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City Council Minutes – February 18, 2026

Mayor Jerry Merrill
Council Members:
Bryanna Johnson David Reeser
Colin Erickson Bill Riggins
Eric Erickson Alisha Tietjen

City Staff:
Spencer Rammell – City Attorney
Matt Nielson – Finance Officer
Keith Davidson – Public Works Director
Alan Parkinson – Planning & Zoning Administrator
Scott Johnson – Economic Development Director
Deborah Lovejoy – City Clerk

6:30 P.M.
Council President E. Erickson said the prayer.
Council Member Tietjen led the pledge.

Roll Call of Council Members:
Attending: Council Member Johnson, Council Member Tietjen, Council Member C. Erickson, Council Member Reeser, Council Member Riggins, Council President E. Erickson, and Mayor Merrill.

Welcome New Employee: Addison Cook – Water Department, John Rowe – Police Department, & Ethan Croft – Police Department

Mayor Merrill welcomed several new employees to the team and invited them to introduce themselves.

Addison Cook shared that she had worked part-time for the Water Department for six months before being hired full-time. She said she is originally from the Blackfoot/Pingree, Idaho area and recently moved to Rexburg.

John Rowe shared that he is one of the new hires with the Rexburg Police Department. He had moved to Rexburg from Fallon, Nevada for school and had recently completed an associate degree in wildlife management. He explained that he grew up in a law enforcement family in Nevada and said he looked forward to helping protect and serve the Rexburg community.

Ethan Crofts shared that he is originally from Blackfoot, Idaho, where he was born and raised in the Wapello area. He also came from a law enforcement background, as his father served as the Chief of Police in Blackfoot. He explained that he has always wanted to follow in his father's footsteps and described him as a great example. He expressed excitement about learning from Rexburg's finest officers and shared his appreciation for the opportunity to serve.

City Attorney Rammell administered the oath of law enforcement officer to John Rowe.

OATH OF OFFICE

I, John Rowe, do solemnly swear that I will support the Constitution of the United States, and the Constitution and Laws of the State of Idaho, the Ordinances of the City of Rexburg, and the Law Enforcement Code of Ethics. I will endeavor to enforce these laws to the best of my abilities, and that I will faithfully discharge all of the duties assigned or requested of me in my capacity as a law enforcement officer for the City of Rexburg.

_____
John Rowe

City Attorney Rammell administered the oath of law enforcement officer to Ethan Croft.

OATH OF OFFICE

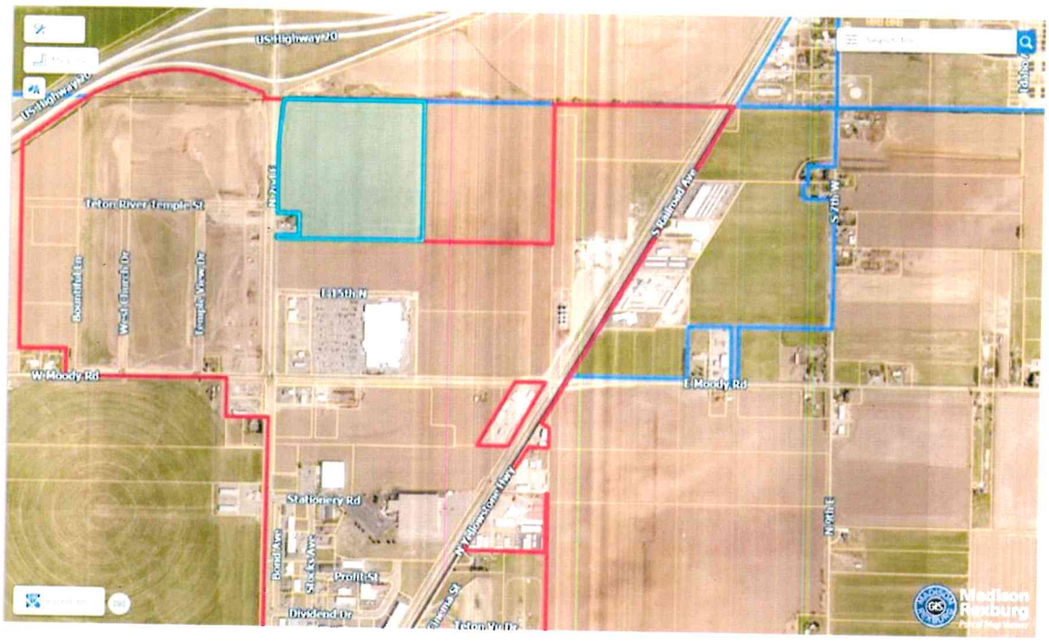
I, Ethan Croft, do solemnly swear that I will support the Constitution of the United States, and the Constitution and Laws of the State of Idaho, the Ordinances of the City of Rexburg, and the Law Enforcement

Code of Ethics. I will endeavor to enforce these laws to the best of my abilities, and that I will faithfully discharge all of the duties assigned or requested of me in my capacity as a law enforcement officer for the City of Rexburg.

_____
Ethan Croft

Public Hearing 6:30 P.M. Annexation of approximately 1600 N 2nd E into the City of Rexburg and rezone of said property from Transitional Agriculture (TAG) to Community Business Center (CBC) zone, file #25-01351. Recommended for approval by Rexburg Planning & Zoning. **Designated as Ordinance No 1344** and considered 1st read if motion passes – Alan Parkinson Action Item

P&Z Administrator Parkinson explained that the property under consideration is located next to the North Rexburg exit, just north of Walmart. He showed the location on the parcel viewer; it is the parcel highlighted in blue on the map. He stated that the applicant requested annexation and rezoning of approximately 40 acres to CBC for development.



Mayor Merrill opened the public hearing.

Public Testimony in favor of the proposal (5-minute limit):
Public Testimony neutral to the proposal (5-minute limit):
Public Testimony opposed to the proposal (5-minute limit):

Mayor Merrill closed the public hearing.

Council Member C. Erickson moved to approve **Ordinance No 1344** the Annexation of approximately 1600 N 2nd E into the City of Rexburg and rezone of said property from Transitional Agriculture (TAG) to Community Business Center (CBC) zone and consider first read; Council President E. Erickson seconded the motion; Mayor Merrill asked for a vote:

Those voting aye	**Those voting nay**
Council Member Johnson	none
Council Member Tietjen	
Council Member C. Erickson	
Council Member Reeser	
Council Member Riggins	
Council President E. Erickson	

The motion carried.

Public Hearing 6:30 P.M. Creation of Local Improvement District 55 (LID 55). The boundaries encompass real property primarily along Birch Ave., Ash Ave., 4th West from 2nd South to 5th South, 7th South from US 20 to the west end of Summerfield Subdivision as well as several miscellaneous properties. **Designated as Ordinance No 1345** and considered 1st read if motion passes – Keith Davidson Action Item

Public Works Director Davidson reviewed the areas included in Local Improvement District 55 (LID 55).

Mayor Merrill opened the public hearing.

Public Testimony in favor of the proposal (5-minute limit):
Public Testimony neutral to the proposal (5-minute limit):
Public Testimony opposed to the proposal (5-minute limit):

Danny Kessler stated he is speaking on behalf of eight households in the area. He explained that they are homeowners along West 7th South between 12th West and Highway 20 and that they respectfully opposed the proposed LID costs and timeline for their neighborhood. He said their situation is unique. Six of the affected homes sit on one-acre lots originally built in the county. Another home is located on a half-acre parcel, and there is also a horse property at the end of the road. Because the homes were originally in the county, they did not have existing city infrastructure. He added that their lots have significantly more frontage than typical city lots, which greatly increased the assessments placed on them under the proposed structure.

Mr. Kessler explained that the road had originally served about 12 homes. After the development of the Meadows townhomes, the area was annexed into the city, and the road became the only entrance and exit for approximately 160 households. He stated that they are now being asked to assume substantial debt to improve a dead-end road that carries far more traffic than when their homes were built. Although they have been told that the issue was inherited from the county, they have been city residents for many years and believed the city shared responsibility in addressing the extraordinary circumstances rather than placing the burden on a small group of longtime homeowners.

Mr. Kessler reported that each household faced an estimated assessment of $16,000 to $22,000, equating to approximately $220 to $300 per month for 10 years. He described this as an overwhelming financial burden, especially since they learned of the proposal on January 31, leaving no time to budget, plan, or save. He stated that without delay or assistance, homeowners would be forced into long-term debt, with liens placed on their properties and additional interest costs.

Mr. Kessler said if the project moves forward, they respectfully request that the city cover a significantly larger share of the cost and delay the timeline to allow residents time to plan. He also objected to the blanket 12% administrative fee—approximately $1,800 of a $16,000 assessment—stating that it did not reflect actual, property-specific costs and should not be passed directly to homeowners. He further expressed concern about construction impacts, noting that the road is the sole access point for more than 160 households, and disruptions would affect far more residents than those being assessed. He clarified that they are not requesting sewer or water services because they maintain their own wells and septic systems.

Mr. Kessler asked the city to consider the unique history of their properties, the circumstances of annexation, and the disproportionate burden placed on a small group of homeowners. He stated that the proposal represented significant financial and emotional hardship and respectfully requested a delay in the timeline, reconsideration of the cost allocation, removal of the 12% administrative fee, and a substantial increase in the city's financial contribution.

Mr. Kessler concluded by thanking the mayor and council for their time and service, noting that the statement was signed by the families of Baldwin, McCoy, Garner, Kessler, Hernandez, Ellis, Diaz, and Koons.

Lisa Ellis stated that her house is the last house before the Meadows development. She explained that as the sole wage earner in her household, the proposed assessment will place a significant financial burden on her. She shared that she is no longer able to work two jobs and is down to just one, and she feels there is no way she could afford another monthly payment. She described the financial impact as her primary concern, noting that life already presented many challenges and that this additional cost would be overwhelming.

