Council --

Strader: Mr. Mayor?

Simison: Council Woman Strader.

Strader: You know, I -- I think it's incredibly important to save for retirement and this is very meaningful for people. I think it makes sense to continue with the program and take a look at it as Councilman Cavener said. I think we need to keep an eye on it probably a little more as we find out how many people use it, but it's also important for people to take their vacation; right? It's important. I don't want employees to take away that City Council thinks you shouldn't be taking your vacation and I just want to make sure we are not incentivizing the wrong behavior, too. Right? But I appreciate that requirement to keep a vacation balance, because we need people to take vacation. We need them to disconnect, so that they are ready and -- ready to reconnect when they get back to work. So, I don't know that -- maybe that's the only hang up I have is a little bit of a -- I think it's meaningful. I'm supportive of it in general continuing and taking a look at it annually, but I just don't want people to take away the conclusion that we don't want you to take your vacation. That's definitely not the case I'm sure.

Cavener: Mr. Mayor?

Simison: Councilman Cavener.

Cavener: Yeah. Thank you, Mr. Mayor. Appreciate it. I appreciate good Council Member Strader bringing that up. I -- I would hope that the message that comes from both the executive branch and the City Council is we value work-life balance. This is just another tool in your workshop to be able to utilize should you see fit. I appreciate the opportunity to save for people for retirement. I think the -- again, one of the reasons when -- a number of years ago when I applied to work for the city was the retirement options that are available. I guess I kind of sit on the other side of the fence on this is that I would be one that would support allowing our employees to take a cash payment to be able to do something with it. And, again, I guess I look at -- at this year as a really unique year where families maybe aren't able to go on vacation, but instead maybe if an employee was able to cash some of that out to buy a season pass to Bogus Basin or Roaring Springs for their

kids or purchase a new tent to be able to go on a camping trip, giving our employees those options as well. So, I think those are some of the things that I would like to have a more robust conversation maybe next year when we have a good understanding about how this program is being utilized.

Simison: So, Council, do I have a general viewpoint that this is something that you are supportive of moving forward?

Borton: Yes.

Simison: Okay. Then we will go ahead and I will work with Todd and Crystal and maybe just explore a little bit more about how that looks for this year and FY-22, what makes sense, and, then, bring it back under Todd's time frame. Okay.

Borton: Thanks, Crystal.

Simison: Thank you.

Ritchie: Thank you.

## **19. Finance Department: Quarterly Update - Fiscal Year 2020 Audit Results and Performance**

Simison: So, with that we will move on to the next item on the agenda, which is the Finance Department quarterly update and turn this over to Mr. Lavoie.

Lavoie: Thank you, Mr. Mayor. Let me go ahead and get the screen shared for you. Mr. Mayor, Members of the Council, good to see you guys. I did provide this presentation to you last week for early access, so if you guys have questions please please engage myself and yourselves during this presentation. We want to answer all of the questions that we can for you regarding the data that's presented to you. Today's information is your fiscal year 2020 budget to actual and review basically. This is instead of going through an official audit report, this is going to kind of take place and replace the presentation from an audit report. This gives you the results of the fiscal 2020 data. The audit reports have been delivered to your inboxes in paper form. The presentation -- or the actual audit report will be on -- I think it's next week -- or two weeks from now will be on the Consent Agenda for acceptance and approval. The audit report will be available online as well, so there is plenty of places where you can access the data and the content, but this presentation here is a summary of the budget-to-actual results for fiscal 2020. We will let you know what the results look like for your fund balances. Per our annual requirements we do provide you a separate report on the impact fee. We want to present to you the revenues and expenses collected just on the impact fee fund itself and, then, I will explain to you or inform you about what's coming up next in the quarterly update for June -- May, June time frame and, then, stand for any questions. Again, please, engage anytime between now and the end. You don't have to save your questions for the end. Please engage each other and myself. So, with that that is the agenda. What we will do

