

May 10, 2021 Work Session

The City Council of the City of Idaho Falls met in Council Work Session, Monday, May 10, 2021, in the Council Chambers in the City Annex Building located at 680 Park Avenue in Idaho Falls, Idaho at 3:00 p.m.

Call to Order and Roll Call:

There were present:

Mayor Rebecca L. Noah Casper
Council President Michelle Ziel-Dingman
Councilor John Radford
Councilor Thomas Hally
Councilor Jim Freeman
Councilor Jim Francis
Councilor Lisa Burtenshaw

Also present:

Pam Alexander, Municipal Services Director
Ryan Tew, Human Resources Director
Mark Hagedorn, Controller
Josh Roos, Treasurer
Bryce Johnson, Police Chief
PJ Holm, Parks and Recreation Director
Chris Horsley, Parks and Recreation Superintendent
Randy Fife, City Attorney
Kathy Hampton, City Clerk

Acceptance and/or Receipt of Minutes:

It was moved by Councilor Francis, seconded by Councilor Radford, that Council receive the recommendations from the Planning and Zoning meetings of April 20, 2021 and May 4, 2021 pursuant to the Local Land Use Planning Act (LLUPA). Roll call as follows: Aye – Councilors Burtenshaw, Hally, Dingman, Radford, Freeman, Francis. Nay – none. Motion carried.

Calendars, Coronavirus (COVID-19) Update, Announcements, Reports, and Legislative Update:

May 13, City Council Meeting
May 18, Idaho Falls Auditorium District (IFAD) Groundbreaking
June 16-18, Association of Idaho Cities (AIC) Annual Conference

Mayor Casper distributed 2021 City Council Liaison Assignments; City/Community Boards, Organizations, and Committees; Ongoing Council Member Community and Civic Involvement; and Citizen and Staff Community Assignments. Mayor Casper stated the AIC budget manual is available, the Connecting Us—Sustaining Progress (CUSP) final report will be presented at May 24 City Council Work Session, and she recommended Councilmembers update their bios on the City website as needed. Mayor Casper stated House Bill (HB) 362 was recently signed by Governor Brad Little. This bill designates \$80M be directed annually from sales tax into a transportation fund. In addition, \$126M was appropriated as one-time money to transportation from the State's budget surplus. Mayor Casper also stated the deadline for guidance for the American Rescue Plan Act (ARPA) was May 10. A portion of the \$350B funds will be distributed to Idaho.

COVID-19 – Mayor Casper stated 536,571 individuals have been fully vaccinated in Idaho; 85,725 individuals have received a partial dose; Bonneville County reported two (2) cases as of May 7; and 167 residents in Bonneville County have passed away.

May 10, 2021 Work Session

Legislative Update – Mayor Casper stated the legislators have recessed until May 12. She noted the legislators are waiting for Governor vetoes. She also noted outstanding issues remain including an appropriations bill, a bill that would fund the construction of House offices, the desire to override any vetoes, and another large bill addressing the effective dates. She also noted there was an issue with the notification of a Senate State Affairs Committee hearing.

Liaison Reports and Councilmember Concerns:

Council President Dingman stated she distributed information to the Councilmembers regarding the Greater Idaho Falls Transit (GIFT). She indicated there is interest in a 2-year pilot project for micro-transit, this would be similar to Lyft and Uber. She stated this project would be fully funded from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. She indicated a GIFT presentation to the Councilmembers will be forthcoming.

Councilor Burtenshaw believes there may need to be a process for the transfer of money within a department, possibly dependent upon the amount. She stated the Municipal Services Department has agreed to be part of the State expenditure transparency project. She believes this will be helpful as the City of Idaho Falls is a complex City. Councilor Radford stated there is a brick fundraising campaign for Funland, and the zoo is open. He gave an update on Bird Rides, who is supplying scooters along the Riverwalk.