Mrs. Ellis also expressed concern about the construction process. With more than 300 vehicles from the Meadows travelling on the road daily, in addition to the existing homeowners, she worried about access during construction. She stated that in speaking with city engineer Joel Gray, she feels that there is not a solid plan in place to ensure residents could get in and out of their homes while the road is torn up and sewer lines are being installed. She also suggested that the project be postponed. She noted that she has lived there for 32 years and has seen the road in worse condition than it is currently.

Ruth Lee Hernandez stated that she and her husband, Gabriel, live next door to Lisa Ellis. She said they felt the same concerns that have been expressed, particularly regarding the financial burden. She explained that her husband is retired and that she is hoping to retire soon. With an added payment lasting 10 years, they would be in their late seventies or eighties by the time the assessment is

paid off. She stated that they did not want to leave Rexburg, as they liked living in the city, but the additional financial obligation is not something they feel they can manage.

Mrs. Hernandez added that the road has been there for many years and it is not in the worst condition that it could be. The primary issue for them is the added cost. She asked that the city consider covering a larger portion of the expense or postponing the project to allow residents time to prepare for the financial impact. However, she expressed uncertainty about how they would manage the cost given their ages and fixed income.

Desiree Diaz said she is opposed to the proposal, as are many others, because if the LID were to pass, her LID payments would be around $325 per month, including her property taxes and the additional assessment. She expressed concern about the possibility of sidewalks being added to the other side in the future, which could result in another LID and even higher costs. She explained that when she and her family purchased their home, it was on the outskirts of town—close enough to be convenient but far enough away to avoid heavy development. She feels that the amount of proposed growth in the area, including charter schools, a district office, townhomes, commercial development, and another neighborhood across the street, is excessive.

Mrs. Diaz stated that with all the additional development, traffic would increase to the point that she might struggle to get out of her driveway. She emphasized that it is a significant amount of change for that area. She also shared that if the proposal passed and she is required to pay approximately $310 per month for 10 years, it would make it difficult to sell her home. She noted that her assessment is nearly $23,000.

Victor Harrison explained that his assessment is about $9,000, and the house he owns there is a rental property, so he will be adding the assessment costs to the cost of rent for his tenants. He said he understands Rexburg is a family community, and residents struggle to find more affordable housing. This is going to cost his tenants another $100 a month or more. If there is any interest in trying to keep rental costs down, he feels the city should work with the 7th South property owners and find a way to contribute additional funding to help with the cost. While $9,000 might not seem like a large amount of money, over 10 years, especially with an added 14% fee, it becomes significant.

Mr. Harrison added that he believes the city is taking advantage of the property owners by requiring the work to be completed to city standards. He said even though he can hire someone else to complete the work, if the cost is going to be added to his utility bill, he does not believe he should be charged interest, let alone an additional administrative fee.

William Clements said he believes the city can do a better job of finding ways to pay for LID improvements within the city. On average, most households are about $200 to $300 away from bankruptcy. By adding a loan that they must pay off over the next 10 years, they are going to be using much of their income to pay the city for the LID. These LIDs should be paid by all taxpayers at a lower interest rate as part of property taxes. In addition to the property taxes he already pays, citizens are being required to take on loans ranging from $10,000 to $30,000, and in some cases up to $70,000 depending on the apartment complex to pay for their LID assessment. He added that because of the LID improvements, their homes will increase in value, which will result in higher property taxes. As a result, they will be paying more taxes as well. He said he believes LIDs create a triple tax, which he does not think is appropriate for our city to impose on its citizens.

Robert Baldwin said he has owned the property included in the LID for about 24 years. He will be retiring in two months and is preparing to become a full-time resident of Rexburg. He expressed many of the same concerns that others have already shared. Being newly retired, he cannot afford the $19,700 assessment. He asked the City Council to take into consideration how overwhelming these costs are for residents. He said he is not opposed to improvements or growth in the city. However, he is opposed to the substantial cost being imposed on him and his neighbors at this time.

Caleb Hedges asked why the town chose to use this method of funding instead of implementing a widespread tax across the entire city. Mayor Merrill responded that one of the main reasons is that the city's tax levy is very low. In fact, the city is said to have one of the three lowest tax levies in the state of Idaho. Because of this, the city has very limited funding available. Public Works Director Davidson suggested closing the public hearing so that city staff could explain the city's low levy rate.

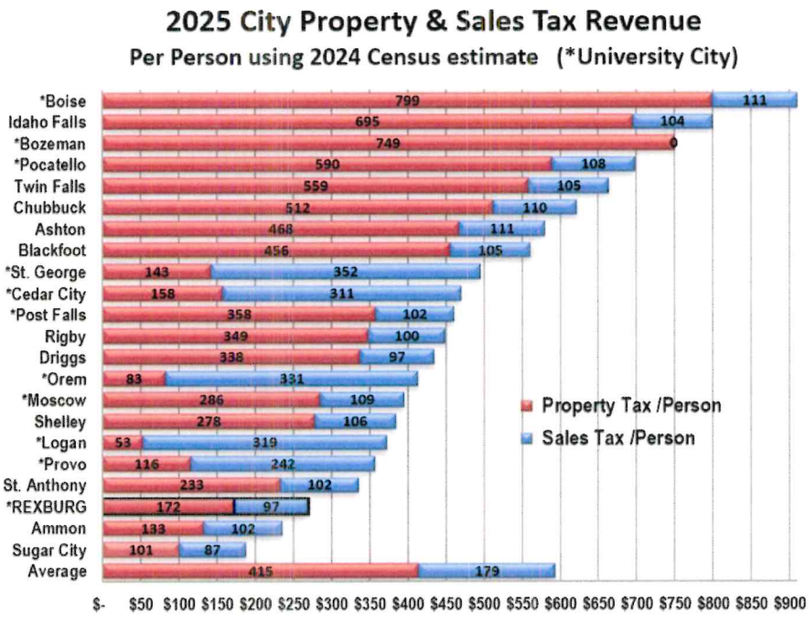
Mayor Merrill closed the public hearing.

Finance Officer Nielson brought up the City of Rexburg and Madison County Property Tax Rate Information on the city's website, under the Finance Department, there is a property tax section that anyone can access. In that section, the city shows what property taxes look like for residents who live within the city limits compared to those who live in Madison County. He said to explain what the mayor mentioned, there are a couple of ways to evaluate property taxes. One way is to look at the amount collected per $100,000 of taxable or assessed value. When comparing neighboring cities, the total property tax (including schools, library, county, city, etc.) showed that Rexburg collected about $313 per

$100,000 of assessed value. In comparison, Blackfoot collected about $709, and Idaho Falls collected about $588 per $100,000. Although the total tax amounts may appear to place Rexburg somewhere in the middle overall, the portion collected specifically at the city level is substantially lower than that of neighboring cities.



Finance Officer Nielson explained that another way to examine the data is on a per capita basis. When looking at property tax revenue per person, Rexburg collected about $172 per resident. By comparison, Idaho Falls collects approximately $695 per person. Because the city receives significantly less revenue through property taxes than neighboring communities, it does not have sufficient funding to cover major infrastructure improvements through property taxes alone. For that reason, the city considers LIDs as an option to help fund those improvements.



Mayor Merrill explained that generally a follow-up question to Mr. Hedges question is - why does the city not implement a streets levy. The residents would vote to approve a street levy, allowing the cost to be shared by the entire community. Mayor Merrill said a street levy option is a possibility. The city tried to pass a street levy in 2008, but it did not pass. Because such a levy would require voter approval, it could only move forward if a majority supported it.

Mayor Merrill mentioned that there is currently a committee exploring alternative options, and that Council Member Johnson and Council Member Tietjen serve on that committee. He acknowledged that LID public hearings are difficult and that the concerns expressed by residents are heard frequently. He shared that he has personally been responsible for a $20,000 LID assessment in the past and understands it is a financial burden.

Mayor Merrill addressed the property owners concern about having limited time to prepare financially, he clarified that after construction is completed—which typically takes most of the summer—property owners have an additional year before their first payment is due. This provides approximately two years to save money. Some residents chose to save during that time and pay off a

significant portion of the assessment upfront. He further explained that when residents suggest that the city should cover more of the cost, it is important to remember that the city's funds come from taxpayers. Given the city's relatively low property tax revenue, there is not enough funding available to cover all such improvements entirely through city funds. While the city would prefer to pay for all improvements, it does not have the financial capacity to do so. The city does cover the cost of street repairs and many other improvements that benefit the broader public, since streets are used by everyone. In fact, the previous year, the city adjusted its contribution to cover slightly more than it had in the past. Mayor Merrill stated that they are trying to balance the financial impact and to do the best they can within existing budget limitations.

Council Member Johnson stated that this is her seventh year serving on the City Council. Nearly every February during her time on the City Council, the property owners included in that year's LID attend the LID public hearing to say that they cannot afford the financial burden being placed on them, and each year the process continues in the same way. The previous year, the City Council agreed to form a committee to explore alternatives, but it has taken most of the year to organize, and the committee has only met for the first time a few weeks prior. As a result, there has not been sufficient time to fully evaluate other options.

Council Member Johnson explained that she views sidewalks as a public good, like streets and parks. She stated that she would not have a problem changing the way sidewalk improvements are funded. In her opinion, it is somewhat disingenuous to say the city simply could not afford to cover more of the cost, because the issue is more about budget priorities than a complete lack of funds.

Council Member Johnson noted that the city has a strong streets budget and that during each year of her service, there has been a carryover of several million dollars. While not all those funds are discretionary, she believes the city has more money allocated than it could spend in a single year. She stated that paying a larger portion—or even all—of the cost for these improvements would represent a relatively small amount compared to the city's overall budget. However, asking an individual resident to pay $22,000 or $23,000 did not seem fair to her. Even with a year to prepare, she explained that her own family would not have been able to save that amount of money, as she has one child in college and another preparing to attend. She concluded by stating that she believed the city should try a different approach and reduce the burden placed on residents.

Council President E. Erickson asked for clarification regarding the 12% administrative fee that was mentioned during public testimony, specifically whether that amount referred to engineering costs. Public Works Director Davidson explained that the fee included engineering costs as well as the cost of administering and managing the loan over the 10-year repayment period.

