Fire Station Citizens Advisory Meeting Minutes

Thursday, October 01, 2020
Twin Falls Council Overflow Room @ 9:00 A.M.
203 Main Avenue East, Twin Falls, Idaho

Citizens Advisory Committee Members Present: Debbie Dane, Nikki Boyd, Dwayne Tucker, Dave Moore, Jim Olson, Jan Rogers

Citizens Advisory Committee Members Absent: Tami Gooding

Fire Station Programming Committee Present: Josh Kliegl, Jesse Bowman

Fire Station Programing Committee Absent: Joe Miller

Facilitators: Fire Chief Les Kenworthy, City Manager Travis Rothweiler, CFO Breanna Howard, Mandi Thompson

Staff: Fire Administrative Assistant Danielle Kolb-Slagel

1.) **Confirmation of Quorum/Call Meeting to Order**
Fire Chief Les Kenworthy called the meeting to order at 9:03 a.m.

2.) **Consent Calendar**
a.) Approval of meeting minutes from August 26, 2020.

3.) **Fire Station General Discussions – All**

Les Kenworthy – The need for fire stations has not gone away, it is increasing. Shared last meeting, we spent approx. $10,000 on Station 2 for mold abatement, the project is completed and there was additional mold found during the remodel that had to be addressed. This is just one of the three stations, all of them have similar type issues – dry rot, leaking, and program deficiencies. We have been working to find a way to move forward despite a failed bond issue last year. One of the ideas being talked about was an alternative for a fire station. Had several questions about moving the program, instead of building the stations for 40+ years. Previously we moved forward with a bond that would provide all three stations for 40+ years, and that did not work. We then discussed doing two stations with smaller footprints that would be adequate for approx. 20 years with the option to add on additional square footage as needed, without negatively affecting the program we are trying to achieve. The program committee and City finance and management toured the facility in Meridian that was similar to what has been discussed. All parties agreed that this type of facility would meet the needs for now and the near future. Also has options for future expansion. It might be possible to add a third bay and still stay within the funding available. We are continuing an apparatus study to see what our needs will be in the future that might not be completely done while designing stations, but we will probably need a third bay. We have had to make some concessions, but we feel confident is a plan worth moving forward. We also discussed training needs; we have been talking with the Fire District and they have offered up to 3 million dollars for the training facility. There is a plan, we have done soil testing and geo planning, and we can begin moving forward with some of that in parallel with the station process.