Councilor Freeman expressed his appreciation to the Idaho Falls Police Department (IFPD) and the Idaho Falls Fire Department (IFFD) for their response to the recent school shooting in Rigby.

Councilor Francis stated per the Library, the glass partition project is completed; two (2) staff members will be taking drone training; there will be a summer reading program and school classroom tours; the display case for Sister Cities is successfully moving forward for July 1; the childrens' expansion has been put on hold for 1-2 years; and Beth Swenson received Librarian of the Year from the Idaho Library Association. He also stated per the Parks and Recreation (P&R) Department, the splash pad at Reinhart Park is moving forward with completion day extended to late May/early June as a room for the pump and utilities had to be built by P&R. He noted Public Works has allocated \$50,000 into this project to recycle the water. He also stated P&R is working to develop contracts with private landscape companies to maintain the rights-of-ways in the City; the parking lot at Heritage Park has been paved; May 15 is Armed Forces Day as well as Science, Technology, Engineering, Mathematics, and Arts and Humanities (STEAM) Day at the zoo, May 15 is free lessons day at the Aquatic Center; the paving at Rose Hill Cemetery has been completed; and golf is 'popping' at all courses.

Councilor Hally indicated the golf courses are in great shape.

Employee Compensation Structure Presentation:

Director Tew reminded the Council that a high-level overview of the compensation structure was presented at the March 22 Council Work Session. He indicated, per discussions with Council, this compensation structure must be sustainable, and must be able to demonstrate the progression of an employee on the old structure versus the new structure. Director Alexander stated this conversation has been occurring for approximately three (3) years. She also stated the compensation factors in order of significance include position control, benchmarking, and the base wage table. She reviewed the compensation sustainability indicators (City-wide and General Fund) from 2006-2010, 2011-2015, and 2016-2020 stating there has been an increase in wages, revenues, and total revenue. She noted, per the General Fund for 2016-2020, wages have increased 20.52%, revenue has increased 17.11%, and total revenue has increased 63.14%. She also noted the top three (3) General Fund departments are Police, Fire, and P&R. These departments are dependent upon the revenue. The Enterprise Fund departments can adjust their rates to cover the increase of costs for services. Director Alexander reviewed the following with general discussion throughout:

Position Control –

- City employee count increased by 52 employees in five (5) years (8% increase)

May 10, 2021 Work Session

- No formal control on position count

Finance Team Recommendations: Management of ongoing personnel costs through: Mayor and City Council authorized position count; Use of data indicators to support increase in personnel; Use of financial impacts and benchmarks; Use of dynamic study of position counts

Benchmarking –

- Budgetary wage table adjustments

Finance Team and Committee Recommendations: Adjustment to wage table tied to market; Market analysis every two (2) years starting next year for the 2022/23 fiscal year; Above market-hold table; Below market-Human Resources (HR) Director recommends appropriate adjustment; Consider implementing a policy to set limits on wages as a percent of revenue

Base Wage Table –

- Current base wage table is a non-systematic table
- Lacks predictability due to inconsistent years of service and percentage increases in steps

Finance Team and Committee Recommendation: Implement systematic table with consistent years of service and annual increases