is we will split the presentation in two pieces. One's called governmental funds and our General Fund is what you are probably more comfortable with and the other one is called the Enterprise Fund or business-type activities. So, we will split it up into two sections. First we will do the General Funds or the governmental funds and, then, we will talk about the Enterprise Fund afterwards. So, we will start off with revenues first. As a whole for the entire General Fund we actually ended up the year seven percent higher than budgeted. What we have here are some of the larger revenue sources by independent -- by their -- by themselves, but as a whole they finished the year at seven percent. The largest percentage difference you can see is all the way to the right at 229 percent and that's primarily due to investment income. We were very conservative during COVID. We weren't certain what was going to happen with the markets. So, we went super conservative on our investment interest income projections and it just came in twice as high as we thought. I mean the market did amazing last year. So, that's what that is. It's percent is achieved from a dollar value. It's not very big. You can see it's not. But that's what that is. The revenue associated to the inter-governmental that, you know, didn't quite make our mark, you know, that didn't make our hundred percent mark we were shooting for. This was primarily due to the grant monies that we received, but we never expanded, or that we -- we received or budgeted, but we haven't gotten yet. So, we got it in '21. So, if you put the two years together we will -- we will have the revenue sources, but there is a delay in the actual collection of grant revenues, CARES Act, all that stuff that -- we put the budget in, but we didn't collect all the dollars as we expected. So, that's why we didn't quite meet our number there. Licenses and permits. You will see trained on this one and some other slides, this is building permits. Those are those that -- development agreements that you see every week that you approve -- again exceeded our estimates. We went pretty aggressive on our estimates. You can -- you guys just did a little bit more than we thought you would do. It's not a bad problem. It's -- you know, we will continue to fine tune our estimates on what we think development will do, but that's a very tough -- tough one to get to a hundred percent. It's pretty volatile. But, you know, that's why that's 162 percent is because growth is still happening at a faster pace than we expected and, then, at the end it's going to show that property taxes -- this slide shows you that is pipe -- is our prominent revenue source. It's the most important thing we have in our -- in our bucket here. We finished the year at 1.9 percent. Our goal is to be off two percent either side. We are usually at the one percent mark. But, again one -- 1.9 percent we were very happy with that estimate, the results there. Again, we just want to make sure we treat and respect property taxes to the best we can on all our decisions, since it has a large component of our overall revenue. So, that is the revenue results for the General Fund. Now I'm going to go into the expenditure sides. For the General Fund we will do personnel, operating and capital. So, first we will start with the personnel expenses for the city and -- for the city's General Fund. Overall we finished at 93 percent of our budget. So, we left seven percent, you know, quote, unquote, on the table. Our average is 88.9 percent. So, we exceeded our average that we track. So, that's great. Our largest percentage gap, as you can see, is with the Parks Department at -- and they left 16.7 percent of their budget I guess on the table and that's primarily due to COVID 19 and the inability to hire and staff the necessary advance in the parks needs during fiscal 2020. If that did not occur they would have been most likely in the 94, 95 percent range. Again COVID hurt them pretty bad. The largest dollar value gap is associated to the Police