Council President E. Erickson asked whether the project must be considered in its entirety or if portions could be separated. Public Works Director Davidson responded that it did not have to be approved as a single, all-or-nothing project. The City Council can approve the entire project or choose to remove certain sections. However, some components, such as the sewer line on Ash Street, are in urgent need of repair. Because reconstruction of the sewer line would require tearing up the street, it made sense to complete the related street work at the same time.

Public Works Director Davidson noted that the streets being addressed are already deteriorated. Delaying portions of the project could result in additional maintenance costs in the interim. Postponing work could also lead to higher overall costs in the future, as construction prices are generally increasing over time. Although there are occasional decreases, the overall trend has been rising costs.

Public Works Director Davidson explained that they are actively looking for ways to reduce expenses. For example, on 7th South, contractors could use a curb machine rather than installing curb and gutter by hand. Using a curb machine in open areas without existing curb and gutter is generally less expensive. In some cases, bid items could be separated to compare pricing options. Property owners are also given certain options. Work beyond the curb, such as landscaping between the curb and sidewalk or driveway approaches, could be contracted independently by the property owner. For example, landscaping sections along 7th South are estimated at approximately $3,000 to $4,000. However, curb and gutter work that ties directly into the roadway must be completed by the city's contractor and cannot be separately contracted by property owners.

Council President E. Erickson said there was some discussion a few weeks earlier about whether the city is planning to install a sewer line down 7th South. Public Works Director Davidson confirmed that they are planning to install the sewer line when they reconstruct that road because they do not want to tear up a newly completed road later when the sewer line is needed.



Council President E. Erickson asked whether there is a pressing need for the sewer line at this time, since no one is requesting to be connected to sewer in that area. Public Works Director Davidson explained that there is no immediate need, but development at the end of 7th South has been limited because the sewer line has not been installed. He stated that if they reconstruct that road, they will not want to return later to install a deep sewer line and disturb the new pavement.

Council Member Reeser asked about costs for homeowners on 7th South, noting that those sections have been assessed higher than the rest of the properties included in the LID. Public Works Director Davidson confirmed that one of the reasons the assessments on 7th South are higher is because there are no curb and gutter and the lots are larger.

Council Member Reeser asked about the sidewalks, having noticed in photos that sidewalks are already installed. Public Works Director Davidson explained that the sidewalk is offset from where the new curb is being placed, and that a seven-foot landscape strip will be added. He said the sidewalk is in good condition and does not need to be replaced. He added that the city received a grant to install that section of the sidewalk, so there was no cost to the property owners.

Council Member C. Erickson said he completed a walkthrough of the 7th South area, including the section west, toward Summerfield, and asked what work is being planned there. Public Works Director Davidson clarified the location is west of 12 West; the work planned primarily involves curb and gutter along with improvements near the school property.

Council Member C. Erickson asked specifically about work being planned for the Summerfield area. Public Works Director Davidson responded that the city is planning to add curb and gutter near the school's property. Council Member C. Erickson noted that Summerfield is a newer subdivision with relatively new sidewalks and existing curb and gutter. Public Works Director Davidson responded that there are two sections of the sidewalk in that area needing to be replaced.

Council Member Johnson added that she lives in the Summerfield Subdivision near the section of sidewalk they are wanting to replace. She said she does not understand the city's replacement criteria for sidewalks because that sidewalk is not in bad shape compared to so many other places in the city. She noted that subdivision is not very old and thinks sometimes the city is indiscriminately charging for things that don't need to be replaced. Public Works Director Davidson said they can revisit the location in question, review it on-site with the property owner, and reevaluate it using the established replacement criteria. If the issue does not meet the posted standards, it will be removed from the replacement list.

Council Member C. Erickson expressed his concerns regarding the 12% administrative fee. He said he is in favor of reviewing options for the city to possibly absorb the 12% administrative fee. He added that there is a committee in place to address some of the concerns that were brought up tonight, particularly regarding reevaluation. He said he would also like more clarification on why they need to replace that section of road on 7th South, aside from installing the sewer line and the possibility of higher cost in the future to reconstruct that section of road.

Council Member Tietjen said she agrees with Council Member C. Erickson regarding the administrative fee and is in favor of finding a way to absorb that cost. She said she also agrees that they may need to separate and reevaluate some of the properties included in the LID. The issues with LIDs that residents have been bringing to the City Council for years, expressing that they are unable to manage these costs. She believes they need to listen to the property owners, as Council Member Johnson suggested, and work to find a different path forward. She added that she supports exploring other proposals that have been suggested, taking a closer look at possibly dividing the project into phases.

Council President E. Erickson asked for clarification regarding the city's strong streets budget and that there is a carryover of several million dollars. He also asked why the City cannot afford to complete the projects without issuing a bond and whether sufficient funds are currently available. Public Works Director Davidson clarified that the city does not receive enough funding each year to cover all the projects needed. While there are various accounts that hold funds, those amounts are limited. Each year, city staff reviews available funding and determines how much of it can be spent. A five-year capital improvement plan is developed, and projected costs consistently exceed the funds available during that period. Although the City has been able to increase spending in recent years—generally working with around $2.5 million—financial forecasts show that these additional funds will eventually be depleted. Future street needs and unexpected projects will still require funding. Without additional revenue sources, the city would be forced into a repair-only approach rather than completing the more substantial street improvements that are desired.

Council President E. Erickson clarified that the funds carried over each year are intended to help pay for future construction projects. While the city will continue to carry over some funds, those funds will be used over the next five to ten years as projects move forward. Public Works Director Davidson explained that as projects are completed, the city will gradually draw down those reserves. Although the City could choose to spend a larger amount—such as $5 million—to complete more street projects at once, doing so would deplete the available funds more quickly. Additionally, incoming revenue is not sufficient to sustain that higher level of spending long term.

Finance Officer Nielson explained that one of the main challenges is that costs continue to rise, while revenues are not increasing at the same pace. As a result, projects are being deferred further into the future. Currently, the average street replacement cycle is extending beyond 50 years, often reaching 50 to 60 years. When streets are not replaced in a timely manner, several issues arise. First, deteriorating streets create concern for residents. Second, maintenance costs increase significantly, as more potholes develop and ongoing repairs become more frequent. Damage to curbs and gutters can also allow water to seep underneath the roadway, further accelerating deterioration. The goal is to better manage the life cycle of streets by replacing them at appropriate intervals rather than continually postponing projects. Delaying replacements ultimately leads to higher long-term costs, especially since construction prices are rising faster than the revenues available to fund these improvements.

Council Member Johnson clarified when she mentioned the city's strong streets budget and that there is a carryover of several million dollars, she was pointing out that the total property owner share of $671,000 is a relatively small amount within the context of a $100 million City budget. However, for individual residents facing bills as high as $22,000, the cost is significant. She further explained that the City spends comparable or greater amounts on other items in certain years, such as the Tabernacle, and emphasized that the City Council has the authority to set the budget and allocate funds from the general fund. She stated that the city could choose to dedicate more general fund money toward streets if it chose to prioritize it differently. She added that saying the money is simply not available, she feels that is a disingenuous statement because the City Council chooses to prioritize different things.

Mayor Merrill further clarified that the City Council must balance multiple priorities, and it is unlikely that residents would want to see important facilities, such as the Tabernacle, fall into disrepair. Budget decisions ultimately come down to prioritization. He described the use of Local Improvement Districts (LIDs) to stretch street funds further by sharing costs. While acknowledging that the assessments can be significant for residents, he suggested that there may be opportunities to reduce costs within the project. For example, landscaping expenses could potentially be removed from the LID. allowing property owners to complete that portion more affordably on their own, such as by installing rock instead of more expensive improvements. He also suggested that, if the project is not urgent, the City Council could consider delaying that portion for a year or two. Providing additional notice and time could help residents better prepare financially, as they would have more time to save before the assessments take effect.

Council Member C. Erickson suggested that the city improve communication by notifying residents much earlier—potentially three years in advance—rather than only a few months before construction. Providing longer notice would allow property owners more time to prepare financially. He noted that the City's budget is extremely tight. After extensive budget meetings, it is clear there are limited available funds, and the State is reducing the Street Department budget by nearly $1 million in the

coming year. While maintaining streets remains a priority, the cost is a significant burden for residents. He suggested that the City consider postponing the 7th South project temporarily, address other projects first, and then return to reevaluate 7th South—especially given the larger lot sizes—to allow additional time and explore ways to reduce the impact on property owners.

Council Member Riggins explained that the long-term vision for 7th South includes the possibility of eventually extending it over or under the freeway and coordinating future infrastructure improvements such as sewer installation and road reconstruction. He asked whether it might make sense to delay current work if a larger project is likely in the future, allowing improvements to be completed more comprehensively at that time. He also raised concerns about fairness in cost distribution. He noted that several homeowners and cul-de-sac residents use the road, but apartment residents in a nearby complex also heavily use it without directly participating in the LID costs. The need for an equitable approach was emphasized.

Council Member Riggins asked for clarification regarding "eligible" versus "non-eligible" sidewalk and driveway items. Public Works Director Davidson explained that eligibility is often tied to ADA compliance requirements, particularly where sidewalks and driveways intersect.

Council Member Riggins also asked about specific cost items, such as concrete sealant and reinforced steel. Public Works Director Davidson explained that sealant is now required because past experiences showed unsealed concrete deteriorated more quickly, leading to warranty claims and higher long-term costs. Sealant has reduced spalling and extended sidewalk life. Reinforced steel is generally used in commercial areas where heavy vehicles, such as garbage trucks, create greater demands, but it is not typically required for standard residential driveways.

Council Member Riggins mentioned the $3,500 sanitary sewer service reconnection fee. Public Works Director Davidson explained that older sewer service lines—particularly outdated materials such as Orangeburg—are prone to failure. Because homeowners are responsible for service lines to the main, the city replaces only the portion from the main line to the back of curb during road reconstruction to prevent future cuts into newly paved streets. If a line is newer PVC and in good condition, it is not replaced. The purpose is to protect the newly reconstructed roadway from future damage and reduce long-term costs.

