

DEPARTMENT REPORTS

- BUILDING INSPECTOR:** The December building permit total was \$1,984.50. The 2016 building permit total of \$23,300.03 included \$17,439.35 in building permit fees and \$5,860.67 in plan review fees. The report also included a building permit total comparison from 2011~ 2016 with a breakdown of types of permits with 42 average permits per year. Sally is funding her position with building permit fees.
- LIBRARY:** Library Board selected new Director but will not be here until Wednesday. Still looking for housing for her. Carol Arnold not seeking reappointment, so looking for new board member.
- POLICE DEPARTMENT:** Peggy back to work. Passed hat around and contributed to 3 family's' Christmas dinners and presents with Sheriff's office. Going in to training season ~ focusing on bias training and active shooter this year. Cold weather has challenged travel. Good lead on pick-up stolen from Cascade Auto.
- PUBLIC WORKS:** They've been busy with snow and rain so not here tonight. Entire waterline put in way too shallow so have freezing problems. Working on snow removal and relocation. Steve has received information from other contractors on equipment they can hire and Rob has encouraged them to do that. Discussion: Someone made 2 requests from dispatch for sand on Crawford today and didn't get any response. Will look into procedures.

PUBLIC HEARING

Vacation Application No. VAC-16-01

Close city council meeting and open public hearing: As per last meeting Mayor will recuse himself and turn the meeting over to Council President Judy Nissula. Hearing was tabled 2 meetings ago needing more research from City Engineer and is now opened.

Staff report: Heather read the 1/6/2017 clarification from Trevor Howard, City Engineer, that *"Prior to vacating any easements for waterlines, the City should evaluate the presence and need for loops to the mainline. All systems are required by Section 542.09 of IDAPA 58.01.08 to minimize dead-end mains to increase system reliability and reduce head loss. I recommend that the City maintain all existing easements that are required or will facilitate looped water distribution mainlines in the future."*

Heather also read a staff report from Rob on the "Utility Vacation Request Duffers Lane" as follows: *~Using a larger plat map there are 2 buildable locations at the top of the property without violating any of the set-backs or the easement in question. One is about 2100 square feet single story on the east side and the other is 330 square feet on the west side of the easement. ~There is existing 10-inch AC pipe for 3200 lineal feet towards the lake and 1300 lineal feet of pipe to the north. Vacating this easement will provide a precedence for the remainder of the easements. ~The easement for lot 6 does not pose any realistic building restrictions for that parcel. ~During the last public hearing, it was mentioned that a water line would not work due to the topography of the land. This is confusing gravity sewer which would be correct versus a pressure water line. The existing water line followed the topography of the land and worked for twenty plus years.*

Presentation or rebuttal by applicant: (Caroline) Had not seen this staff report; it would be great to see some drawings. Did get a copy of letter from engineer but he didn't really answer the question when saying the City would evaluate and she thought that the engineer would evaluate. That wasn't helpful or any more definitive than before. Old pipeline no longer usable for potable water and only for chase. If putting down new pipe why not trench along lot lines?

Discussion: Was there a previous discussion about building over the easement, especially if will use as sleeve? Ask the engineer to answer that. Can we go back for questions and not have to take so long? Prior we didn't refer so had to re-notice. If set a date can refer and move faster. Caroline was frustrated that she couldn't talk directly to the engineer to present their concerns and didn't get any feedback.

Additional testimony of proponents: None

Testimony of uncommitted: None

Testimony of opponents: None

Discussion: Can applicant write something to present to engineer? Will ask and communicate back through email. Want to get specific questions answered and not have rebuttals again. Will ask attorney about procedure.

Close public hearing.

MOTION BY: Kathy Hull

SECOND BY: Rachel Huckaby

Motion to table the Vacation Application No. VAC-16-01 discussions until 1/23/2017 meeting to get specific answers from the City Engineer for these 3 questions: (1) How to determine loop systems and if this line can be used for the loop? (2) Can applicant talk directly with City Engineer? (3) Can applicant build over easement?

DISCUSSION: No further discussion.

ROLL CALL:	Debbie Haskins	~	Rachel Huckaby	Yes
	Kathy Hull	Yes	Judy Nissula	Yes

OLD BUSINESS

No old business discussed.