Department at 1.4 million dollars and that's due to their, you know, hiring practice. It takes a while to hire. We understand that they have some leftover there, but it's -- it's partly due to the hiring process and, you know, they are making the right decisions for the city and we respect the time that they take. But that represents about a million bucks left on the table there. So, that's personnel wages. Operating expenses. The General Fund spent 73.7 percent of their overall operating budget. Our average is 82.8. So, again, we did not quite make our overall, but you can see the four departments exceeded our average of 82.8 and the 73 is brought down because of the admin's 49.7 percent and that's pretty much due to the three million in CARES Act money that we budgeted that we never got to spend it. We spent it in '21. It's all a timing issue. So, we put the money in the budget saying, yeah, we are going to spend all this CARES Act money. It's just a timing thing. We spent it in October. We spent it in November. We spent it in December. So, you know, everybody else did great. You know, it looks funny, but if you take the three million dollars off that bar chart there we are going to be closer to the 85 to 90 percent percentile, which is above our 82.8 percent average for the operating. There are no other -- I didn't see any concerning items in the other four departments that I needed to report on. Everything else was -- just some products didn't get finished. Some carry forward items. But that's how operating turned out for the General Fund. That gets us to capital. This is the last component of the expenditures that we will review. Overall we spent 38.8 percent of the total capital budget that you approved for us during the budget year last year. Of that the General Fund is requesting 7.8 million of the available 8.8 million left on the books. So, 7.8 we are going to take it in the next fiscal year. So, over the two year period we are going to spend 13.4 of the 14.4 million that you allocated to us in fiscal '20. It's all timing. Police is the biggest difference and that's associated to the scenario village, police station improvements, and precinct construction. That's about 6.2 million of the 7.8 that we needed to carry. There is some parks money in there for some parks projects. But for the most part capital projects don't get finished in the fiscal year, they are always carried. In this case we are carrying a majority of the money left on the table into the next fiscal year. So, in summary, we showed you the expenses or revenues. We showed you expenses. So, this is -- represents the General Funds as a whole. Again, revenue finished seven percent higher than budgeted and, then, you can see the personnel, operating, capital where they finished on -- versus actual the budgets. You know, revenue is higher than the budget, so that's a good problem. Actual expenditures are lower than the budget. That's a good problem. Again, these are all good problems to have, but our -- our goal is to still get to that hundred percent mark to be, you know, as efficient as we can with the dollars that you give us. Again, so this is the General Fund in summary. Revenues versus expenses for the fiscal year 2020. So, with that what does this mean to the General Fund balance? What does this mean to the reserves? What did it do? So, when you add up all the revenues, subtract all the expenses, added 13.1 million to our fund balance. I do want to remind you of the 13.1, eight point -- 8.4 million is already cut aside for those carry forward projects. So, again, we have that there for a reason. We add the 13.1 million to our pre-existing fund balance. You now have a new fund balance as of 9/30/2020 of 89 million dollars. Again this report is available to you. We provide you the fund balance report on a monthly basis per part of the financial reports. We show you the 89 million dollars on that report. Of the 89 million I do want to let you know that we do put the 89 million in five buckets of spending authority to an extent. We

do have a category called nonspending. We have about 320 grand in that. That's money that we must hold aside for existing obligations. We can't touch that, it's something already involved, and that's mostly prepaids. So, we have already got the invoice. It's a prepaid, so we can't touch that. Of the 89 million we have 20 million dollars in restricted. What we mean by restricted is that's primarily our impact fee funds. So, as we have collected monies, we are holding it, we are saving it before we spend. We have a bunch of capital projects in line. The fire stations, the police precincts, and the Discovery Park. Again, we are holding that money for a particular reason. So, that 20 million is what we call restricted and we have committed and assigned -- between those two we have about 20 -- about 22 million. Those were all like carry forward projects or assigned projects or committed projects. Those are -- those dollars represent -- represent activities in play. We need to keep that money, so the managers that are managing the projects they have the funds available that you have previously approved for those contracts. So, that money is available to them. So, when you take out all those, you know, kind of committed restricted funds that leaves you 45.3 million dollars in what we call unassigned. Of the 45.3 million, 18.3 of that is put into our reserves following our city reserve policy. So, we have a policy that we follow and 18.3 represents that. So, that gets you down to the 27 million dollar unassigned fund balance. The question is what do you -- what are you -- you know, what's this 27 million dollars for. We have a CFP that we presented to you last -- you know, two months ago that shows you our ten year plan of capital projects. Just to name off a few what we are going to use this 27 million for, you know, about eight million for two fire stations. Golf course improvements of about 2.5 million. A community center a little over a million. We have parks and -- parks pathways of 3.2 million. Linder Road overpass 2.5 million we have earmarked for that. A ladder truck 1.7. This is all stuff in your CFP. I just thought I would just grab a few of the items to kind of let you know that the 27 million is there for a reason and we have a ten year fee CFP that explains why we have those funds available and we have a plan to spend all those dollars over the next ten years. These are just some of the items that I wanted to inform you or remind you of that, why we have that money set aside in our fund balance. So, that is the General Fund report -- again, revenues, expenses, change the fund balance, fund balance distribution and what we plan on using those funds for. So, that's your fiscal year 2020 General Fund audit report, financial report, and review. Again, if you have question feel free to engage. If you want to save it for later I'm good with that. With that we will jump into what we call our Enterprise Fund, our business activities fund. This is primarily water, sewer, engineering, utility billing. We will treat this just like the General Fund. We will start with revenues. Revenues ended 7.8 percent higher as a whole for the Enterprise Fund. Again, pretty close to the hundred percent mark, which we are happy about. We ended up higher, which is almost always -- always a good problem. The water and sewer sales, again, we didn't quite make the hundred percent mark. So, we are going to analyze that data to see why we didn't make the hundred percent mark. Do we need to adjust our projections. So, again, we will look at that. You know, our goal is to be right around that hundred percent mark. We are only off by 1.6 percent on one of them. Not bad. Development, which is influencing the water assessment and sewer assessment, those are those hookup fees or those new assessment fees and they are a little bit higher than our projected. It's based on developments. You exceeded some of our estimates on what we thought was going to happen. So, that's what that represents. Again, we will continue