Director Alexander reviewed changes to the base pay structure for Grades 6-15 including current percentage increase and proposed percentage increase. She also reviewed the proposed change to the pay structure – Year 1-2, 4.5% increase; Year 3-4, 3.50% increase; Year 5, 3.0% increase; and Year 6-19, 1.25% increase. Mr. Hagedorn stated the current grade and step fluctuates and is not consistent. Director Alexander stated the wage table has not been updated for 10-15 years. Mr. Hagedorn stated it's very difficult in the current system to predict wages. He reviewed the current grade and step schedule (the increases taper down), the proposed grade and step schedule (the increases also taper down but in a 'smoother' method), and the change from current structure to the proposed structure. Per Councilor Radford, Mr. Hagedorn confirmed the current structure may not allow a wage increase each year due to the steps within the grade. Per Mayor Casper, Mr. Hagedorn stated the proposed structure would cost more in the beginning although a savings would begin at Year 6. Mr. Hagedorn believes new employees should be data driven. Per Councilor Freeman, Mr. Hagedorn stated the midpoint would be 4-6 years. Per Councilor Radford, Mr. Hagedorn stated turnover rate is 7%, which includes retirees. He indicated this has been consistent over the course of the previous several years. Director Tew stated the turnover rate, without the retirees, is 5%, which is standard for municipalities. Mr. Hagedorn reviewed a translation example for four (4) random employees with the current structure and the proposed structure. He noted any longevity rate would be added to the base rate and translated to the new step and grade in the proposed structure. This would eliminate the longevity program. Per Councilor Burtenshaw, Mr. Hagedorn stated no employee will have a decrease with this proposed change. He also stated there will be 15-35 employees that will be topped out. Per Councilor Radford, Mr. Hagedorn stated there could be an increase with the market adjustment, and each employee would receive an increase each year. Mayor Casper questioned the increase in Year 2 of the two-year market study. Director Tew stated a projection would be built in. General discussion followed regarding the market study, the consultant, jobs being graded appropriately, mid-year changes by directors, and the Mayor's salary. Mr. Fife noted Mayor and Council salaries are set by Idaho law and those salaries should be a separate conversation. Mayor Casper prefers a process, formula or methodology be approved. Council President Dingman believes Mayor and Council approval of position count is important. She also believes there should be a balance between the process and formula. Per Mayor Casper, Mr. Hagedorn believes mid-year changes should be addressed and formulized. Director Alexander commended Mr. Hagedorn as this committee has been meeting for approximately one (1) year with several recalculations. She stated the committee recommendations include:

- Retain grade and step model with proposed base pay changes to the pay structure
 - Steps 1-4 development of skills and competencies
 - Mid-point near Year 5

May 10, 2021 Work Session

- Performance range Year 6 top out (19 years)
- Update base pay structure to provide for consistent annual percentage increases
- Move current longevity pay within the grade and step hourly rate
 - Discontinue longevity pay

Mayor Casper stated an approval of these proposed changes would assist with the budget process. General comments followed including employee awareness. Director Tew clarified there have been discussions with the directors. Per Councilor Francis, Mr. Hagedorn stated the annual cost of compensation varies each year, and the estimated total cost for this year would amount to \$630,000. It was then moved by Council President Dingman, seconded by Councilor Hally, to approve the proposed changes to the City compensation structure as discussed including the summary of the committee recommendations. Roll call as follows: Aye – Councilors Hally, Francis, Dingman, Burtenshaw, Freeman. Nay – Councilor Radford. Motion carried. Director Tew indicated there is an anticipated 2.6% increase with Blue Cross for the upcoming fiscal year. He noted there was a reduction of procedures due to COVID.

Quarterly Finance Presentation:

Mr. Roos stated the Federal Market kept the rates at 0-.25%, the rates are expected to stay in this range until 2024. He reviewed the rate of return benchmarks for Treasury, 0.10%; Local Government Investment Pool (LGIP), 0.21%; and the City of Idaho Falls 1.53%. He noted the City portfolio has 93 investments totaling \$133.6M and year-to-date interest earned of \$1,078,949. He also reviewed the following with general discussion throughout: Treasurer's Report Cash Flow over the course of the previous two (2) years. COVID-19 State reimbursements=\$2M and Governor Little's Public Safety Initiative=\$7M.

American Rescue Plan Act, which was enacted on March 10, 2021.

