

MINUTES OF A REGULAR MEETING OF THE CITY
COUNCIL OF THE CITY OF COEUR D'ALENE, IDAHO,
HELD AT THE LIBRARY COMMUNITY ROOM

July 19, 2016

The Mayor and Council of the City of Coeur d'Alene met in a regular session of said Council at the Coeur d'Alene City Library Community Room July 19, 2016 at 6:00 p.m., there being present upon roll call the following members:

Steve Widmyer, Mayor

Loren Ron Edinger) Members of Council Present
Dan Gookin)
Kiki Miller)
Woody McEvers)
Amy Evans)
Dan English)

CALL TO ORDER: Mayor Widmyer called the meeting to order.

INVOCATION: Pastor J. John Padula with the Altar Church gave the invocation.

PLEDGE OF ALLEGIANCE: Councilmember McEvers led the pledge of allegiance.

CONSENT CALENDAR: **Motion** by McEvers, second by Miller, to approve the consent calendar.

1. Approval of Council Minutes for the July 5, 2016 Council Meeting.
2. Approval of Bills as Submitted.
3. Setting of General Services and Public Works Committees meetings for July 25, 2016 at 12:00 noon and 4:00 p.m. respectively.
4. Setting of a Public Hearings:
 - a. August 16, 2016 for V-16-4 – Vacation of the Davis Avenue Condominiums Plat (Book K of Plats, Page 165).
 - b. August 16, 2016 for a public hearing regarding fees in the Finance (related to public parking lots) and Fire Departments (related to tent inspection fees)
 - c. September 6, 2016 for A-3-16 - Lake City Engineering; 2650 & 2750 W. Prairie Avenue for annexation and zoning from County Ag. to City R-8

ROLL CALL: Miller Aye; McEvers Aye; Gookin Aye; Evans Aye; English Aye; Edinger Aye. **Motion Carried.**

PUBLIC COMMENTS:

Amber Loomis, Coeur d'Alene, spoke regarding Phippeny Park development. She noted that some of her neighbors like the idea of a gazebo and edible landscaping and possibly a short

break wall to keep young kids within the park. She would like to continue to be informed and be of assistance in this project. She asked who to contact regarding the oxygen levels in the lake. Councilmember Miller noted that CDA 2030 supports an annual symposium regarding the lake with the Tribe, University of Idaho and Kootenai Environmental Alliance and they would be a good resource.

MAYOR AND COUNCIL COMMENTS:

Councilmember Miller noted that the Idaho Commission for Libraries Annual Summit will be held in Coeur d'Alene this Thursday and she will co-present with Bette Ammon regarding the Lake City High School Public Library project.

Mayor Widmyer noted that he attended an annual pastoral group luncheon wherein Pastor Tim Remington attended and noted that he is doing well.

(QUASI-JUDICIAL HEARING) V-16-2: A-2-16: ANNEXATION OF A PORTION OF CITY OWNED LAND ON BLACKWELL ISLAND AND ZONING FROM COUNTY RR TO CITY C-17

STAFF REPORT: Planner Mike Behary explained that the applicant, the City of Coeur d'Alene, has requested annexation of approximately 1.83 acres located immediately southwest of the Blackwell Island RV Park, at 800 S. Marina Drive, with zoning at C-17 (Commercial at 17 units/acre. He reviewed the property history, location, area zoning, and area land uses. He noted that the findings required for the annexation include: that this proposal is or is not in conformance with the Comprehensive Plan policies; that the public facilities and utilities are or are not available and adequate for the proposed use; that the physical characteristics of the site make or do not make it suitable for the request at this time; and that the proposal would or would not adversely affect the surrounding neighborhood with regard to traffic, neighborhood character, and/or existing land uses. Mr. Behary noted several applicable Comprehensive Plan policies and characteristics of the site. He reviewed the allowable uses within a C-17 zone and noted that there are no proposed conditions as the Annexation Agreement will cover any concerns.

Mayor Widmyer called for public comments with none being received. Public testimony was closed.