NEW BUSINESS

Bond Refinancing

DISCUSSION: Christian Anderson from Zions Public Finance, Inc. and Bond Attorneys Nick Miller and Daniel Quaid from Hawley Troxell are on conference call to answer questions about refinancing bonds and the savings available to City.

Zions are advisors to municipalities and act as fiduciaries for obtaining financing with legal responsibility to give advice in City's best interest and help to get best terms and take a lot of administrative burden of refunding off of City staff. Council has copies of slides showing two options for bond bank refunding to (1) maintain term and (2) shorten term. Bonds have a call protection feature that says you can't prepay for a set time period and City has met that in 9/2016 so can call them now at any time. If don't are leaving savings on the table as time passes, so

they are recommending this is a good time to refund even with volatile market. The slides depict the estimated new payment and savings for the two options and have costs factored in.

City has a good debt service ratio meaning after collect revenue and pay expenses there is more than enough to make payments at a coverage ratio of more than 1.5 times. Best terms with bond banks need maintaining this ratio so they have tried to keep payments as high as possible without going over that 1.5 times. Option 1 to maintain terms saves \$500,247 gross savings (\$424,126 net) for 12.44% and Option 2 to shorten term saves \$840,304 gross savings (\$547,992 net) for 16.21%. Gross savings are actual payment reduction. Net savings reflect those savings in today's dollars and discounts them back to today to show present value dollars. In the industry, they consider anything above 5% to be good enough to at least consider refunding and anything above 10% is fantastic. There really is no benefit from waiting and the savings reduce the cost for ratepayers or can go into the system for capital expenditures if City doesn't go over its sewer rates. With Option 1 current bonds still mature in 2036 but the payments decrease. With Option 2 the final payment is in 2033 instead of 2036, 3.5 years sooner which increases the savings. The payment stays the same but have substantial savings with shortened term.

The existing bond has a debt service reserve fund of \$262,144. They strongly recommend City contributes this reserve to the payoff of the 2006 bonds because it was a borrowed reserve. It could become unrestricted and available to use but would have to borrow more for refinancing. City qualifies to have debt service reserve fund waived on new bonds because of high coverage ratio so are in a stronger position going forward.

Questions on savings:

On the existing term with \$500,427 gross savings could the rate to the customers be the same? The savings is to the payment and it's a choice to adjust rates to customer. Don't want to adjust rate down so lose the 1.5 coverage ratio. The savings in the payment with the existing term option will collect \$40,000/year to be used for system compared to shortening the term where won't see any savings until 2033; but in 2033 will get a lot more. The most fiscally conservative action would be to shorten so rate payers would be paying less for debt overall by a pretty wide margin.

How will the shorter-term option affect debt coverage? Debt coverage is calculation about how much money is left to make payment after have met all operating expenses. A ration of one means that after paying expenses you have enough money to make a payment exactly one time. The debt service reserve fund is waived for the new loan because last year City had a 1.5 times coverage ratio and to keep that waived need to stay at or slightly above that level. In Option 1 the ratio would be slightly above 1.5 because the payment would be lower. In Option 2 it

would be right at 1.5.

If choose existing term we would see the savings starting next year, and if we shorten the term we will see the savings at the end of 2033? Yes, this is correct, with much more savings if shorten. So basically, it's a little now and a lot later? Right.

You were saying we need to maintain this 1.5 times ratio and Option 1 maintains this with having a lower payment? Option 1 actually has a higher ratio. The lower the payment the higher the ration. In Option 2 pay off as fast as can without going under the ratio.

So, in either case not going under the 1.5 ration, and in Option 1 could the savings approximately \$40,000 in savings go to the citizens and still maintain the 1.5 ratio? Yes, you could decide to lower your rates but want to make sure still have the 1.5 coverage. May be talking about a \$30,000 reduction in rate per year. Average ratepayer might not even notice while in terms of total savings it's a fairly substantial difference—an increase in more than 50% to savings.