Council Member Riggins suggested some of these costs—such as sewer reconnection or engineering—could be absorbed by the City to reduce the financial burden on homeowners, particularly for those facing large assessments. Public Works Director Davidson clarified that the sewer reconnection charges would not apply to 7th South residents, as they are currently on septic systems.

Public Works Director Davidson clarified that property owners are responsible for their sewer service line from their home to the city's main line. The city maintains the main line itself, but the service line connecting to it is the homeowner's responsibility. If the city were to take over replacing those service lines, it could create additional liability concerns. For example, if a homeowner's service line were to get plugged or collapsed in the future, questions could arise about whether the city is responsible for sewer backups or other damage. While the city takes responsibility when the main line fails, it does not assume responsibility for private service lines. Taking over that responsibility could expose the city to ongoing maintenance and liability issues related to what occurs within those private lines. He said assuming ownership or long-term responsibility for individual service lines would likely not be advisable.

Council President E. Erickson stated that, after listening to the concerns of the citizens, he believes the 7th South project—from 12th West to Highway 20—could be postponed. While acknowledging that the road is in poor condition and will need to be reconstructed within the next year or two, he suggested that, if residents are willing to wait, the city could delay that part of the project for now.

Council President E. Erickson recommended removing 7th South (12th West to Highway 20) from this year's LID project. He emphasized that the road will eventually need to be rebuilt, and when that happens, the sewer and other necessary infrastructure improvements should be completed at the same time. However, for now, he believes the city can move forward without that section. He further recommended proceeding as planned with the other three sections, noting that those areas have active sewer and infrastructure issues that require immediate attention and justify tearing up the roads now. Public Works Director Davidson responded that city staff return to the City Council with updated cost information and options, including how any engineering or associated costs would be addressed, and request directions from the City Council on how it would like to fund those adjustments.

Council Member Reeser expressed interest in the idea of "sharpening the pencil" and closely reviewing the budget to see whether funds could be reallocated to reduce reliance on LIDs. However, he acknowledged the difficulty of identifying specific cuts within a complex budget made up of many individual line items. He explained that, while he would like to find a way for the city to absorb more of the sidewalk costs, it is challenging to pinpoint where reductions could realistically occur. He noted that

certain funds are legally restricted, and it is not as simple as trimming small amounts from various departments without understanding the broader implications.

Council Member Reeser asked whether there are specific line items or areas that could realistically be reduced to help supplement the street budget. He emphasized his willingness to work collaboratively to identify potential adjustments, expressing a strong interest in finding a path that would lessen or potentially move away from the use of LIDs if feasible.

Council Member Johnson said addressing the LID funding issue would require the entire City Council to carefully review the general fund and consider potential reprioritization. Different members will naturally have different priorities. For example, some may prioritize funding for the Tabernacle, while others may not view investing millions into it as essential. Other projects, such as the Romance Theater, could also be examined, along with portions of the street budget, recognizing that not all funds are discretionary. She pointed out that the city previously identified and allocated amounts such as $600,000 in a single year for projects deemed important. The total property owner share being discussed is in a similar range. While that amount represents a very small fraction of the overall city budget, almost imperceptible on a pie chart represents a significant financial burden for individual residents.

Council Member Johnson said last year, the city agreed to provide replacement curb and gutter, but not new installations. In some cases, residents who were previously in the county and never anticipated installing curb and gutter are now required to do so, with no city assistance because it is considered new construction rather than replacement. She noted that for replacement curb and gutter, the city covers the cost, which can amount to several thousand dollars per property. There is a distinction between new subdivisions—where developers and buyers understand and accept the cost of installing curb and gutter—and long-time residents who are now being required to install it without having originally anticipated that expense. She suggested that if the City were to cover the cost of new curb and gutter in these cases, it could reduce individual assessments by several thousand dollars and meaningfully lessen the burden on affected property owners.

Council Member Riggins shared recent personal experience going through an LID project in their own neighborhood, where only four property owners were required to pay assessments. He explained that he personally paid for two sidewalks and two curbs, even though it was a financial strain. He expressed concern that when only a few residents bear the cost, it can feel inequitable, especially when others in the city benefit from improved infrastructure without directly contributing. He emphasized the need to find a long-term solution where the financial responsibility is shared more evenly across the community. If the total cost, approximately $660,000, were spread across all taxpayers in the city, it would amount to a relatively small contribution per household. However, under the current LID structure, the burden falls heavily on a limited number of residents.

Discussion regarding property tax limitations under state law**. Council Member Reeser** clarified that cities cannot increase their property tax budget by more than 3% annually, excluding certain additions such as new construction or annexation. Finance Officer Nielson explained that the limitation applies to the overall property tax budget, not simply the levy rate. To implement a system where all residents contribute more broadly to street improvements, the city would likely need to pursue a permanent property tax override. This would require approval by a two-third supermajority vote of the public. Without such an override, the city's options are limited to reallocating existing funds, reducing spending in other areas, or scaling back the number of road improvements completed each year.

Council Member Johnson noted that the city is not directly charging residents for the roadway itself, but primarily for sidewalks, curbs, and related improvements. She pointed out that the City Council could choose to separate those elements from road reconstruction, as completing sidewalks alongside every road project is a longstanding policy decision rather than an absolute requirement in all cases. Public Works Director Davidson clarified certain components—such as ADA-compliant corner ramps—are required by law when a roadway is reconstructed. However, beyond those mandated improvements, other sidewalk-related elements are based on city policy. At the same time, he cautioned that deferring sidewalk upgrades can create long-term usability and accessibility issues, including deteriorating concrete, obstructed pathways, steep driveway approaches, and challenges for individuals using wheelchairs. These considerations must be weighed alongside cost concerns.

Council Member Riggins proposed removing 7th South (from 12th West to Highway 20) from the current year's project list and revisiting it later, potentially in coordination with longer-term plans. For the remaining three project areas, he suggested that the city "sharpen the pencil," carefully review the scope and associated costs, and then return with revised options for further City Council consideration.
City Attorney Rammell clarified for the record that Local Improvement District (LID) assessments are not legally considered a tax. Although they are often described that way in public discussion, courts—including the Idaho Supreme Court—have repeatedly upheld that LIDs are not an illegal tax. The legal term used is "special benefit." The courts have determined that when a public improvement directly enhances the value of a specific property, the associated assessment reflects a special benefit to

that property owner. Because the improvement increases property value and equity, the cost can legally be assigned to the benefiting property. He also noted that while property owners may experience an increase in property taxes due to the added value of the improvement, that does not change the legal classification of the LID assessment. A levy override, by contrast, would constitute a tax increase. However, the LID itself is not legally defined as a tax, but rather as a charge tied to a special benefit conferred on the property.

Council Member C. Erickson expressed that there appears to be general agreement to remove 7th South (east of 12th West to Highway 20) from the current LID and reevaluate it later, recognizing that while the road is in poor condition and will need to be addressed, the financial burden on residents is significant. He noted that the newly formed committee should be given time to review alternative approaches and explore how other cities handle similar projects before long-term decisions are made.

Council Member Johnson again clarified that the city pays for the roadway itself, while property owners are primarily assessed for sidewalks, curb and gutter, and related improvements. Even if the City Council chose to reduce or eliminate certain sidewalk-related costs, the City would still be funding the road reconstruction. However, she acknowledged that some other streets—such as Ash—also have high individual assessments due to larger lot sizes.

Discussion regarding moving forward with the remaining three project areas because of pressing sewer, drainage, and road conditions that require immediate attention. It was emphasized that when roads are torn up, it is generally most efficient to complete necessary infrastructure work—such as sewer stub-outs, curb and gutter, and sidewalks—at the same time to avoid returning later.

Council Member Tietjen asked how "sharpening the pencil" would work if the projects are approved. Public Works Director Davidson explained that the current figures are estimates and that final costs will depend on actual bid results. If bids come in lower, assessments could decrease. Additionally, the City Council retains authority to set certain terms later, such as the interest rate applied to assessments paid overtime.

Council Member Riggins clarified that when the city allows property owners to pay over a period of years, the city is effectively fronting funds that could otherwise be earning interest or used for other projects. Finance Officer Nielson explained that approximately one year ago, the City Council adopted a policy reducing the LID interest rate to 3.5%, down from previous rates of approximately 5.5% to 6%, to lessen the burden on property owners while still accounting for the City's cost of carrying those funds. He added that there are multiple reasons the city charges interest on LID assessments. First, the City does not have unlimited funds available. If internal funds are not sufficient to cover project costs, the city would need to issue bonds or warrants to finance the improvements. In today's market, borrowing rates would likely be significantly higher—potentially in the 5% to 6.5% range—rather than the 3.5% rate currently charged under that policy. Second, charging interest helps ensure that funds are replenished over time. When the City fronts the money for improvements and allows property owners to pay over a 10-year period, those funds are tied up and unavailable for other projects. The interest helps offset the opportunity cost and encourages property owners to pay off their assessments sooner, which restores liquidity for future projects.

Finance Officer Nielson noted that LIDs do not typically generate large excess balances. In recent closures of two LIDs, the remaining surplus was approximately $15,000 total, which was split evenly between the Street Fund and the General Fund. Additionally, many property owners pay off their assessments early—either by choice, through refinancing, or when selling their home—since title companies generally require the balance to be paid at closing. As a result, many assessments do not extend the full 10-year term.

Council Member Johnson said that although she may hold the minority opinion, she believes residents on the remaining streets could feel disappointed if their high assessments move forward while 7th South is postponed. She noted that a similar discussion occurred the previous year, when the City Council committed to exploring alternative solutions but ultimately did not implement changes. She expressed concern that continuing to approve LIDs without making structural changes reduces the urgency to find a better approach. For that reason, she indicated she would vote no, believing that postponing the LIDs could create the momentum needed to thoroughly investigate alternatives.

Public Works Director Davidson clarified that if the projects are to proceed this construction season, approval must occur promptly to bid and complete the work during the summer. Postponement would likely delay the projects by a full year.