to look at the projections. The other revenue is interest on income of investments. Again, we went super conservative and we exceeded our investment income and that's what that is primarily made of. Let's see what else we have here. Just want to note that water sales and sewer sales make up the majority of the revenue in this fund. Assessment fees are cyclical with development, so as development slows down that revenue goes down and as that revenue -- or growth goes up that revenue goes up. So, the most consistent and most important revenue to us is the water sales and sewer sales. We need to really manage those accordingly. So, those -- that's revenue in summary. We will go personnel, operating, and capital, just like we did with the General Fund. For the year fiscal year '20 the Enterprise Fund ended up spending 91.9 percent of its entire budget. So, you -- they spent all but, what, 8.1 percent of what you allocated to them. So, that's awesome. Their average is 89.7. So, they exceeded -- all four divisions exceeded the standard average that we have been tracking. All departments, again, appear to average -- over average and the variances are most likely due to vacancies. You know, they -- they are not -- we are not always running at a hundred percent budgets of staffing. So, again, that's why most likely all these variances are for this -- there is times in the year where we don't have a hundred percent staffing. I did not find any concerns on the personnel expenses that -- when we reviewed them with the auditors. That moves us to the operating expense. For the year fiscal '20 the Enterprise Fund ended up spending 70.9 percent as a whole. Our average is 80.4. So, we are ten percent below our average. As you see the largest primary percentage gap was associated to our Public Works Department. They spent 55.2 percent. So, they left about 460,000 dollars on the table. Of that 460 they did ask us to carry 236,000 into the next fiscal year. So, those are projects that did not get finished. So, we will move 200 -- we will carry 236 of that into fiscal '21. And, then, the next largest percentage and dollar variances is in the wastewater division. They have asked us to carry over 249,000 dollars into next fiscal year for unfinished projects. But they also have one million dollars worth of CARES Act budget. Again, just like the other issues. You got the budget -- we put the budget in our books, but we never expended it. Most likely it got expended in October, November, and December. So, that was the majority of why that wastewater is out of balance is due to the CARES Act funding. That leads us to the capital side of the Enterprise Fund. They ended up spending on average -- for the whole 63.8 percent, which is about eight million dollars they left on the table. Of the eight million dollars -- the revenues, the expenses, as you can see revenues ended seven percent higher than budget. The other three categories all ended up actual below budget. Again, good problems to have. Our goal is to be a hundred percent. We will continue to tweak our operating, capital, personnel estimates with the revenues. We want to make sure when we are standing in front of you every June that this is -- these are the dollars that we need, that we actually, you know, execute those dollars to the hundred -- the closest to a hundred percent that we can. So, with that we have talked about revenues. We talked about the expenses. So, when you add up all the revenues and subtract all the expenses, the impact to the Enterprise Fund was we added 15 million dollars to the Enterprise Fund for fiscal year 2020. When you add that to the previous fund balance, you now have a fund balance as of 9/30/2020 or fiscal year end 2020 of 63.7 million dollars. Again, this information is conveyed to you on our monthly financial reports on page two. This is an increase of 15 million. The Enterprise Fund has 8.4 million. That's the carry forward number that we talked to you about earlier. So, 8.4 of