- Provides \$130.2B to Local Governments
 - Idaho is estimated to receive \$125M for metropolitan cities (Idaho actually received \$123.8M, Idaho Falls will receive \$10.5M)
 - Metro cities will receive a direct payment of funds from the Treasury
- Funds used to cover costs incurred by December 31, 2024
 - Provides assistance to households, small businesses and nonprofits, or aid to impacted industries including hospitality, travel and tourism
 - Provides premium pay to essential employees
 - Covers lost revenue by providing services
 - Make investments in water, sewer and broadband infrastructure

Mr. Roos stated the City's portfolio was recently registered in order to receive funds. He noted half the funds will be forthcoming, the remaining half will be received March 2022. He also stated distribution of funds will require discussion, possibly by committees. Mr. Hagedorn noted every dollar spent will be included in the audit.

Mr. Hagedorn reviewed the following:

Overall Budget by Department –

Total Revenue Budget = \$215,994,921

Total Year-To-Date (YTD) Revenue = \$104,394,538

Total Percent of Budget = 48.33%

Total Expenditure Budget = \$282,323,233

Total YTD Expenditure = \$83,898,744

Total Percent of Budget = 29.72%

May 10, 2021 Work Session

Mr. Hagedorn stated those departments that have less than 25% of the expected revenue will be reviewed. Director Alexander noted Municipal Services low revenue is due to the lack of events at the Idaho Falls Civic Center due to COVID. Brief comments followed regarding the low revenue of the IFPD. Mr. Hagedorn noted non-departmental revenue that is not assigned to a specific department (property taxes, State-shared revenues, etc.), and Internal Services includes Risk Management and the Municipal Equipment Replacement Fund (MERF).

City-wide Budget to Actual Revenue –

2020/2021 Budget = \$215,994,921

Second Quarter (March 2021) = \$104,394,538

Percentage Received = 48.33%

Mr. Hagedorn noted \$7M of property taxes were received in January. Government Charges for Services now includes ambulance and an increase of development fees. Mr. Roos explained Investment Income and Investment Market Adjustment, indicating this is a true value of the asset, security or investment. Mr. Hagedorn stated leases will now be considered debt, and the Sale of Property (on this chart) is tied to Idaho Falls Power.

City-wide Budget to Actual Expenditure –

2020/2021 Budget = \$282,323,233

Second Quarter (March 2021) = \$83,898,743

Percentage Expended = 29.7%

Mr. Hagedorn stated the Debt Service Payment for the Wastewater Treatment Plant (WWTP) was paid in advance.

Mr. Hagedorn reviewed the City-wide Perspective and Forecast for the previous five (5) years. He stated the City-wide budget for second quarter is slightly less due to the \$30M contingency for the Law Enforcement Complex. He noted the City doesn't spend what is budgeted as capacity is budgeted for capital projects. He also noted these projections do not consider the ARPA.

General Fund Budget to Actual Revenue –

2020/2021 Budget = \$49,287,797

Second Quarter (March 2021) = \$30,688,394

Percentage Received = 62.26%

Mr. Hagedorn stated tax collections are higher due to the accelerated payment.

General Fund Budget to Actual Overview –

2020/2021 Budget = \$52,777,041

Second Quarter (March 2021) = \$21,768,862

Percentage Expended = 41.2%

Mr. Hagedorn stated this is slightly lower due to wages and benefits and the payroll schedule.

Mr. Hagedorn reviewed the General Fund Perspective and Forecast for the previous five (5) years. He stated this is 12% higher than expected this time of year. He noted the forecasted revenue is not \$61M, this was a typo. He stated \$10M from the ARPA will be assigned to the General Fund. He also noted spending close to all of the General Fund budget is expected.

Director Alexander reviewed the following:

Recommendations for 2020/2021:

- General Fund savings to a reserve account

May 10, 2021 Work Session

- No re-budgeting of General Fund salary savings
- Material changes to government funds budget approved by Mayor and City Council
- No one-time project carryover funds for 2021/2022

Mr. Hagedorn stated there is no formal process for material changes to the budget. He also stated a proposal for these material changes may be presented to the Council in the future.