DISCUSSION: Councilmember English asked if the water line on the property was connected to the City's water service. Mr. Behary confirmed that it is a city water line and that it is connected to the City's system. Councilmember Gookin expressed concern that there is no sewer available to the property. Mr. Behary explained that the RV site has a pump station that takes the waste into the public system over the US 95-bridge line. Councilmember Gookin asked if the City would pay any fees. Mr. Behary confirmed that the City does pay fees. Finance Director Troy Tymesen explained that the fees for annexation go into an annexation fee fund. Councilmember Gookin asked for clarification regarding the requirement placed on third parties that they be required to extend the sewer when annexed into the City. Mr. Behary explained that when property is developed, they would have to bring the sewer to and through the property.

Councilmember English asked for confirmation that the RV Park has already been annexed into the City. Mr. Behary confirmed it was annexed into the City in 1996. Community Planning Director Hilary Anderson clarified that sewer lines are installed at the time of development. City Administrator Jim Hammond noted that all of the wastewater lines on Blackwell Island are private with connection to a lift station to the public line that is located on US 95. If another property on the Island were to be annexed, they land owner would have to work out with the other property owners to connect to the lift station.

MOTION: Motion by McEvers, seconded by Edinger to approve the annexation of a portion of city-owned land on Blackwell Island and a zoning change from County RR to City C-17, to make the necessary Findings and Order.

ROLL CALL: McEvers Aye; Gookin No; Evans Aye; English Aye; Edinger Aye; Miller Aye.
Motion Carried.

HIGH FIVE COMMUNITY TRANSFORMATION GRANT 2017 OPPORTUNITY WITH CDA 2030.

STAFF REPORT: Deputy City Administrator Sam Taylor noted that the Inland Northwest Food Network, CDA 2030, Kootenai Health, Heritage Health, Panhandle Health District, Eat Smart Idaho, the Coeur d'Alene School District and other partners are pursuing grant funding to support childhood wellness and promote healthy eating in the local schools. The Letter of Intent requested from the City, which is due July 22, 2016, is the first step in applying for this grant opportunity. The grant process requires a municipality to be the lead sponsor of the grant application; however, other local partner agencies would be utilizing the funding for other initiatives that meet the goals of CDA 2030 related to healthy eating for children. Mr. Taylor clarified that this will be a private grant process and the City's participation will consist of solely writing a Letter of Intent, with no staff efforts other than through the grant partners. Mr. Taylor introduced Dr. Joe Abate, Chief Medical Officer at Heritage Health, as representing the grant partners. Mr. Abate stated that Blue Cross's mission is to reduce childhood obesity. He noted that two main prevention methods against childhood obesity are diet and exercise. The goal of the grant is to increase the appreciation of healthy food including the growing and cooking of healthy foods. In a 2012 survey for our area, it was found that 29% of 3rd Graders were overweight or obese, and 23% of High School students were overweight or obese. In that population, 23% will develop diabetes over their lifetime and other chronic illnesses. Bringing the organizations together allows them to have a much larger impact. He reiterated that the partner organizations would be doing the work outlined in the grant. If the grant application is successful, up to \$250,000 could be awarded to our community to support childhood wellness and promote nutrition and healthy eating in the local schools.

DISCUSSION: Councilmember McEvers asked if \$250,000 would be enough to be effective for this goal. Mr. Taylor stated that the City's role is write the Letter of Intent and the partners will need to determine the programs. Councilmember McEvers felt that the "Let's Move" initiative required healthy food choices of the vendors in the park and he felt like it was over-reaching. Mr. Taylor reiterated that this would be a private grant from Blue Cross and is totally separate from the "Let's Move" program. Councilmember Miller noted that one of her earlier

concerns was why the City needs to write the letter and what would that mean for potential future obligations; however, Mr. Taylor clarified that the grant is structured so that the City does not have any future role as there are partners identified to execute the grant, and so she is comfortable with the letter. Councilmember English said he would support the grant, as he knows that the risk factors of diabetes are real. He noted that it is not uncommon when nonprofits go out for a grant there needs to be some governmental entity supporting the efforts and he is glad to support it. Mayor Widmyer thanked Dr. Abate for his activity in our community and his efforts to make our community healthy.