Council Member C. Erickson mentioned that some projects, such as Birch, have already been postponed for one or two years and involve pressing sewer and infrastructure issues that cannot continue to be deferred. He reiterated that 7th South could reasonably wait because it is primarily a roadway issue, whereas the other sections involve sewer and related infrastructure that require immediate attention.

Mayor Merrill encouraged not to rely solely on the committee process but also to independently research how other cities fund street improvements. He suggested that many cities either allocate more general fund revenue to streets or have passed a levy or bond to spread costs citywide. One possible long-term solution that has been discussed is a streets bond or levy override, which would allow all residents to contribute rather than limit costs to adjacent property owners. However, it was acknowledged that such measures require voter approval and may not succeed. He noted that many municipalities face similar constraints, and there may not be a significantly better funding mechanism without increasing general tax revenue.

Council President E. Erickson moved to approve **Ordinance No 1345** the Creation of Local Improvement District 55 (LID 55). The boundaries encompass real property primarily along Birch Ave., Ash Ave., 4th West from 2nd South to 5th South, the west end of Summerfield Subdivision as well as several miscellaneous properties, excluding 7th South from 12th West to Highway 20 contingent upon the City Council review of administrative fees and any other possible cost components to minimize the financial impact on homeowners, while still moving forward with the remainder of the project and consider first read; Council Member Riggins seconded the motion; Mayor Merrill asked for a vote:

Those voting aye	**Those voting nay**
Council Member Tietjen	Council Member Johnson
Council Member C. Erickson	
Council Member Reeser	
Council Member Riggins	
Council President E. Erickson	

The motion carried.

Public Comment: Items not on the agenda; limit 3 minutes; issues may be considered for discussion on a future agenda. Please keep comments on point and respectful.

Items from Council:

A. **Committees:** MEPI, Cultural Arts, Grants, School Board, MUSIC, MYAB, Emergency Services Board, Beautification, Trails/Parks & Recreation, Urban Renewal, Airport, Golf Board, ADA Oversight Board, Historical Preservation Committee, and Legacy Flight Museum

Council Member C. Erickson reported that the High School Board meeting, originally scheduled for tomorrow night, has been postponed to next week. The Airport Board meeting and the Golf Board meetings were moved to next month.

Council Member Johnson reported on Parks, Recreation, and Trails, boys' basketball and women's volleyball are currently underway and participation is going well. A disc golf tournament is scheduled for March 14, and there is still space available for anyone interested in registering. The grand opening of the ice rink was held on Monday and was reportedly well attended. She noted that the Recreation Department is currently struggling to manage the ice rink with existing staff. There will be discussion coming before the City Council in the next few weeks regarding management options. Possibilities include hiring a private company to manage the facility or adding another full-time employee. Mayor Merrill mentioned a company that manages similar facilities nationwide recently toured the rink, attended the grand opening, and met with city staff. They are preparing a proposal, which will be presented to the City Council along with a full overview for consideration.

Council Member Johnson also reported the LID Committee met. She encouraged residents who are interested in serving on the committee to apply, as additional community participation would be welcomed. An application is available on the city's website for those interested in serving on the committee.

Council Member Tietjen reported the Grants Committee did not meet last month but is scheduled to meet again at the end of this month. The Mayor's Youth Advisory Board met and made Valentine's cards for residents of the Homestead Assisted Living Center. They also hosted a Valentine's party there. The ADA Oversight Board is currently seeking additional members. Anyone interested in serving is encouraged to reach out.

Council Member Tietjen also reported the Historic Preservation Commission met yesterday and is researching information related to the pump house and the old seminary building. They are also preparing to assist with Founders Day activities. As part of the Flood 50 commemoration, they will be selling vinyl window decals for homes that have remained since the flood. The decals will recognize homes that have been in place for 50 years. The Flood 50 Committee met today to review the budget and planned activities. The America 250 group met to discuss what that future celebration will look like. Additional updates will be shared as plans develop.

Mayor Merrill also announced that the Founders Day "Lighting the Way" ceremony, originally planned for March 14, has been rescheduled to Tuesday, March 10, at 7:00 p.m. at the Romance Theater. Youth groups are especially encouraged to attend to learn more about Rexburg's history and heritage. Further details will be shared as they are finalized.

Council President E. Erickson reported that M.E.P.I. has not met. However, he was able to attend the open house for the new ice-skating rink. He commented that the facility is a tremendous asset to the community, the open house was well attended and a success. Mayor Merrill noted that participation increased throughout the evening, with a couple hundred people in attendance by the end of the event. There is also a local youth hockey team utilizing the facility, and it is anticipated that the program will continue to grow.

Council Member Reeser reported that the Legacy Flight Museum has not met. He also noted his new assignment with the Mayor's Youth Advisory Board. He also shared that the Project Citizen season at Madison High School concluded a few weeks ago. He expressed appreciation to the Mayor, Council Members, and City staff for taking time to speak with students and answer their questions. He noted that these interactions are often the students' first experience engaging with local government officials and staff, and having positive, supportive conversations makes a meaningful impact. He also mentioned that he has tried to streamline some of the interview process within his classroom to minimize the burden on city personnel but emphasized his gratitude for everyone's willingness to participate. Mayor Merrill added that this year's student presentations were particularly well done, with accurate information and strong preparation.

Council Member Riggins reported that the Rexburg Urban Renewal Agency met today and discussed several ongoing items. He said the Rexburg Historical Society attended the meeting and expressed concern about the potential demolition of the seminary building located on property that is in the process of being purchased. Various ideas were discussed, and further evaluation will take place. They approved moving forward with issuing a Request for Proposals (RFP) for the school district property, which is expected to close on April 30. The RFP will be released following the closing. The work continues pertaining to the feasibility study for the proposed West Highway District on the west side of Highway 20. Although additional information was anticipated at today's meeting, it was not yet available. Overall, the agency is awaiting further information to help determine future planning for both the newly acquired property and other downtown properties currently owned by Urban Renewal.

B. Other Reports: None

Staff Reports:

A. Finance: - Matt Nielson

1. Financial Reports

Finance Officer Nielson briefly reviewed the financial report, noting that the City is approximately four months into the fiscal year. While 33.3% of the fiscal year has elapsed, only about 17% of the budget has been expended to date, indicating spending is currently tracking well below the proportional timeline. The City is finalizing the closeout of the Fire Fund, with the last remaining transactions expected to be completed in February.

Council President E. Erickson asked about the Fire Department's transition to the joint venture. Finance Officer Nielson reported that overhead costs were charged for the first quarter, and a meeting was held with representatives to explain ongoing and continuing costs. The discussion was positive, and it is anticipated that outstanding billing matters will be resolved, with each party settling the remaining balances needed to close out the funds.

Finance Officer Nielson noted moving forward, instead of transferring funds internally (previously from Fund 01 to Fund 17), the City will make a formal contribution to the joint venture. New accounts have already been created to accommodate this structure. Additionally, a draft recommendation for a revised budget process has been prepared and reviewed with county representatives and fire district leadership. The proposed process would involve the joint fire board developing a recommended budget, which would then be presented to each participating governing body—such as the City Council—for input. Each entity would then indicate what level of funding increase (either a dollar amount or percentage) it can reasonably support. The Fire Board would then revise the budget accordingly to align with those financial constraints. Further discussion and possible amendments to the agreement are anticipated.

CITY OF REXBURG
TREASURER'S EXPENDITURE REPORT BY FUND
FISCAL YEAR 2026 (OCT '25 - SEPT '26) YEAR-TO-DATE AS OF JAN 31 2026