that 63 million is assigned to carry forward items, which leaves you 55.3 million in what we call unassigned. Up to 55.3 -- well, 15.7 is meeting our reserve policy. So, we have that following our city financial reserve policies. So, 15.7 is reserved, which leaves you 39.5 million dollars of unassigned monies. These dollars are identified in our CFP. Again, they are identified, but we can't commit or contract with them yet, because they are on a ten year -- you know, they are within our ten year CFP plan. The projects are listed in the CFP accordingly and you can refer to that document if you want to see exactly what projects are I guess identified to utilize that remaining 39.5 million dollars. So, that is the change to the fund balance for the Enterprise Fund. So, again, both funds had a positive increase to their fund balance year over year. Again, please, let me know if you have any questions on either of those funds at any time. Following our agenda that gets us to the impact fees. We do need to report to you on an annual basis what our impact fee results are. For the fiscal year 2020 what you have here are the revenue results by the department. So, each of the three departments that we collect funds for, Fire, Parks and Police, they both exceeded our estimates. Again, this goes in line with all the development projections. You have exceeded -- you approved more permits than we thought you would. So, the results are showing higher than what we expected. So, again, for all three funds or three departments we ended the year 24.7 percent higher than what we budgeted. So, we exceeded our expectations by 24.7 percent on average over the three. I'm going to go over the Fire, Parks and Police individually. This is the Fire Department. This is the results. We generated 47 percent more revenue than we expected and we also spent one hundred -- we spend 93.5 percent of the expenses all associated with Station 6. So, we almost got to that hundred percent mark, but Station 6 is done, so now we are saving up for seven and eight. But that's what this title represents is the Station 6. That moves us on to the Parks Department. Again Parks Department -- we collected 12 percent more than we thought. We spent only 44 percent of our capital budget, so we have carried all of it forward to fiscal '21, so we can continue the development of those project requests. And, then, the Police Department, we collected 62 percent more in revenue than we thought and the big gap here on the capital is mostly due to the scenario village and the precinct projects that we have in play. Again we just need to hold onto the money and save before we spend and, then, we will get those dollars expended over the next ten years easily for those projects. So, in summary, revenues is 24 percent higher than we thought. We don't really have operating in this -- in this fund. This is a capital only project basically. So, we save our money for the infrastructure necessary to complete the capital buildings, stations, the scenario village. We spent 55 percent of the capital requests. So, with that what does that do to the impact fund. So, we add up all the revenues, subtract all the expenses, we add in 4.4 million dollars to the fund balance. Each fund -- each department had its own impacts to the fund balance itself. Total impact fund now sits at about 20.3 million dollars as of 9/30/2020. So, again, all those dollars are restricted. They are assigned. There are -- they have already been identified for the future projects going forward. So, we don't really touch that. So, again, there is 20.3 as part of that 89 million dollars in the General Fund that we don't want to touch or anything else other than impact fee uses. So, that is your fiscal year 2020 financial report. In summary we have covered Enterprise Fund, the General Fund, and the impact fee fund. Again, all this data is in the audit report as well. We have all this on your opengov dashboard reports as well. Everything's at your



fingertips. So, with that -- so, again, recap. Talked about the '20 fund balance and the impact results. Following the agenda the next quarterly update will be probably in May. It's going to be mostly demographic data. This is going to assist you in your budget discussions for fiscal '22. So, we are going to give you some -- some numbers and data to help you articulate the requests that we are going to present to you, with population per capita, some sales data, contracts and water usage. It's really there to help you have a better understanding of how we are developing the budget for 2022 and that will be in May. We will be presenting with you in June. So, that -- I think this is timely information for your discussions and with that I stand or sit for any questions.

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

Cavener: Mr. Mayor?

Simison: Councilman Cavener.