MOTION: Motion by Evans, seconded by Miller to approve the City's participation in the High Five Community Transformation Grant and authorize the Mayor to sign a Letter of Intent for the grant application. **Motion carried.**

CITY HALL REMODEL FUNDING

STAFF REPORT: Mr. Hammond explained that the City Hall remodel has been the subject of conversation for approximately 28 years. He noted that the remodel is about ADA requirements, security, and building efficiencies. The city did conduct a project with Johnson Controls for energy efficiency that included a new furnace and cooler, but did not replace the HVAC boxes, ductwork or windows. He noted that the temperatures along the windows demonstrate they are inefficient. Safety issue concerns open access throughout the building. Space efficiency needs to be cleared up as the building was built to house a Police Department, and some spaces are congested while others are very open. He noted that the City would be eliminating the cost of renting space for the Legal Criminal Division. Mr. Hammond said that this project is not about building a fancy building. He noted that his office would be divided into two offices, which is part of the space efficiencies that would be corrected with this project.

Architect Cory Trapp reviewed the space analysis conducted this year and presented examples of current conditions that do not meet ADA requirement or provide security. He noted that the building was built in 1978 and has not had a substantial remodel since that time. Mr. Trapp reviewed the goals of the remodel to include ADA, security, moving the Legal Department under one roof, customer service enhancement, maximized use of space, electrical HVAC, and IT updates. Currently, the electrical service to the building is maxed out, and no new services can be added unless a new main is added. He noted that in the building design he created a very visible entrance that will serve as the beacon to City Hall. He reviewed the complication of using flex ductwork for more than a 6' span and noted that many locations within City Hall have 30' long lines and some with several 90-degree angle kinks in the flex duct that should be straight. Mr. Trapp noted that there are three options being presented for Council consideration. He clarified that Option 1 would not include the full glass entrance to City Hall, replacement of the ceiling tile and grid; LED lighting, and would reuse the existing flex ductwork. Option 1 would provide the plumbing for the future install of the security system, but would not include the purchase or installation of the security system. Additionally, existing bathrooms would remain the same, with ADA accessible restrooms added on each floor. He clarified that Option 2 would not include the remodel of the existing bathrooms nor would it include the replacement of the windows or exterior siding. It also does not include the repainting of the building. Option 3 would include remodel of all the restrooms, replacement of the glass in the upper windows and

lower windows and siding, repainting of the exterior and replacement of the existing air conditioning unit. He reiterated that the electrical panel is at maximum capacity and there is no choice but to bring in another line. Additionally, electrical codes have changed and staff can no longer handle low voltage lines, such as the computer cables.

DISCUSSION: Councilmember McEvers asked for clarification regarding the HVAC system. Mr. Trapp explained that none of the individual units were replaced during the Johnson Controls project. Councilmember McEvers asked how difficult it will be to heat and cool the large glass entrance. Mr. Trapp explained that the glass would be solar band 100 glass that is very energy efficient. Councilmember Edinger asked what the cost would be if the project only included ADA improvements. Mr. Trapp explained that the electrical upgrade is needed to run the ADA elevator in addition to just those costs. Councilmember Evans noted that one of the concerns has been safety for staff; however, Option 1 does not include the security system and asked how much that would cost to include. Mr. Trapp estimated it to be \$48,000. Councilmember Gookin noted that the staircase between the Library and City Hall was not included in the options presented and wondered what the cost estimate would be for the stairs. Mr. Trapp noted that the area between the buildings includes stormwater management from the upper parking lot and it could be \$100,000 to \$200,000 depending on the type of stairway. Councilmember Miller noted that the installation of LED lighting and HVAC improvements will be an energy savings and wondered if a savings analysis has been completed. Mr. Trapp said that he has discussed this with a mechanical engineer would estimate that the most savings would be through the lighting change out, with an estimated savings of 10%-15% on the energy bill. Councilmember Evans asked if any differences in items from Option 1 to Option 2 could be added in the future. Mr. Trapp explained that the ceiling tile and grids should be done during the mechanical improvements, as it is easier to take it all down while doing the work. Councilmember Edinger asked Mr. Tymesen regarding funding sources and how will the City be informing the public what they are going to do. Mr. Tymesen noted that the City has an information officer that can aid in the distribution of information.