Under the \$262,144 bond reserve, if we pay it towards the loan we don't need to collect it anymore? Does the 20% we collect on the water bond and the other % on the sewer bond still have to be collected? We still have to collect this amount each year and put into reserve. We can spend in subsequent years but still have to collect each year from ratepayers. We're collecting 120% of bond payment. Do we still need to maintain that 20% over coverage? Right now, they're collecting enough money to meet all your operating expenses and still have 1.5 times your payment that is separate from reserves. The old covenant with the bond bank has 120%; the new one has 125% covenant; however again to maintain the waiver with the reserve you have to voluntarily maintain 150% collection which is where you are now so are not advocating for an increase. You are right where you were last year. Don't have to factor this in so actually the money collected is counting towards 150% calculation and not different from what collecting currently. You still collect more than you pay out every year, but once collect is not restricted reserve fund and can go into fund balance and be spent the following year. Bond holders from bond bank want annual budgets that always show a collection of more than you need to pay. Can't stop doing that but it enables building up a fund balance. Where the City is no longer required to hold that \$262,144 amount there is not that requirement any more after the refinancing.

So, what you're saying is that we can take that reserve and use it for something else? No, think of it as a down payment and just buying down the loan. Also, it's a down payment that was borrowed in the first place, so could potentially be used for last payment of 2016 bond in March rather than 2036 and then be replaced by the 2017 bond—so just doing that last payment early with the reserve funds. Even though bond bank said can have the reserve back it's not really restricted because since borrowed initially under bond have to use to pay down bonds or

find project to spend on—can't convert to operating funds and best use is to buy down existing loan (debt). That's why is strong recommendation from them, bold and underlined!

Why refund now? Rates are up a bit after election and is speculation about where will go from here. Forgo savings over time if wait. Big thing now is that Bond Bank is planning a fairly large issuance and the smaller borrower can piggyback on the larger issuance right now and get it done for less than waiting until later and doing on own.

So, bottom line, in summarization, you are recommending that we refinance because we're saving money and we have to decide front or back end; and we would do all at about slightly less than paying now? It would be slightly less than you are paying now, about \$5,000 difference. If you keep the same term will save more each year, but if shorten, the new payments are \$5000 less than current and lop off last 3.5 years.

So, the amount that we are collecting from rate payers needs to stay the same? If you keep the same term, you could potentially lessen what you are charging ratepayers but unknown how much of an impact that would be when spread out over all ratepayers and would have to calculate to insure maintaining 1.5 ratio. No scenario here for increasing rates. Either scenario lets rates decrease at some point in future.

What is the timeline for us to decide to do this or not? City made application and paid an application fee in November. The Bond Bank is currently working through the new issuance with 9 applicants, including the City, so is well under way. They recommend staying on. First need authority to proceed to review law agreement with bond bank and could do on 23rd. Could decide shorten or not later in two weeks. Their costs only come after bonds sold. Current refunding can be paid off as soon as have money. The amount of savings depends on interest rates going up or down until that happens. The longer you wait the less money you save. Let's take next step to be able to authorize legal documents in two weeks. Could delegate to Council member or Mayor the decision to shorten or not. Tonight, need to decide whether or not to take the next step.

MOTION BY: Judy Nissula

SECOND BY: Rachel Huckaby

Motion to proceed with the refinancing of the water and sewer bonds as per the recommendation of Zions Public Finance, Inc. and Hawley Troxell.

DISCUSSION: Will make the shorten or not decision in two weeks at next meeting.

ROLL CALL:	Debbie Haskins	~	Rachel Huckaby	Yes
	Kathy Hull	Yes	Judy Nissula	Yes

Andrew Metzger V.C.E.D.C. update

DISCUSSION: Andrew Metzger from the Valley County Economic Development Council

presented their 2017 Quarter 1 Report to Governments and Stakeholders that highlights what they are working on. The report includes information regarding initiatives including Education, Business Growth Resources, Grants, Pathways, Apprenticeships, Junior Achievement and Marketing/PR. Looking to local leadership for continued participation and volunteers. As part of branding efforts V.C.E.D.C. will become West Central Mountains Economic Development Council.

Centennial Proclamation

DISCUSSION: City Centennial is July 17 and the Valley County Centennial is February 17. The City and County are working on activities throughout the year.

Mayor of Cascade proclaims that the year 2017 is a Centennial Year for the City and proclaims 2017 as the Year of the Volunteer.