33.3% OF THE YEAR

#	FUND	PERSONNEL EXPENSE	OPERATIONS EXPENSE	OTHER EXPENSE	CAPITAL EXPENSE	TRANSFER EXPENSE	TOTAL EXPENSE	REVISED BUDGET	SPENT	FUND BALANCE	CASH/ INVESTMENT BALANCE
01	GENERAL	3,935,948	2,148,740	0	116,260	334,967	6,536,916	19,298,700	33.9%	6,832,266	9,296,849
02	STREET OPERATIONS	454,082	387,124	0	0	0	841,206	5,355,500	15.7%	505,898	593,728
03	RECREATION PROGRAMS	5,315	61,501	0	0	0	66,816	306,300	21.8%	6,645	8,767
04	TABERNACLE OPERATIONS	18,736	24,460	0	5,228	0	48,424	1,182,200	4.1%	381,384	385,833
06	ICE RINK FACILITY	0	474	0	0	0	474	0	0.0%	-474	726
07	POLICE IMPACT FEE CAPITAL	0	8,691	0	7,229	0	15,920	383,300	4.2%	358,169	366,860
08	D.A.R.E. TRUST FUND	0	124	0	0	0	124	17,800	0.7%	21,495	21,495
09	DRUG INTERDICTION/EDUCATION	0	8,211	0	0	0	8,211	18,000	45.6%	14,478	14,478
13	POLICE SMALL GRANTS	2,681	443	0	0	0	3,134	51,000	6.1%	-5,914	-3,800
15	HIGH 5 GRANT	0	0	0	0	0	0	0	0.0%	0	0
16	FIRE STATION BLDG FUND	0	0	0	0	0	0	309,000	0.0%	0	0
17	EMERGENCY SERVICES	0	0	0	0	0	0	7,080,700	0.0%	0	43,125
18	JOINT FIRE EQUIPMENT	0	0	0	0	0	0	408,000	0.0%	219,332	219,332
19	MADISON COUNTY FIRE DISTRICT	0	0	1,180,220	0	0	1,180,220	1,565,500	75.4%	0	0
20	FIRE IMPACT FEE CAPITAL	0	0	0	20,714	0	20,714	42,000	49.3%	26,107	26,107
21	FIRE DEPARTMENT EMPLOYEE	0	0	0	0	0	0	3,000	0.0%	0	0
22	REVOLVING LOAN	0	6,145	0	0	0	6,145	83,500	7.4%	1,687,871	509,153
23	REXBURG RAPIDS OPERATIONS	33,442	24,985	0	0	0	58,427	622,600	9.4%	23,278	26,372
24	LEGACY FLIGHT MUSEUM	0	8,887	0	0	0	8,887	147,300	6.0%	308,519	309,156
25	SANITATION OPERATIONS	189,842	771,447	0	231,195	0	1,192,584	3,560,900	33.5%	3,351,121	909,826
26	WATER OPERATIONS	480,916	497,145	0	324,881	0	1,252,942	4,675,200	26.8%	25,847,450	7,791,954
27	WASTEWATER	517,244	736,216	0	1,366,898	0	2,620,360	12,804,700	20.5%	41,898,232	7,660,207
28	BUILDING SAFETY	280,582	138,533	0	0	41,667	460,782	1,541,100	29.9%	1,937,565	1,963,843
29	GEOGRAPHIC INFORMATION SYSTEM	155,737	64,858	0	0	0	220,595	601,300	36.7%	-110,746	-98,758
30	DOWNTOWN REVITALIZATION	0	0	0	0	0	0	0	0.0%	0	0
31	SHOP BUILDING	0	0	0	0	0	0	0	0.0%	0	0
32	NEW BLDG CITY HALL POL	0	0	0	50,000	0	50,000	1,581,200	3.2%	833,297	833,297
33	STREET IMPACT FEE CAPITAL	0	0	0	23,926	0	23,926	1,222,200	2.0%	2,590,086	2,591,580
34	WATER CAPITAL RESERVE	0	0	0	0	0	0	2,698,000	0.0%	2,674,089	2,674,089
35	SEWER CAPITAL RESERVE	0	0	0	0	0	0	5,890,200	0.0%	5,143,029	5,084,590
36	ARTS PROMULGATION	0	0	0	0	18,333	18,333	225,000	8.1%	109,950	109,950
37	PARAMEDIC CARE WILDLAND	0	0	0	0	0	0	1,501,700	0.0%	504,811	504,333
38	PARKS IMPACT FEE CAPITAL	0	0	0	235,987	10,000	245,987	2,511,700	9.8%	970,508	770,508
39	TRAILS OF MADISON COUNTY	0	0	0	3,000	0	3,000	1,066,000	0.3%	295,981	295,981
40	ROMANCE THEATER	23,484	21,544	0	0	0	45,028	186,300	24.2%	-2,994	3,868
41	PARK CONSTRUCTION	0	0	0	97,460	0	97,460	5,000	1949.2%	169,677	175,023
42	WATER CAPITAL CONSTRUCT	0	0	0	4,281	0	4,281	2,185,000	0.2%	-4,281	-4,281
43	STREET REPAIR/RECONSTRUCTION	0	380	0	0	0	380	3,765,000	0.0%	6,179,667	6,179,667
44	STREET NEW CONSTRUCTION	0	0	0	265,355	0	265,355	7,333,600	3.6%	338,455	400,695
47	AIRPORT OPERATIONS	7,197	15,640	0	0	0	22,837	61,100	37.4%	25,485	18,223
48	AIRPORT CONSTRUCTION	0	2,917	0	88,990	0	91,907	4,561,000	2.0%	-29,068	-29,068
49	AIRPORT RELOCATION RESERVE	0	0	0	0	0	0	28,500	0.0%	1,165,718	1,165,718
50	GOLF COURSE OPERATIONS	218,944	131,343	0	22,953	36,933	410,172	1,778,500	23.1%	392,805	481,179
51	GOLF COURSE DEBT SERVICE	0	0	0	0	0	0	210,800	0.0%	266,501	176,501
52	SEWER CAPITAL CONSTRUCTION	0	0	0	1,236,604	0	1,236,604	3,276,500	37.7%	-511,322	-416,370
53-58	LID CONSTRUCTION FUNDS	0	0	0	1,569,423	0	1,569,423	4,700,000	33.4%	-1,569,423	-1,562,382
59-79	LID DEBT SERVICE FUNDS	0	0	0	0	0	0	1,008,400	0.0%	-1,383,142	-1,783,177
81	REXBURG CULTURAL ARTS	30,541	38,740	0	0	0	69,281	306,500	22.6%	18,484	14,779
82	FIBER CONSTRUCTION	0	0	0	389	0	389	106,800	0.4%	-20,488	-20,488
83	ENTREPRENEURIAL PROGRAMS	0	6,476	0	0	0	6,476	23,900	27.1%	38,991	38,991
84	N INTERCHANGE CONSTRUCTION	0	0	0	0	0	0	4,830,000	0.0%	0	-20,145
85	COMM. SAFETY LIGHTING	0	640	0	0	0	640	0	0.0%	352,104	352,084
86	FIBER OPERATING	0	10,767	0	0	40,000	50,767	135,800	0.0%	693,690	694,481
91	SHOP WITH A COP	0	20,019	0	0	0	20,019	18,000	111.2%	40,243	40,243
93	AMBULANCE CAPITAL REPLACEMENT	0	0	0	0	0	0	0	0.0%	0	0
94	REXBURG ARTS COUNCIL TRUST	0	0	0	0	0	0	0	0.0%	0	0
95	CITY 501c3 FOUNDATION	0	0	0	0	0	0	3,000	0.0%	0	0
	TOTAL	$6,304,802	$5,137,452	$1,180,220	$5,670,771	$481,900	$18,775,146	$111,279,400	16.9%	$102,085,622	$48,815,166

Citizens are invited to inspect the detailed supporting records of the above financial statement.
This report can be found on our website at www.rexburg.org/finance/page/financial-reports

Emergency Services are in the city budget for 2026, however they are now employed by the Fire District who will manage them.
We will need to make a budget adjustment.

2. Review Budget Calendar for Fiscal Year 2027

Finance Officer Nielson reviewed the proposed budget calendar and noted that work has already begun on the Fiscal Year 2027 budget. He said the city departments will soon submit their five-year Capital Improvement Plans (CIPs), along with any new personnel requests, which are due back by March 13. The five-year outlook helps evaluate long-term funding strategies, savings needs, and financing options, while the upcoming fiscal year's requests will be incorporated into the FY27 budget. Two key scheduling items were discussed:

Public Hearing Date:
The City Council must set a budget public hearing date by April 30. Finance Officer Nielson recommended July 15 (the second meeting in July) as this timing allows more accurate state revenue projections, particularly property tax and related state figures, which are often delayed. There were no objections noted to this proposed date.

City Council Drive Around:
Discussion due to scheduling conflicts—including spring break and individual availability, the suggested April 10th date will not work. The City Council agreed to tentatively schedule the drive-around for **April 24**. While not perfect for everyone's schedule, it appeared to work best for the majority. Council President E. Erickson encouraged the Council Members to share any specific locations or project areas they would like included in the tour so the itinerary can be planned accordingly.

2026 BUDGET PREPARATION CALENDAR
FOR 2027 FISCAL YEAR BUDGET

Feb 4	Wed.	6:30 PM	Show or email First Draft of Budget Calendar and Discuss Meeting Times
Feb 18	Wed.	6:30 PM	Send Capital Improvement Plan (CIP) to Dept. Heads to update for 5 years Motion to accept Budget Calendar and Meeting Times CIP and new position requests due by March 13 Complete workmans comp billing and post to February & roll fwd
March 4	Wed.	6:30 PM	Regular Council Meeting Review and Finalize Budget Calendar if not done earlier **Set Public Hearing date (by motion) for Budget (July 15, 2026) at 6:30 PM** Notify County Clerk by April 30th of the Budget Public Hearing Date **Review City Council Drive-around date- TBD-Possibly Friday April 10th at 9 AM** **Set Mayor & Council Salaries on odd years to take effect on Jan 1 of even year** **Set Proposed Cost of Living Adjustment (Jan to Jan-2.73%)** **PERSI rate changes to take effect in July 2027 for** General, Public Safety, & School **Start Payroll Budgeting-22.5% increase on health recommended**/review allocations
March 13	Monday	5:00 PM	**CIP and new position requests due from respective departments**
April 2	Friday		Redo forecasts using 6 months of data Roll forecasts to Proposed Budget Complete Payroll Budget
May 1	Wed		**Budget screen & printouts available for year-to-date** expenditures vs. budget as of March 31 (1st 6 months) and forecast of year end totals
April 10	Friday	9:00 AM 3:00 PM	**City Council Drive Around**
May 6	Wed	6:30 PM 6:30 PM	**Regular Council Meeting** Public Hearing (If Needed) For Mayor & Council Salaries
May 11-20 May 21-22 If necessary		by appt.	**Departmental Meetings by appointment-See Separate Schedule** including Council Members, Mayor, Financial Officer, Department Head & Foreman
May 27	Wed	9:00 AM	**Dept. Head review of General Fund budget- If Required** CFO and Mayor will meet with individual department Heads first supported by the General Fund to review and recommend capital requests to council and balance the General Fund budget
June 3	Wed.	4:30 PM	**Council Budget Work Meeting on Budget-Option 1 to meet-push to June 17 if no conflict** Special Budget Review Meeting for Council **Set Tentative Budget by Council Motion**
		6:30 PM	**Regular Council Meeting** Advertise July 15th 6:30 PM Public Hearing in Newspaper-7 days apart -June 23rd & 30th
June 17	Wed.	4:30 PM	**Council Budget Work Meeting on Budget-Option 2-Preferred by Finance Staff** Special Budget Review Meeting for Council **Set date for public hearing for use of forgone dollars as part of tax levying authority** **Set Tentative Budget by Council Motion**
		6:30 PM	**Regular Council Meeting** Advertise July 15th 6:30 PM Public Hearing in Newspaper-7 days apart -June 23rd & 30th
July 15	Wed.	6:30 PM 6:30 PM	**Regular Council Meeting** Public Hearing on Budget **Review any Utility Rate Increases and set public hearing** for August 19th - Advertise on July 28th and August 4th **Review Amended Budget for FY 26 and set public hearing** Advertise August 5th Public Hearing in newspaper on July 21st and 28th 1st Reading of Appropriation Ordinance
July			**Meet with Sugar & Teton on sewer rates**
August 5	Wed.	6:30 PM 6:30 PM	**Regular Council Meeting** Public Hearing on Amended Budget 2nd Reading of Appropriation Ordinance 1st Reading of Amended Budget
August 19	Wed.	6:30 PM 6:30 PM	**Regular Council Meeting** Public Hearing on Utility Rate Increases Approve Utility Rate Increases by resolution, if any 3rd Reading and Adoption of Appropriation Ordinance 2nd Reading of Amended Budget
Sept 2	Wed.	6:30 PM	**Regular Council Meeting** 3rd Reading and Adoption of Amended Budget

Finance Officer Nielson explained that the General Fund is the most difficult fund to balance each year because it carries the highest number of operational demands. After COVID, the General Fund reserves increased significantly due to federal relief funding. While many expected reserves to decline during that period, they instead rose. The City's policy is to maintain General Fund reserves between 25% and 33%.