STAFF REPORT CONTINUED: Mr. Tymesen noted that the City began a space analysis about 10 years ago and the reason the City did not move forward with a remodel project was a lack of funding. In 2010, the City used a federal grant to do \$800,000 in energy upgrades (referred to as the Johnson Controls project) throughout the building. The heating system cost over \$440,000, which kept the boilers and chillers going, but did not get the whole system done. The City is currently spending approximately \$3,000 a month in rent for the Criminal Division. Mr. Tymesen noted that there were three construction options outlined in the presentation, each with a different funding level. He said that staff expects revenue from the sale of the city-owned Fruitland and Harrison Avenue properties in the amount of \$609,000 (\$525,000 Harrison Avenue property and an estimate of \$84,000 from Fruitland). The remaining amount from each option would be financed through a lease over a 20-year term (estimated to be a 2.45% interest rate). Lease payments could be made from the cost savings of no longer having to pay \$36,132 per year in rent and utilities for the Criminal Division office space (over a 20-year period, it would be a \$722,640 savings). Leasing options may include the financing of \$691,000 at \$3,645/month for Option 1, \$1,041,000 at \$5,491/month for Option 2, or \$1,341,000 at \$7,073/month for Option 3. Mr. Tymesen noted that he liked the lease option as it allows the City to retain its cash. He noted that with \$780,000 already proposed of Fund Balance within the proposed

budget, he forecasts approximately \$6.6 Million remaining in Fund Balance, which is two months' worth of cash flow. With the elimination of rent and utilities at approximately \$3,000 per month, the Council could look at payment for the same amount and use cash from the Fund Balance for the difference. He noted that \$568,000 in lease funding would net a payment of approximately \$3,000 a month. For Option 2 it would take approximately \$473,000 in cash; and for Option 3 it would take approximately \$773,000. He noted that Option 3 would leave the Fund Balance at approximately 15%.

Mr. Hammond encouraged the Council to think about the big picture after seeing all the options. City Hall has always been an integral part of the community and it is a focal point of the building community, which encourages business development. He also encouraged Council to think about the importance of the activity that occurs within a City Hall. He noted that neighbors to the west built a new City Hall spending over \$8 Million over ten years ago, and this project would be 25% of that cost and serve our citizens long into the future.

DISCUSSION CONTINUED: Councilmember Edinger asked about the concern of committing future councils through the lease. City Attorney Mike Gridley explained that the banks are comfortable with non-appropriation leases, wherein Councils would make an annual appropriation and the Supreme Court confirmed the action. Councilmember McEvers asked if Mr. Tymesen was comfortable with 15% in Fund Balance. Mr. Tymesen reiterated that Government accounting standards set a recommendation of double-digit percentages. Councilmember Gookin thought it would be easier for Council to choose one of the project options, and then have staff come back with funding options. Councilmember English asked if the lease funding would allow early payoff without penalty. Mr. Tymesen confirmed that the best option would be to include no prepayment penalty. Councilmember Gookin reiterated that he believes that the Council should determine the option, and then staff would come back later with funding options, as he believes there are too many options before Council tonight. Mayor Widmyer encouraged the Council to complete the action tonight. He reiterated that staff has presented a known amount of funding from the sale of city-owned property and that the Council would need to determine their comfort level with the lease and to what level, then how much they want to take from Fund Balance. The Mayor reiterated the issues are ADA, security, efficiency, and needed upgrades.

Councilmember English said he has been thinking about this a lot, and in over 20 years of experience in working with government building projects, rarely is there criticism for doing too much, but lots of times there is criticism for not doing enough and not looking ahead. He believes that the Council needs to make sure they can make the payment or use the Fund Balance and Option 3 would be his choice. Councilmember Evans explained that she falls between Option 1 and Option 2, as she does not agree with the entrance design in Option 2. Councilmember Gookin would support Option 3, plus the staircase between City Hall and the Library. Councilmember McEvers said he would support Option 3, as half of the funding is already there with rent savings and he feels this would be a long-term investment. Councilmember Miller did not support the two-story glass entry, as she was concerned with maintenance, heating, and cooling of the space. She asked what the risk for claims are if the City is not compliant with ADA. Mr. Gridley explained that if the City does not remodel the building it could continue with existing conditions, but if we had to make a reasonable accommodation

request from an employee the City would need to do the improvements. Councilmember Miller said that she wants to do this right and would want to be proactive for future financial risk, so she would support Option 3 with signage and stairs between the buildings. Councilmember Miller and Councilmember Gookin agreed that they would accept the stairs as an add alternate in the bid. Councilmember Edinger said he would support Option 1 but does not like to take money from Fund Balance and does not like the idea of putting future Councils in a position that they have to worry about the lease. Councilmember English expressed that he would also like the stairs as an add alternate to the bid. Mayor Widmyer noted that the City has been very financially responsible by identifying assets to sell and using the savings of rent as funding sources. Safety, ADA, and other upgrade issues will get more expensive in the future. Mayor Widmyer noted that he would be in support of Option 3 with an add alternate of the stairway. He expressed that the City could demonstrate to the taxpayers it is being prudent in a number of ways. Discussion ensued regarding the glass entranceway and concerns with maintenance. Mr. Trapp noted the second story area was identified as a potential space for public art. The Council agreed that they would not want the two-story glass concept included in Option 3.