Ongoing projects for 2020/21:

Current projects –

- Cash receipting and miscellaneous accounts receivable module
- Electronic time keeping software

Multi-departmental future priorities –

- Software consultant professional services agreement for work orders and assets (priority) and technology road map
- Website refresh and upgrade (Civic Plus) with outbound messaging campaign
- Comprehensive audit services

2021/22 Budget Timeline:

Adopt a tentative budget and fees on Thursday, July 29; public hearing on Thursday, August 12; adopt final budget on Thursday, August 26.

Consideration of proposed Police Personnel Manual:

Chief Johnson stated per requirements of the Police Personnel Manual, discussions occurred in three (3) meetings in February and March. Discussions included the following recommended changes:

- Change section VIA regarding employee expectations to eliminate the mandatory three meetings between the Chief and employees.
- Change section VII regarding holiday time to allow New Years, July 4, and Christmas to occur on the actual day of the holiday.
- Change section XI regarding boot and cleaning allowance to delete parking enforcement and add code enforcement.
- Change section XII regarding career path to add dispatcher personnel.
- Add a new section XIII to the manual regarding Police Employee Association business.

Mayor Casper stated there is a 30-day timeframe for the IFPD personnel to offer comments regarding these proposed changes. Councilor Francis reviewed his personal proposed language changes including Section V.1.A., renumber Section V.2., and replace 1. Expectations paragraph A with a revision for Section III. Mayor Casper believes the Police Personnel Manual was to capture items that may not apply to City employees, although the City Personnel Manual also applies to Police Personnel. She does not believe duplication of language needs to occur. Council President Dingman agrees with Mayor Casper's comments regarding redundancy. She also believes there should be a reference to the City policy regarding employee associations. Per Mayor Casper, Mr. Fife stated any individual or group of individuals should have access to any elected officials. He recommended against conversations as quid pro quo or bargaining/agreements. Councilor Freeman stated, per conversations with the Fraternal Order of the Police (FOP), he believes the FOP wishes to be recognized as similar to other employee associations such as the Municipal Employees Association (MEA). Per Council President Dingman, Mr. Fife recommended that no association be specifically listed. He also recommended there should not be two (2) personnel manuals as the Police Personnel Manual may be treated as a set of policies for a particular group. General comments followed. Chief Johnson stated the FOP represents all sworn officers and several dispatch employees.

May 10, 2021 Work Session

He believes the current FOP is a very organized organization. He wants to avoid the previous dysfunctional relationship with the FOP.

It was moved by Councilor Francis, seconded by Councilor Freeman, to accept the wording changes in the Police Manual as presented as amended by the changes to Section 3 which would replace Section 5, paragraph 1.A. and leave Section 13 as proposed. Following brief comments and discussion, it was then moved by Councilor Francis, seconded by Councilor Freeman, to withdraw the motion so the proposed language can be incorporated into one format for future discussion/decision.

Discussion of Recreation Fund Stabilization Proposal:

Mr. Horsley stated the Rec Fund sits in an ongoing deficit, the current operations and strategies are unable to correct the deficit, there is minimum wage pressure to compete with the market, and there is inconsistent seasonal pay within the Rec Department.

Mr. Horsley reviewed the following with general discussion throughout:

5-year Recreation cash balance – 2016=\$47,987; 2017=-\$92,624; 2018=-\$133,277; 2019=-\$173,358; 2020=-\$198,360.

Increased expenses overview – appropriately allocating General Fund administrative operating expenses to represent true cost of department operation; employee benefits increases; volunteer coach background checks: 225-250 annually \$5,700; credit card processing fees: 5-year average expense is \$22,491; seasonal staffing and competitive wages; full-time employee City-issued cell phone; Ice Arena manager and front desk attendant \$59,557.

Recreation cash balance plan – sponsorships (banner space at facilities); levy increase to mirror incremental fixed cost increase each year; personnel attrition; baseball tournaments; incremental fee and admission increases proportional to program expense increases; re-evaluate joint use agreements; and pass credit card processing fees onto customers.