Leisure Time

DISCUSSION: Matt Johnson, City Attorney, was not able to attend today to update us with his opinions with this process so we cannot move ahead. At the last meeting, Council voted to authorize building permit in Leisure Time. This was actually an unauthorized motion by the Council so the permit was revoked and not issued. Rob has copy of C.U.P. to review. We need to discuss changing the zoning and also look at the movement for Tiny Homes as part of the building permit process.

Caselle Software Assurance

DISCUSSION: Caselle just put out a new version of their software and are not supporting previous versions. They have provided a quote for all applications currently licensed to the City and 2 concurrent user licenses. The next software release has a dashboard with login for everyone to see in real time what their finances look like, along with other upgrades. Will not require additional training. Currently paying \$5,900/year; will increase to \$7,695 with 5% discount for annual payment. The \$9,270 budget for computer software and support for administration also planned on \$80/month for new T-sheets and other software purchases. This would hit this year. We already paid \$5,900 so only would be the difference of around \$1,800. Downside if don't go it reduces the ability of everyone to have transparency.

MOTION BY: Kathy Hull

SECOND BY: Judy Nissula

Motion to upgrade to Caselle Software Assurance program

DISCUSSION: What about the other features on the list? There are additional modules to purchase. Quote only covers what we currently have. There is the budget for this so we should move ahead with this.

ROLL CALL:

Debbie Haskins	~	Rachel Huckaby	Yes
Kathy Hull	Yes	Judy Nissula	Yes

Budget Review

DISCUSSION: Budget review for 1st three months of the fiscal year. What is miscellaneous revenue for \$76,000 for 3 years when budgeted \$7,690 per year? \$35,000 is Verizon renewal for cell tower, \$16,000 grant award and remainder was the Tap grant for the bike path and they don't fit into any other line items. Health insurance premiums are at 117% because health insurance had a glitch when changed to new year and didn't get paid monthly so all came out in a big chunk in admin and needs to get reallocated properly. Payroll taxes are at 153% and looks like is only for admin. Salaries are above 25% mark except for library. Heather will mark and follow up on. Land leases at 301.7% are just for the airport and are payments for fire use and will be used for reconstructing apron sooner. The cell phone tower shows up in 2 different sections. On water and sewer fund revenues we've only collected 17% and 25% of year has passed. Maybe they weren't closed out before running the report because November is exactly the same. Worried about line items being over.

Personnel Manual ~ Payroll

DISCUSSION: We are only discussing paragraph 7 and 8 changes and not including 9 at this time. Can only portions of this be adopted? These are specific issues right now so need to clarify these sections sooner, even under existing manual. We don't need to adopt these changes. They will be part of personnel manual

Section 7 ~ Reporting and verifying time records: Taking out T-sheets and saying established procedure lets the method change in the future without rewriting manual. Discussed employees signing vs. submitting; places for employees to initial that they read vs. signature page; promotions and compensation was not in ICRMP policy. Agree on changes.

Section 8 ~ Work Periods: Agree on changes

Section 9 ~ Promotions and Compensation: Not in ICRMP. Agree to not include at this time.

Section 10 ~ Payroll procedures and paydays: Proposes that end of day Monday or 1st thing Tuesday mornings that department heads meet to approve timesheets then payroll entered and submitted for approval so that even with a holiday payroll will always fall on Thursday. Heather would enter and send back to department heads for approval before final processing. Issued every other Thursday. Checks and vouchers available Wednesday but direct deposits on Thursday. Real time with clocking in so time entry will be done when pay period ends. Want to follow ICRMP verbiage. Agree on changes.

Section 11: Agree that nothing changed

Section 12 ~ Military Leave: Agree with changes.

Personnel Manual ~ Holiday Pay

Motion to come out of Executive Session.

DISCUSSION: During Executive Session no decisions were made. No decisions were made after Executive Session.

ROLL CALL: Debbie Haskins ~ Rachel Huckaby *Aye*
Kathy Hull *Aye* Judy Nissula *Aye*

ADJOURNMENT

MOTION TO ADJOURN:

ALL IN FAVOR: Debbie Haskins ~ Rachel Huckaby *Aye*
Kathy Hull *Aye* Judy Nissula *Aye*

MEETING ADJOURNED: 9:02

Respectfully submitted and Attested by,

Approved

Heather Soelberg, Clerk/Treasurer

Rob Terry, Mayor