- In FY2023, reserves reached 44% (largely due to federal grants).
- In FY2024, they dropped to 30%.
- In FY2025, they dropped to 29%.
- The FY2026 adopted budget projects reserves declining to 22%, which is below policy.

Based on current revenue forecasts, including sales tax trends, reserves are expected to continue tightening over the next several years. As a result, budgeting for the next five years will likely be more challenging than the previous five.

Finance Officer Nielson reviewed Cost of Living Adjustment (COLA). The city historically used a Consumer Price Index (CPI) measure to determine wage adjustments. In recent years, the city used the West Region CPI (January to January). For the current year, that index reflects a 2.73% increase.
For context:

- The prior year was 2.42%.
- Before that, 3.33%.
- During COVID years, increases were significantly higher (6.28% and 7.74%).
- The 10-year average CPI increase is approximately 2.86%, so the current 2.73% is slightly below that average.

Using FY2026 wage levels:

- Total citywide wages are approximately $12.6 million.

- A 2.73% COLA would increase total wages by about $344,000 citywide.
- Of that amount, approximately $205,000 would impact the General Fund (which accounts for roughly 60% of total wages).

The remaining wage increases would be distributed across other funds such as Streets, Water, Wastewater, and other enterprise or special revenue funds. He also clarified that the $344,000 figure reflects wages only. Associated benefit costs—such as FICA and retirement contributions—would increase as well, and those impacts would be incorporated during the payroll budgeting process. He asked for the City Council's comfort level in proceeding with the 2.73% COLA as he prepares the FY2027 payroll budget.

Calculation of Cost of Living Adjustment (COLA)

Using the Consumer Price Index (CPI-U) for the Month of January

Fiscal Year	American City and County	Bureau of Labor Statistics*	Percent Change From Prior Year	COLA Adopted	Index Source
2007	192.400	202.416		4.00%	American City and County Municipal Index
2008	201.300	211.080	4.28%	2.10%	American City and County Municipal Index
2009	206.100	211.143	0.03%	4.30%	American City and County Municipal Index
2010	208.400	216.687	2.63%	0.00%	American City and County Municipal Index
2011	215.100	220.223	1.63%	3.10%	American City and County Municipal Index
2012	223.800	226.665	2.93%	1.60%	American City and County Municipal Index
2013	227.400	230.280	1.59%	2.90%	American City and County Municipal Index
2014	230.600	233.916	1.58%	2.00%	CPI-U Urban Consumer Average City Index
2015	233.500	233.707	-0.09%	1.61%	CPI-U Urban Consumer Average City Index
2016		236.916	1.37%	0.00%	CPI-U Urban Consumer Average City Index
2017	239.460	242.839	2.50%	1.28%	CPI-U Urban Consumer Average City Index
2018	246.710	247.867	2.07%	2.50%	CPI-U Urban Consumer Average City Index
2019	251.430	251.712	1.55%	2.07%	CPI-U Urban Consumer Average City Index
2020	255.560	257.971	2.49%	1.55%	CPI-U Urban Consumer Average City Index
2021		277.238	1.40%	2.49%	CPI-West Region Avg Urban Consumer Average City Index
2022		298.705	7.74%	1.40%	CPI-West Region Avg Urban Consumer Average City Index
2023		317.477	6.28%	7.74%	CPI-West Region Avg Urban Consumer Average City Index
2024		328.053	3.33%	6.28%	CPI-West Region Avg Urban Consumer Average City Index
2025		335.989	2.42%	3.33%	CPI-West Region Avg Urban Consumer Average City Index
2026		345.152	2.73%	2.42%	CPI-West Region Avg Urban Consumer Average City Index
2027			Recommended	2.73%	
		Prior 10 Year Adopted Average Adopted		2.86%	

FY 26 Current Budgeted Wages Affected by COLA	$ 12,617,700	Fire Fund 17 and 37 removed in FY 26
Total Increase if adopt Recommended COLA in Fiscal Year 2027	$ 344,463	
General Fund Paid Wages Affected by COLA	$ 7,519,200	60% Percent in General Fund Departments
Increase in General Fund if adopt Recommended COLA in Fiscal Year 2027	$ 205,274	

CPI-U for West Region Average

Finance Officer Nielson returned to the budget calendar and discussed several additional items of importance. First, he noted that PERSI performed well last year, which is positive news. Although PERSI planned to implement rate increases in July 2026, those increases have now been postponed until 2027. However, because Fiscal Year 2027 includes the months of July, August, and September 2026, a partial increase may still need to be reflected in the payroll budget for those first few months. He explained that PERSI's funding ratio improved significantly, rising to 90.6% at the end of 2025 compared to 82.66% in 2022, largely due to strong investment returns over the past 18 months. PERSI rate changes are important because any increase affects both the employee contribution and the employer contribution.

Finance Officer Nielson addressed the more significant concern of health insurance costs. He stated that the city has experienced very poor claims performance over the past 12 months, primarily due to large dependent claims. Select Health has reported a loss ratio of approximately 162%, meaning they have paid out 62% more in claims than the city has paid in premiums. As a result, substantial premium increases are expected next year. While the final numbers are not yet known, the preliminary budget analysis assumes a 42% increase in medical premiums and a 5% increase in dental premiums. The city's insurance broker has indicated that a best-case scenario may be closer to 35%, but he is budgeting conservatively. If a 42% increase occurs, the city would eliminate the current annual savings allocation of approximately $367,000 for health insurance and reduce it to nearly zero. Employer contributions would need to increase by approximately 22.5%, and employee contributions would increase by about 26%. The City's share of total premium costs would rise from the current 85% to approximately 86%. In dollar terms, this would represent roughly $671,000 in additional employer costs citywide and approximately $122,000 in additional employee contributions. Combined, that is nearly $800,000 in new premium costs, and when factoring in the eliminated savings, the total impact could approach $1.1 million if the full 42% increase materializes.

Finance Officer Nielson explained that the City has explored joining other insurance pools, such as III-A, but was advised to revisit eligibility after five years. Moving to a self-funded model last year would have been financially unfavorable given the claims experience. Additionally, when the fire

department left the City's plan, the employee count dropped by approximately 25 participants, meaning fewer employees are now sharing the risk pool, which increases volatility when large claims occur. Finance Officer Nielson emphasized that these figures are estimates and that actual premium increases will not be finalized until later in the year. However, he wanted the City Council to understand that a significant increase must be made into the FY27 budget.

Finance Officer Nielson reviewed scheduling for upcoming departments budget meetings, which are tentatively planned for May 11 through May 20. These meetings are publicly mentioned, and the goal is to ensure that at least two or three Council Members can attend each one of those budget meetings.

Finance Officer Nielson recommended holding the budget work meeting on **June 17 at 4:30 p.m.** instead of June 3. He explained that holding it later allows for more accurate revenue estimates and better forecasting, rather than relying on earlier projections. Budget materials will be provided in advance for anyone unable to attend. Additionally, he outlined key July items:

- **July 15**: Public hearing on the FY27 budget.
- Also on July 15:
    - Set utility rates for October (pending completion of the rate study).
    - Review and approve amendments to the FY26 budget.

B. Public Works: - Keith Davison

1. Bid Review and Approval of Sewer Line from the Teton River Temple to the Wastewater Treatment Plant Action Item

Public Works Director Davidson explained the sewer line extension project. This project will extend the sewer line south from where the temple project concluded, connecting into the northern portion of the reform area. Two bids were received. Edstrom Construction submitted the low bid in the amount of $5,984,707, while S&K Construction submitted a higher bid. He noted that significant differences between sewer project bids are not unusual and that similar discrepancies have occurred on past projects. Mayor Merrill said the city has extensive experience working with Edstrom Construction and expressed confidence in their proposal.

BID TAB

Project: TETON RIVER TEMPLE TO WASTE WATER TREATMENT PLANT SEWER LINE

CONTRACTOR/COMPANY NAME:	BID AMOUNT:
Edstrom Construction	$5,984,707.00
Suncore	$9,151,675.00

Council Member Johnson moved to approve the low bid of $5,984,707.00 from Edstrom Construction for the Sewer Line from the Teton River Temple to the Wastewater Treatment Plant; Council Member Tietjen seconded the motion; Mayor Merrill asked for a vote:

Those voting aye	**Those voting nay**
Council Member Johnson	none
Council Member Tietjen	
Council Member C. Erickson	
Council Member Reeser	
Council Member Riggins	
Council President E. Erickson	

The motion carried.

2. Bid Review and Approval for painting the elevated water tank Action Item

Public Works Director Davidson explained the elevated water tower has not been repainted in approximately 20 years. Three bids were received for this project, and the low bid was submitted by Viking Painting LLC. Unlike the sewer project, the bids for this project were closely grouped. After reviewing qualifications and references, staff expressed confidence in Viking Painting LLC.

