

SMITHVILLE BOARD OF ALDERMAN

WORK SESSION

June 1, 2021, 6:30 p.m.
City Hall Council Chambers

Due to the COVID-19 pandemic this meeting was held via teleconference.

The meeting was streamed live on the city's FaceBook page.

1. Call to Order

Mayor Boley, present via Zoom, called the meeting to order at 6:30 p.m. A quorum of the Board was present via Zoom meeting: Steve Sarver, Marv Atkins, Kelly Kobylski, Dan Ulledahl, John Chevalier and Dan Hartman.

Staff present via Zoom: Cynthia Wagner, Anna Mitchell, Chuck Soules, Chief Lockridge, Mast Denton, Stephen Larson, Jack Hendrix and Linda Drummond.

2. Discussion of American Recovery Act Plan and CARES Funds Use

Cynthia explained that she wanted to speak to the Board this evening about two items, staff will be seeking direction on both items. One item is the distribution and utilization of the remaining CARES funds and the second item is utilization of American Recovery Plan Act.

CARES Funds

Last year the City received just over \$945,000 of CARES money from Clay County. The memo in the packet outlines those expenses that were directly related to COVID.

- Reimbursement of general fund expenditures related to mitigation of the spread of COVID19 (purchase of PPE, cleaning supplies, equipment to facilitate remote work, etc.).
- Funding for two rounds of small business grants to assist small businesses with the costs of business interruption caused by required closures administered through the Clay County Economic Development Commission.
- Purchase and installation of touchless restroom and kitchen fixtures for all city facilities, including parks restrooms.
- Installation of equipment at Heritage Park to facilitate live streaming of video from ballfields.
- Upgrades to the Board of Aldermen Meeting Room at City Hall to improve audio and video quality for remote access.
- Funding for rental/utility assistance grants for Smithville residents, administered through the Northland Assistance Center.
- Allocations to the Smithville School District for the purchase of equipment and supplies relating to mitigation of the spread of COVID in schools.

- Allocations to the Northland Regional Ambulance District and Smithville Area Fire Protection District to purchase foggers to clean equipment and facilities.
- An allocation to Water District #9 to assist with purchase of PPE.

In addition, at the end of last year the US Treasury Department outlined the ability to be able to utilize or refund monies to cities for expenditures related to Public Safety salaries through the course of the pandemic. Staff has identified about \$280,000 in police salaries.

Staff created a separate fund for the \$945,000 CARES funds to keep those monies segregated from the general fund. Whenever we made expenditures to other entities, they were paid from the CARES funds account. Cynthia noted that the Board has taken action on reimbursements we have done to pay for items such as the purchase of the touchless faucets and those type of expenses incurred. As the memo outlines, there is about \$251,000 for the police salary allocation that remains in the CARES funds.

Currently, staff requests Board direction to move the remaining monies from the CARES Fund to the General Fund, increasing the fund balance by approximately \$251,000.

If Board concurred and directed staff to move the remaining funds to the General Fund, leaving additional fund balance reserves are available for general city projects/expenditure.

Staff is looking for direction from the Board regarding the windfall in the general fund created by the transfer of CARES funds. If we do have additional funds within the general fund staff would make three primary recommendations that are really related. All of these are items staff seeks general direction from the governing body this evening and would bring actions forward at a future meeting to make budget amendments.

In review of the FY2021 Budget and planning for development of the FY2022 Budget, staff would recommend use of the \$250,000 as follows.

- *Allocate \$75,000 to complete phases two and three of the electrical upgrade project at Smith's Fork at the completion of the 2021 camping season.*
Phase one of this project was completed at the end of the 2020 camping season and provided the opportunity to increase revenues at the campground. The budget has anticipated phasing over three years, but by doing two phases at once, some savings can be realized and the project could be completed a year earlier, creating more opportunity for revenue generation.
- *Allocate \$75,000 to initiate a police facility needs assessment study to include schematic design this summer.*

A space needs assessment has been identified in the CIP as an unfunded need at this point. Completing a study to include schematic design would provide cost estimates assist in future planning for a potential new police station.

Cynthia noted that we would like to do the assessment this year to help understand what needs would be there and what cost might be associated if we were to look at building a new police station. Staff is hopeful that \$75,000 would be at the high end for the cost of the study.

Alderman Chevalier asked if the study would include location possibilities for the police station or would it be for just a police station in general?

Cynthia explained that we could look at locations. One of the items we have had as ongoing discussion about possible locations is the land owned by the City at 169 Highway and Second Creek Road.

Mayor Boley noted that the primary goal of the study is to get rendering and size needed to be able to go out for a ballot issue and bond approval.

Cynthia explained that it will help with the cost estimates for what the City needs are based on staffing and growth for what the department might look like in the future.

- *Allocate \$75,000 to the Main Street program.*
Staff recommends working with the Main Street program to develop a plan for staffing and ongoing operations of the Main Street program. It is anticipated that seed money could jump start that process and an agreement could be developed for a phase out of city funding over the course of seven to ten years.

Cynthia noted the Mayor has had discussion with staff for the potential of a part-time position for the Main Street program that could perhaps be front-loaded through City funds, with an agreement established with the Main Street program. The City could then consider reducing their portion for funding the position over the coming years

As Cynthia noted this recommendation would be to allocate those funds or at least to start the study of how we would need to allocate for additional work over the coming months.