4.) Fire Station Funding Options – Travis Rothweiler/Breanna Howard

Travis Rothweiler – What we are moving forward with is a concept, but ultimately City Council will have to approve of the concept and ensure we can turn the concept into a specific plan. We must think about the City of Twin Falls a little differently to understand the funding mechanisms we are considering. When we think about the City of Twin Falls, we think of a total organization, instead we need to look at it like several independent companies working underneath one large corporate umbrella. Statutorily, we operate a water fund as its own separate company, a sewer fund as its own independent company, and as we collect fees those must be applied directly to that service. They cannot go in and out freely without consent of the Council. The City Council is like a board of directors at a multi conglomerate such as General Electric. While the board at GE might be responsible for an appliance division, a television programming division, and a larger part of the GE corporation. In our instance, it is the water fund, sewer fund, streets fund, airport fund, and the general fund – all the different funds that we have. What we are going to ask the City Council to do is to leverage their investment from one side of our house to another. We shared at the last meeting the idea of an inter loan between the different funds we have under our umbrella, and we asked Rick Skinner with Skinner Fawcett (one of the foremost bond attorneys in the state) and we heard that the plan that we had created is legal with one small nuance. In Idaho, we have four options to go forward with larger construction projects – the bond with a supermajority threshold, the certificate of participation which is an annual lease, we can save for it over a period of time, and the inter-department loan, more appropriately called a revenue anticipation note. This is a legal investment inside the state of Idaho; essential loaning its resources to another part or entity in anticipation of receiving money in the future. Challenge with certificate of participation is that we have 2.6 million dollars in total impact fees, and we anticipate that we have would have 3 million dollars in impact fees by the time of the first payment. Next year we anticipate collecting $350,000 dollars just on the fire side based on current growth. Station 2 is eligible to be built using impact fees, as the need is driven by growth. The challenge is that if we pay 3 million dollars as a down payment, the ability to walk away is not guaranteed. What we would do under the revenue anticipation note is view each station as its own note. The Meridian station total program cost was 5.787 million dollars. If we apply an initial 7 million dollars for each station, we would look at two separate notes, one for Station 2 and one for Station 3. For Station 2 we would be able to apply the impact fees collected and buy down the debt for that station. Impact fees cannot be used for Station 3 so we would have to look at other ways to fund. The City Council sets the terms of the agreements for fairness and equity between both parties. The terms can be changed as needed and can be repaid early without penalty. We would have two separate revenue anticipation agreements, one for Station 2 and one for Station 3. Then we have to commit how would we pay for this with the ability to walk away. The Council has $770,000 annually for a Council capital projects that could be a vehicle to apply. Station 2 is always eligible for impact fees and those can be used every year to offset the annual payment and require less tax dollars. We are experiencing a period of rapid growth, but we are unsure what the State Legislature is going to do with our funding formulas. They wanted to modify the property tax, but the Legislative session was cut short with COVID-19. There is an interim committee that has been working since the closing of the session that has been working to develop a plan for modifying property tax. New construction and growth, had the City of Twin Falls taken it, would have been nearly $700,000. If we apply the new growth and the Council capital that is 1.4 million, which is far more than we need for the debt service. At the end of the year we go through a balancing, and this year we anticipate that we will place 2.3 million dollars in cash reserves from the general fund into the capital fund. Rather than placing that into reserves, the Council could elect to use that to pay down the debt. Historically we have placed cash reserves every year, and that has led to strong cash reserves which we could use to pay down the debt.

Debbie Dane – Question – You said that the City Council would set the terms, what is an example of the terms?

Travis Rothweiler – Answer – So they are going to set the total length of time of the note, and the interest that is going to be paid. It has to be a market-based interest rate on what the enterprise fund can make. Right now, we are not making a lot of money on what we can legally invest in. We are making .8% on our money right now. State of Idaho says that we can invest in only very safe investments with a low interest rate. In the municipal bond market, we would pay about 1.3%-1.4%, in a certificate of participation we would pay about 2.4%. We will use our financial advisors to help us calculate what a fair and equitable rate is for the term. The Council will have the ability to make alternate flexibility with the terms to be able to pay the debt down faster than the set duration. How are we not going into a state of indebtedness, per the Idaho State Constitution, if we are going beyond the terms of a fiscal year? The nuance that was mentioned earlier, the revenue anticipation note will be issued every year, just like refinancing every fiscal year. This makes it completely legal statutorily and constitutionally. Because of our financial strength we could with certainty pay off all the debt today, although having the money in the bank is good for our financial situation. When we pitched this idea to Rick Skinner, it took about 10 days for them to review it – they had never heard this type of proposal. This gets us Station 2 and Station 3 much faster, and paid off much faster than a bond, with the flexibility to expand in the future.

The sequence is still something we will need to work through. Station 2 will be easier because it is on new ground and will not interrupt operations. Station 3 will need to be vacated and torn down to build the new station on that site. We also need to make improvements to Station 1, I recommend that we use cash reserves for that. We know that we need to have a dirty side/clean side, we know that we want to have a platform to move forward in the coming years, adjust the bay configuration. Station 1 will need to be vacated for the construction process. Architect said the approx. 9 months to design the station and get the permitting to be able to break ground. We hope to have the construction company in early so they can work with the architect and serve as a manager for the entire process. Construction should take about 12 months from groundbreaking until a fire engine can use that station. Timelines might be longer because of the scarcity of construction firms and workers, as well as needing to adjust operations to vacate the stations.

Jim Olson – Question – Is there a possibility that Swensen's would allow extra ground for the Station?