MOTION: Motion by Gookin, seconded by English to approve staff to move forward with Option #3 for the City Hall remodel, with an add alternate to the bid of stairs between the Library, with a scaled back main entrance.

ROLL CALL: Gookin Aye; Evans Aye; English Aye; Edinger abstained; Miller Aye; McEvers Aye. **Motion carried.**

DISCUSSION CONT.: Discussion ensued regarding the funding of the project and the merits of the lease option and use of Fund Balance versus judicial confirmation. Councilmember Gookin noted that he would be more comfortable with a lease document outlining the obligation of the City and expressed concern about what recourse the bank would have. Mr. Tymesen explained the bank's obligation in the event of default and how a default would affect the City's credit. He explained that the goal would be to work with lenders that are comfortable with the program without collateral. He further explained that the City is putting in a large amount of cash and a banker should be comfortable. The Mayor noted that future City Councils would not want to destroy the credit of the City and would likely pay off the total owed on the lease. Mr. Tymesen confirmed that the City Council could pay it off at any given time. The Mayor noted that the currently low interest rate through use of a lease would leave cash available for opportunities in the future. Mr. Tymesen said that that bankers and bond counsel are comfortable with the lease option. He further explained that the bank could not place a lien upon cash, but improvement of the asset is something the City would not want to walk away from and blemish the City's credit rating.

Councilmember McEvers expressed support of the lease option. Councilmember English said he was a little on the fence regarding the mix of cash versus lease, although he believes there should be some combination of Fund Balance and the lease. Councilmember Gookin expressed concern that that the lease looks like a loan, not a secured lease, and wondered if legal could get an Attorney General's opinion. Mr. Gridley explained that is not what an Attorney General does, but noted that the case is very complicated and the Supreme Court said that in the modern world if every agreement had to go to the vote of the people government would stop. In the end, it

would not matter what you call it but that it is a contractual arrangement, with the payment limited to the appropriation for that year and whether or not it exceeds your revenues. Councilmember Gookin felt Article 8, Section 3 has kept the State fiscally sound and keeps the public informed and believes this is debt disguised as a lease. Mr. Gridley reiterated that the City's revenues exceed the amount so it would not violate Article 8, Section 3. Councilmember Miller asked staff to clarify that the previous annexation of the Blackwell Island property is not associate to this financing. Mr. Tymesen confirmed that it was not. Councilmember Gookin clarified that he would not be able to justify a loan while there is money is available in Fund Balance. Mr. Tymesen reminded the Council that he wants to include this in the high water mark resolution for the upcoming fiscal year. Mayor Widmyer asked if the Council would be comfortable with funding \$1.3 Million through half from Fund Balance and half from the lease, with the lease covered by rent saving. This would still leave a Fund Balance of over \$6 Million. Councilmember McEvers said he liked Fund Balance being a little heavy but would like to keep the monthly payment low. Councilmember Miller said she agreed with dropping the lease amount and would be amenable with using Fund Balance to drop the payment closer to the rent savings. Councilmember Edinger said that some funding out of Fund Balance to get the payment down would be better. Councilmember Gookin said he would not support a lease option. Councilmember English said he would be comfortable with the option of taking half from Fund Balance and using the lease option for the other half.

MOTION: Motion by English seconded by McEvers to approve staff to move forward with funded with \$650,000 out of Fund Balance and \$650,000 being funded through a lease and to move forward with the bid process.

ROLL CALL: Gookin No; Evans Aye; English Aye; Edinger No; Miller Aye; McEvers Aye.
Motion carried.

ADJOURNMENT: Motion by McEvers, seconded by Evans that there being no other business this meeting be adjourned. **Motion carried.**

The meeting adjourned at 8:08 p.m.

ATTEST:

Steve Widmyer, Mayor

Renata McLeod, CMC, City Clerk