BID TAB

Project: ELEVATED WATER TANK PAINTING - WTR-01-26

CONTRACTOR/COMPANY NAME:	BID AMOUNT:
Fossil Coatings	$149,000.00
Viking Painting LLC	$148,850.00
Utility Service Co. Inc	$183,400.00

Council Member Reeser moved to approve the low bid of $148,850.00 from Viking Painting LLC for the Elevated Water Tank Painting Project; Council Member Riggins seconded the motion; Mayor Merrill asked for a vote:

Those voting aye	Those voting nay
Council Member Johnson	none
Council Member Tietjen	
Council Member C. Erickson	
Council Member Reeser	
Council Member Riggins	
Council President E. Erickson	

The motion carried.

Council President E. Erickson asked regarding the anticipated completion timeline for the sewer line project. Public Works Director Davidson responded that the contractor has been given 200 days to complete the work. However, due to groundwater conditions during the summer months, a seasonal shutdown is expected. As a result, the project will likely extend into 2027 before final completion. He also explained that portions of the sewer line will be installed at depths of up to 30 feet. The system is being designed to serve a large area, and deeper installations help maximize gravity flow and reduce the need for additional lift stations. Fewer lift stations covering larger service areas improve long-term maintenance efficiency.

Finance Officer Nielson noted that approximately $4.7 million had been budgeted for the project this year. Since the total low bid is just under $6 million and the project will extend into the next fiscal year, adjustments will be made to the Capital Improvement Plan to account for the full project cost. He also clarified that 35% of the project cost will be funded by Urban Renewal.

Mayor's Report/Business:

Mayor Merrill reported that he has spent time researching House Bill 583, a short-term rental bill currently moving through the legislature and scheduled to be heard in the Senate. A conversation was held with Senator Ricks regarding concerns about the bill. The proposed legislation would significantly limit or eliminate local governments' ability to regulate short-term rentals. Concerns were raised about preserving certain local standards, particularly requiring short-term rentals in single-family neighborhoods to be owner-occupied or have a more permanent on-site manager. He explained that this approach has helped maintain neighborhood stability and address issues such as parking. Additional concerns were raised about the bill prohibiting local inspections and licensing. He noted that past inspections have identified serious life-safety issues, such as basement storage rooms being converted into bedrooms without proper egress windows. He emphasized that some level of safety oversight is important to protect residents and visitors. While many of the bill's provisions—such as prohibiting regulation of bedroom occupancy limits—were not seen as problematic, the elimination of owner-occupancy requirements, safety inspections, and licensing authority were identified as significant concerns.

Mayor Merrill said he was informed by Senator Ricks that he would attempt to raise these considerations, though there is uncertainty about the likelihood of amendments, as several legislative leaders have already signed onto the bill. Mayor Merrill encouraged the City Council to review the bill and consider contacting members of the Senate Commerce Committee to provide input before the committee hearing.

Items for Consideration: NONE

Calendared Bills:

A. Second Reading: Those items which have been first read:

1. Ordinance No 1343 Rexburg Police Facility Bond Election Ordinance to seek funding for construction of a new police facility in the May 19, 2026, Election – Matt Nielson Action Item

ORDINANCE NO. 1343
Rexburg Police Facility Bond Election

AN ORDINANCE OF THE CITY OF REXBURG, MADISON COUNTY, IDAHO, ORDERING A SPECIAL BOND ELECTION TO BE HELD ON THE QUESTION OF THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE CITY IN AN AMOUNT NOT TO EXCEED $14,995,000 TO PROVIDE FUNDS TO FINANCE THE CONSTRUCTION AND FURNISHING OF A POLICE STATION FACILITY AND RELATED COSTS; ESTABLISHING THE DATE, TIME, AND PLACE OF THE SPECIAL BOND ELECTION; APPROVING A FORM OF BALLOT; PROVIDING FOR REGISTRATION OF VOTERS; PROVIDING FOR RELATED MATTERS; AND PROVIDING AN EFFECTIVE DATE

Council Member C. Erickson moved to approve **Ordinance No 1343** Rexburg Police Facility Bond Election Ordinance to seek funding for construction of a new police facility in the May 19, 2026, Election and consider second read; Council Member Riggins seconded the motion; Mayor Merrill asked for a vote:

Those voting aye	Those voting nay
Council Member Johnson	none
Council Member Tietjen	
Council Member C. Erickson	
Council Member Reeser	
Council Member Riggins	
Council President E. Erickson	

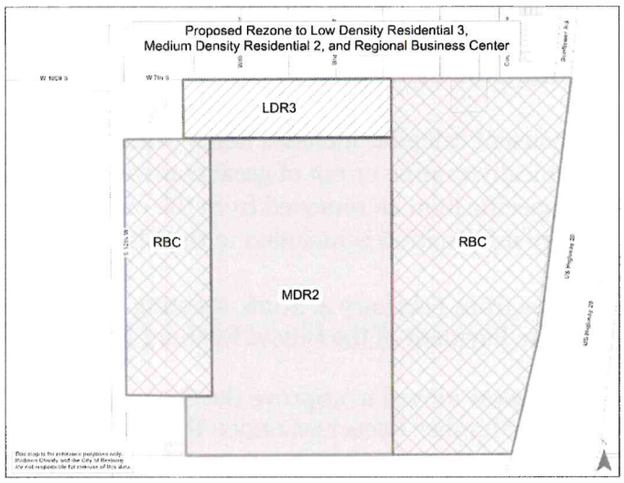
The motion carried.

B. Third Reading: Those items which have been second read:

1. Ordinance No 1342 zone change from Rural Residential 1 (RR1) to Low Density Residential 3 (LDR3), Medium Density Residential 2 (MDR2), and Regional Business Center (RBC) zones at approximately 801 S 12th W (25-01268) – Alan Parkinson Action Item

ORDINANCE NO. 1342
Rezone 801 S 12th W from Rural Residential 1 (RR1) to Low Density Residential 3 (LDR3), Medium Density Residential 2 (MDR2), and Regional Business Center (RBC) Zones

AN ORDINANCE AMENDING AND CHANGING THE ZONING MAP OF THE CITY OF REXBURG, IDAHO, AND PROVIDING THAT THE ZONED DESIGNATION OF THAT CERTAIN PROPERTY HEREINAFTER DESCRIBED, SITUATED IN REXBURG, MADISON COUNTY, IDAHO, BE CHANGED AS HEREINAFTER DESIGNATED; AND PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE.



Council President E. Erickson moved to approve **Ordinance No 1342** zone change from Rural Residential 1 (RR1) to Low Density Residential 3 (LDR3), Medium Density Residential 2 (MDR2), and Regional Business Center (RBC) zones at approximately 801 S 12th W and consider third read; Council Member C. Erickson seconded the motion; Mayor Merrill asked for a vote:

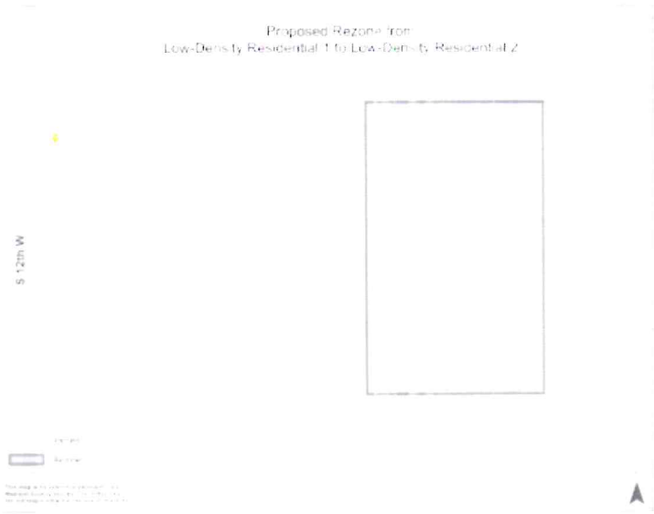
Those voting aye	Those voting nay
Council Member C. Erickson	Council Member Johnson
Council Member Reeser	Council Member Tietjen
Council Member Riggins	
Council President E. Erickson	

The motion carried.

2. Ordinance No 1341 zone change from Low Density Residential 1 (LDR1) to Low Density Residential 2 (LDR2) at approximately 301 S 12th W (25-01158) – Alan Parkinson Action Item

ORDINANCE NO. 1341
Rezone 301 S 12th W from Low Density Residential 1 (LDR1) to Low Density Residential 2 (LDR2) Zone

AN ORDINANCE AMENDING AND CHANGING THE ZONING MAP OF THE CITY OF REXBURG, IDAHO, AND PROVIDING THAT THE ZONED DESIGNATION OF THAT CERTAIN PROPERTY HEREINAFTER DESCRIBED, SITUATED IN REXBURG, MADISON COUNTY, IDAHO, BE CHANGED AS HEREINAFTER DESIGNATED; AND PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE.



Council Member Johnson moved to approve **Ordinance No 1341** zone change from Low Density Residential 1 (LDR1) to Low Density Residential 2 (LDR2) at approximately 301 S 12th W and consider third read; Council Member Riggins seconded the motion; Mayor Merrill asked for a vote:

Those voting aye	**Those voting nay**
Council Member Johnson	none
Council Member Tietjen	
Council Member C. Erickson	
Council Member Reeser	
Council Member Riggins	
Council President E. Erickson	

The motion carried.

Consent Calendar: The consent calendar includes items which require formal City Council action, however, they are typically routine or not of great controversy. Individual Council members may ask that any specific item be removed from the consent calendar for discussion in greater detail. Explanatory information is included in the City Council's agenda packet regarding these items.

A. Minutes from February 4, 2026, Meeting - Action Item
B. Approve Payment of the City of Rexburg Bills - Action Item

Council President E. Erickson moved to approve the Consent Calendar containing the minutes and city bills; Council Member Reeser seconded the motion; Mayor Merrill asked for a vote:

Those voting aye	**Those voting nay**
Council Member Johnson	none
Council Member Tietjen	
Council Member C. Erickson	
Council Member Reeser	
Council Member Riggins	
Council President E. Erickson	

The motion carried.

Adjournment 9:16 P.M.

APPROVED:

Jerry Merrill, Mayor

Attest:

Marianna Gonzalez, City Deputy Clerk