Travis Rothweiler – Answer – Acquiring more ground is not necessary for the long-term solution, once the station is created, we do not need any more land long term to be able to place the building on the site. The operation cost of keeping an engine in service at Station 3 costs much more than vacating the station. It may be a solution if we cannot figure out a way to stay operationally ready.

Dwayne Tucker – Question – What is the operational plan for service Station 3's area if the building is shut down?

Les Kenworthy – Answer – We have talked about some preliminary ideas but have not done a lot of analysis on that plan. Station 3 is the least busy station, but we will need to see what that looks like. If we build the training facility at the same time, we may be able to house them there. We may be able to do a phased approach and have Engine 3 run out of Station 1, or dynamic deployment of the apparatus to that area for the day, etc. We will have to work with the CMGC with Station 1 as well, spend a little more time to ensure all the projects are addressed, maybe even the training facility.

Jan Rogers – Question – How does the process start? What is the time frame and how does this progress?

5.) **Next Steps for City Council & Recommendation from Citizens Advisory Committee**

Travis Rothweiler – Answer – Need to talk to the City Council and give them the idea so they have some time to consider this. We anticipate presenting this idea with bond counsel in November. It is important to have the legal documentation done, they said it will be done by October 26th. We will have one more of these committee meetings prior to recommending anything to the City Council. November 9th is when we anticipate bringing it to Council. If City Council says yes, we will work with bond counsel to draft the actual agreement, duration of agreement and interest rate. We will also work with the repayment options. Depending on the time that bond counsel takes, we will take it back to Council for them to approve the revenue anticipation note agreements. After the November 9th meeting, we will have an idea of how they wish to proceed and move forward with the CMGC and the RFQ request and the document that will be published. We hope to have the CMGC on board by January 1, 2021. Plans should be reviewed by CMGC and architect by approx. September 2021. Construction will be up to the operational plans and needs as decided by the Fire Chief. We will have alternates that are in the buildings so that if we cannot afford it initially, we can add those later with only small modifications and approvals. Station 5 is in an area with CCR's and will need to match some of the cosmetics.

Les Kenworthy – This has been fast moving and dynamic, the agenda has been covered. We will get another meeting scheduled before November 9th, we will have more information based on what the Council members tell Travis and have some of the documents to be reviewed. At that point we will get a recommendation from this committee to take to the City Council meeting.

Dwayne Tucker – Question – Is this a similar process to what we will do for Station 5?

Travis Rothweiler – Answer – It might be, the biggest problem is adding staffing, not the actual building. We are looking to get to a more appropriate manning standard for the current stations. Adding 14 firefighters to staff a new station is approximately 2 million dollars annually, and new taxes only add about $700,000 annually. The fire department is not the only department that needs staffing.

Les Kenworthy – Answer – Every year we go to long term planning requesting personnel. Last year we were able to hire 5 personnel through a SAFER grant, which was the first personnel since the 1970's. Travis is committed to letting the process work. This year we put in for two more, with the unknown that COVID-19 would not allow the addition of any new personnel. Slowly we will hopefully add the ability to add more firefighters so that we can eventually open a new station.

Dwayne Tucker – Question – What is our PPC rating? Is there a possibility that the new station before the next ISO rating?

Travis Rothweiler – Answer – Our ISO rating is a 3, about as dead center of a 3 as can be. Trying to get to a 2 is not an easy feat. The next ISO rating is happening in the next 12 months. In Idaho EMS is a county function and it comes with a county tax to provide for it. Our biggest problem with a better ISO rating is personnel. Idaho Falls has two counties that contract with Idaho Falls FD and they take in the tax money from the county. They can use the EMS funding to hire approximately 75 more firefighters than we have in Twin Falls.

Les Kenworthy – Answer – We have a long way to go to get to a 2. It is a complex matrix, we have added points with the new ladder truck, new personnel, a full-time training officer. Idaho Falls is rated at a 2, because they have taken on all the EMS in that city.

a) **Upcoming Meeting(s)**
We will be scheduling a meeting between now and November 9, 2020.

b) **Adjournment**
The meeting adjourned at 10:07 a.m.

Danielle Kolb-Slagel

Danielle Kolb-Slagel, Administrative Assistant