Mr. Hagedorn proposed to correlate the Rec Levy to the 'fixed' costs which include supervisor wages and benefits, repair and maintenance, utilities, insurance, minor equipment, and other related costs. He stated historically, fixed costs have been fairly consistent with an average increase of a half % over seven (7) years. Mr. Hagedorn reviewed the 7-year average for the Rec Division of operating activities, administration and capital activities, and the average net loss which equals \$(120,000). He also reviewed the levy information stating the statutory allowable recreation levy limit – 0.0006, the City's 2021 Rec Levy – 0.00015 (\$723,204), the City's 2020 Rec Levy – 0.00017 (\$723,204). This levy rate was compared to other cities from 2020.

Mr. Hagedorn reviewed outcome of the methodology for linking user fees to variable costs and linking property tax to fixed costs.

Mr. Horsley reviewed fiscal overview of changes for FY 2021-22, FY 2022-23, FY 2023-24, FY 2024-25, and FY 2025-26 with the forecasted cash increase in FY 2025-26 at \$72,917. This proposal would include a 10% levy increase for the next three (3) years. Mr. Hagedorn stated this would amount to approximately \$1M to the Rec Levy. Mayor Casper believes the levy would be a potential revenue increase although additional conversation would need to occur. She also believes this is a clean recommendation. Councilor Hally believes the deficit of the Rec Fund was created as there was no consistency or expectation of a revenue stream. Mayor Casper indicated this plan will be included in the P&R budget presentation. She noted there were several items impacted by COVID.

May 10, 2021 Work Session

Discussion: Changes to City Code Title 2 regarding the Sister Cities Organization:

Councilor Francis stated the proposed ordinance will create a City Advisory Committee with the Adult and Youth Sister Cities organizations as a hybrid approach. He noted, per the auditors, the money for the organization was not able to be tracked. He also stated the goals of the organization were not being met. This proposed ordinance will make the program a more community-oriented program with outreach in a variety of ways that are consistent with the purposes and goals established by the Sister Cities program, gives oversight of the budget, and makes recommendations for special projects. Councilor Francis reviewed the members of the advisory committee. Mayor Casper stated this proposed ordinance is an entire modification of management for the Sister Cities organization. Councilor Francis noted several meetings have occurred with the adult and youth delegations who are now in agreement with the amended ordinance.

It was then moved by Councilor Burtenshaw, seconded by Councilor Freeman, to move into Executive Session (at 7:19 p.m.). The Executive Session is being called pursuant to the provisions of Idaho Code Section 74-206(1)(j) to consider labor contract matters authorized under section 74-206A (1)(a) and (b), Idaho Code. At the conclusion of the Executive Session the Council will not reconvene into Council Work Session. Roll call as follows: Aye – Councilors Francis, Dingman, Freeman, Hally, Radford, Burtenshaw. Nay – none. Motion carried.

The City Council of the City of Idaho Falls met in Executive Session, Monday, May 10, 2021 in the City Annex Conference Room in the City Annex Building located at 680 Park Avenue in Idaho Falls, Idaho at 7:24 p.m.

There were present:

Mayor Rebecca L. Noah Casper
Council President Michelle Ziel-Dingman
Councilor Jim Francis
Councilor John Radford
Councilor Jim Freeman
Councilor Thomas Hally
Councilor Burtenshaw

Also present:

Duane Nelson, Fire Chief
Ryan Tew, Human Resources Director
Pamela Alexander, Municipal Services Director
AJ Argyle, Insurance Representative
Randy Fife, City Attorney

The Executive Session was called pursuant to the provisions of Idaho Code Section 74-206(1)(j) to consider labor contract matters authorized under section 74-206A (1)(a) and (b), Idaho Code.

There being no further business, the meeting adjourned at 7:56 p.m.

Kathy Hampton, City Clerk

Rebecca L. Noah Casper, Mayor