At this point in time staff would request some direction from the governing body with regard to the \$251,000 that remains in the CARES fund; should it remain in the CARES fund to be used for COVID related items or should it be transferred to the general fund to cover this police items that we can use for anything. She asked if this recommended allocation make sense to the Board.

Mayor Boley stated it made sense to him.

Alderman Kobylski said she agreed with all the recommendations.

Alderman Chevalier said the only thing he would caution against is what things look like as far as the future forecast for COVID-19 later this year or are we counting on if there might be another massive outbreak. He does like what is being presented.

Mayor Boley said we are keeping back some funds for COVID related items.

Cynthia noted that this allocation in the general fund does allow for \$25,000 to remain that could be used for COVID related items for the future.

Mayor Boley said that he is good with this and wanted to make sure this is heard here and agreement with the Main Street group will be a solid MOU and will have clear goals. They will have to hit certain numbers and in and provide the City with a budget to make sure that they are making their grant requirements along with funding the Executive Director position that is part of the Main Street program. We cannot just depend on volunteers all the time we need to make sure we have a staff position to keep that program moving in the right direction.

Cynthia noted that with this direction from the Board staff will bring forward a budget amendment to move those funds from the CARES fund to the general fund and address those expenditures in those funds as well.

American Recovery Plan Act

Cynthia explained that the American Recovery Plan Act (ARPA) was adopted March 22 by Congress. We anticipate from prior communications staff is still trying to confirm exact numbers, but we anticipate just shy of two million dollars allocated to the City of Smithville. It was initially indicated that the first round of funding would be allocated out to the states and then roll out from there within 90 days after passage of the law. We are anticipating a time frame to see those funds sometime this summer, but probably closer to the end of the summer. All the funds must be obligated, but do not have to be spent, by December 31 of 2024. The funds must then be spent by December 31, 2026.

A few weeks ago, the Department of Treasury issued a circular that outlined that interpreted the four areas that the Act outlines four general areas of expenditure:

- to respond to the public health emergency created by COVID19 or its negative economic impacts;
- to provide premium pay to eligible workers;
- to provide governmental services; and
- to assist in meeting critical needs for investments and improvements to existing infrastructure in water, sewer and broadband

The first three item areas are responding to the health emergency or its negative economic impacts, providing premium pay to eligible works and providing government services that have restrictions or ties related to revenue loss. Cynthia noted that we did not experience revenue loss through the pandemic, but we might have had minor losses in municipal court or some rentals but not to the degree that some communities have experienced.

In review of the information staff and legal staff believes the category with the fewest restrictions and broadest allowable use for the City is that final category to assist in meeting critical needs for investments and improvements to existing infrastructure in water, sewer and broadband. Cynthia noted that one of the things that is really clear is that transportation is not included as an infrastructure item.

The ACT is clear in indicating that ARPA funds may be used for projects that are already included in a municipality's budget.

Cynthia explained that based on review of the information and conversation with legal staff, staff is recommending that the entirety of our funding, close to two million dollars be allocated to water and sewer infrastructure projects that are already in the works.

At this time, a bid opening is scheduled for next Tuesday for our Raw Water Pump Station project. This project is near Smith's Fork Campground and includes not only the pump station but also the copper ion project to address the zebra mussel issue and campground lift station. The total of these projects is estimated to be about 2.3 million dollars.

Staff recommends that the entirety of the American Recovery Plan Act funds be utilized for that project. In the budget we had accounted for the 2.3 million dollars by utilizing impact fees and then also water and sewer revenues. Using the American Recovery Plan Act funds would alleviate some of the strain on the combined water and wastewater systems fund and allow us to save some of the impact fees for projects for growth in the future.

Staff is looking for direction this evening from the Board if in concurrence with that recommendation or if there are other questions or concerns that they might have. Cynthia explained that there has been ongoing discussion about how to

fund projects and infrastructure has always been highlighted due to the significant needs we have in the system.

Cynthia noted if the Board was in concurrence with staff recommendations, staff will bring forward the funding for this project and hopefully have additional information as to timing.

Mayor Boley said that as slow as some projects go, it is great to have everything ready for this project so it can be ready to go due to the fact that there will not be a lot of time to get the money spent.

Cynthia noted that we do not have the money in hand, and we do not necessarily know exactly when we will have it, but we will not be making payment on the project for some time. The timing for this should be perfect.

Mayor Boley asked what the copper ion is costing the City?

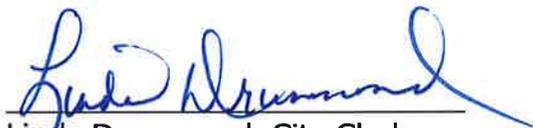
Chuck Soules, Public Works Director, said that he did not remember the breakdown, but the cost is significant to the City.

The Board all agreed to move forward with the recommendation the entirety of our funding, for the Raw Water Pump Station project near Smith's Fork Campground and includes not only the pump station but also the copper ion project to address the zebra mussel issue and campground lift station.

3. Adjourn

Alderman Atkins moved to adjourn. Alderman Kobylski seconded the motion.

Ayes – 6, Noes – 0, motion carries. Mayor Boley declared the Work Session adjourned at 6:52 p.m.



Linda Drummond, City Clerk



Damien Boley, Mayor