Cavener: Thank you, Mr. Mayor. Todd, the -- the revenues exceeding projections on the impact fees is -- is interesting. Does that create a -- I guess should that trigger a discussion at the City Council level about the rate of our impact fees? I know that there is always a concern about making sure that we are -- we are spending the impact fees to me kind of how we have calendared things out. That's also based on a -- I guess a projection of revenue that we have coming in. Twenty -- 25 percent above projections seems high. I just don't know if that causes any concern from your department or from the impact fee committee about the rate of which impact fees are coming in.

Lavoie: Mr. Mayor, Councilman Cavener, that's a fair question. We discuss this every year within our impact fee committee. We agree with you that we need to keep track of the 25 percent over estimate -- our estimates. Does it impact your fee rate as you say? I would say no to that. This impacts your collection timeline, which -- so, if we are collecting it faster we could get the project done on a quicker basis, because we built a ten year CIP to collect these impact fees over ten years. So, if we -- instead of having something done in year seven we can get it done in year four, that's awesome for us. Then we will open up the impact fee study, because we have now completed all the projects. We don't need anymore money. Now -- now, let's redo this, because we are four years ahead of the scheduled plan, let's recalculate it based on a new CFP and so, hopefully, that answers it. But, yes, we analyze it on a yearly basis. We present this to you on an annual basis, so you can ask these questions. But, yeah, we are always looking at this and say are we at the right time to open it, how are we doing on timelines of our CFP.

Cavener: Great. Thanks, Todd.

Lavoie: Thank you.

Strader: Mr. Mayor?

Simison: Council Woman Strader.

Strader: Similar question, but more on the property tax side. So, if property tax revenue is up by 1.9 percent above what we expected, what is the -- is there a primary driver of that deviation from what we expect and what is that?

Lavoie: Biggest primary driver is going to be delinquent taxes being collected today. So, we only added -- we provide you a hundred percent of what we believe will be collected today. If we have any in arrears, uncollected, which we do. We don't have a hundred percent collected. Of those late payments, quote, unquote, are delinquent, that's what's bringing up the difference.

Strader: Perfect. Thank you.

Lavoie: Thank you.

Simison: Council, any further questions? Okay. Mr. Lavoie, thank you very much. Appreciate the information and the ongoing financial conversations as we head into this FY-22 budget cycle.

Lavoie: Thank you, Mr. Mayor. Appreciate the time.

## **EXECUTIVE SESSION**

- 20. Per Idaho Code 74-206(1)(b) To consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member or individual agent; and 74-206(1)(d) To consider records that are exempt from disclosure as provided in Chapter 1, Title 74, Idaho Code**

Simison: Council, next up is Item 20 on our agenda.

Bernt: Mr. Mayor?

Simison: Councilman Bernt.

Bernt: I move that we go into Executive Session per Idaho Code 74-206(1)(b) and 74-206(1)(d).

Hoaglund: Mr. Mayor, second the motion.

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: Bernt, yea; Borton, yea; Cavener, yea; Hoaglund, yea; Strader, yea; Perreault, yea.

Simison: All ayes and we are moved into Executive Session.

MOTION CARRIED: ALL AYES.

EXECUTIVE SESSION: (5:28 p.m. to 5:51 p.m.)

Simison: Council, do I have a motion?

Bernt: Mr. Mayor?

Simison: Councilman Bernt.

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

Hoaglund: Mr. Mayor, second the motion.

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

MOTION CARRIED: ALL AYES.

Bernt: Mr. Mayor?

Simison: Councilman Bernt.

Bernt: I move that we adjourn the meeting.

Hoaglund: Mr. Mayor, second the motion.

Simison: I have a motion and a second to adjourn the meeting. All those in favor signify by saying aye. Opposed nay. And we are adjourned.

MOTION CARRIED: ALL AYES.

MEETING ADJOURNED AT 5:51 P.M.

(AUDIO RECORDING ON FILE OF THESE PROCEEDINGS)

\_\_\_\_\_  
MAYOR ROBERT SIMISON

\_\_\_\_\_  
DATE APPROVED

ATTEST:

\_\_\_\_\_  
CHRIS JOHNSON - CITY CLERK