

July 12, 2022 Council Budget Session

The City Council of the City of Idaho Falls met in Council Budget Session, Tuesday, July 12, 2022, in the Council Chambers in the City Annex Building located at 680 Park Avenue in Idaho Falls at 12:15 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:

Pamela Alexander, Municipal Services Director
Mark Hagedorn, Controller
Megan Ricks, Accountant
Duane Nelson, Fire Chief
Chris Fredericksen, Public Works Director
Ryan Tew, Human Resources Director
Kerry Beutler, Community Development Services Assistant Planning Director
Bryce Johnson, Police Chief
Robert Wright, Library Director
Beth Swenson, Assistant Library Director
PJ Holm, Parks and Recreation Director
Randy Fife, City Attorney
Kathy Hampton, City Clerk

Mayor Casper called the meeting to order at 12:20 p.m. with the following items:

Mayor, Municipal Services/Opening Remarks, Announcements:

Mayor Casper stated the AIC (Association of Idaho Cities) distributes a budget book which indicates a budget must be prepared for council consideration. She also stated each director worked with staff on their individual budget which has then been reviewed by multiple staff members; the budget continues to be refined to ensure council has solid information for decision making; and once the priorities are established the budget is then officially adopted. Mayor Casper indicated budget sessions are set aside for budget review with additional time as needed. She also indicated the annual inflation rate is just over 8%, which affects the city's purchase of materials, goods, and vehicles. She noted the State has determined that cities cannot exceed their budget by 3% increase, therefore, programs or services may have to be scaled back. She also noted taxes are based on levy rates, and values increase when the levy rate decreases.

Financial Team/Presentation and Discussion: Balanced Budget Overview with Introduction to Gravity; Budget Software and other new features for FY 2022-23; Preliminary Revenue Forecast:

Director Alexander reminded the council that the recent software approval of Gravity included budget database and reporting. Mr. Hagedorn stated a new accounting standard must be applied in the current year, and the previous budget process was very personnel labor intensive, noting Gravity will assist with this process. He

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presented an example/overview, provided by GFOA (Government Finance Officers Association), for the city to work toward. He indicated this process will take a year to create, therefore, Gravity is running in tandem with the current process for the current year. He noted capital planning (governmental funds) will take place in Year 2 or Year 3. Director Alexander reviewed budget working assumptions used in the creation of budget documents which include salaries and wages of regular employees, benefits, interdepartmental charges, fleet maintenance cost allocation, changes in funds, MERF (Municipal Equipment Replacement Fund), resources accumulated for the purchase of MERF equipment, segregated general ledger account codes for grant expenditures, no property tax increase (Mr. Hagedorn stated this is a council decision, however, he encouraged the 3% be taken. Mayor Casper recommends the 3%, growth, and annexation be taken, however, forgone is a council option.), and governmental fund departments were requested to submit a flat operational budget compared to the previous year. Mr. Hagedorn stated a new draft of the budget will be distributed each week as directors receive additional information.

Mr. Hagedorn presented the following with general discussion throughout:

Total Proposed Budget Overview:

	2021/22 Budget		2022/23 (Proposed Budget)		\$ Change Expenditure	% Change Expenditure	FTE (Full-Time Employees) Count
	Expenditure	Revenue	Expenditure	Resources*			
Total City-wide	\$292,186,140	\$234,444,123	\$329,648,020	\$266,193,937	\$37,461,880	13%	722

*Revenue title was changed to Resources to encompass the use of MERF cash in the respective departments

Mr. Hagedorn stated the difference between Resources and Expenditure is undesignated cash, mostly from the Enterprise Funds, and the Special Revenue Fund has contingency of \$24M, which is consistent to the previous year. He noted the main purpose of contingency is for unanticipated revenue that is planned to expend, and this allows council from re-opening the budget.

Total Proposed Budget Overview by Functional Category-Revenue:

Functional Category	FY2021-2022	FY2022-2023	Difference
Total Resources	\$234,444,123	\$266,193,937	\$31,749,814

Mr. Hagedorn stated the decrease in Taxes and Franchises is coming from the county; Licenses and Permits increase is due to grant opportunities, FAA (Federal Aviation Administration) projects, and other projects; Charges for Service increase is due to fees as well as projections of additional new fees (this also includes Impact Fees); there is a significant decrease in Sale of Property; Miscellaneous decrease is due to reprioritizing categories; and Non-Revenue MERF/Transfers decrease is due to lack of planned transfers between interdepartmental loans. Mr. Hagedorn believes Investment Income will increase due to the federal rates.

Total Proposed Budget Overview by Functional Category-Expense:

Functional Category	FY2021-2022	FY2022-2023	Difference
Expense Total	\$292,186,140	\$329,648,021	\$37,461,881

Mr. Hagedorn stated Current Operating Expense, which coincides with increase in revenue, is the largest increase; Salaries and Wages increase is due to the placeholder of the COLA (Cost of Living Adjustment), which is lower than expected due to turnover of employees and vacancies; Depreciation increase discussion will be forthcoming; and Debt Service decrease is due to no payment being made on the WWTP (Wastewater Treatment Plant) as the payment is several years ahead of schedule.

Total Proposed Budget Overview- General Fund:

	2021/22 Budget		2022/23 (Proposed Budget)		\$ Change Expenditure	% Change Expenditure	FTE Count
	Expenditure	Revenue	Expenditure	Resources			

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General Fund	\$53,612,553	\$53,588,052	\$62,854,850	\$62,268,286	\$9,242,297	17%	428
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Mr. Hagedorn stated Expenditures are increasing by 17% which is due to ARPA (American Rescue Plan Act of 2021), grants, and increase to costs of supplies. Director Alexander briefly reviewed the increase for Municipal Services. Mr. Hagedorn briefly reviewed the increase for the Idaho Falls Police Department (IFPD).

Total Proposed Budget Overview by Functional Category-Revenue, General Fund:

Functional Category	FY2021-2022	FY2022-2023	Difference
Total Resources	\$53,588,052	\$62,268,286	\$8,680,234

Mr. Hagedorn stated Taxes and Franchises decrease is due to the county no longer passing on late fees; Intergovernmental Revenue increase is due to ARPA and other grants; and MERF will not include transfers.

Total Proposed Budget Overview by Functional Category-Expense, General Fund:

Functional Category	FY2021-2022	FY2022-2023	Difference
Expense Total	\$53,612,553	\$62,854,850	\$9,242,297

Mr. Hagedorn stated Salaries and Wages increase is due to COLA; Current Operating Expense increase is due to grants; and the Idaho Falls Police Complex lease is included in Depreciation.

Property Tax Calculation:

Calculation of Taxes	
Last year's amount	\$40,673,424
Estimated New Annexation	25,000
Estimated New Construction	775,000
3% Statutory Increase	1,234,420
Forgone to use	-
Estimated Property Tax	\$42,707,844
Forgone current balance	\$5,387,930
Forgone Calculations	
	1% \$411,473
	3% \$1,234,240

Mr. Hagedorn stated the county indicated the numbers for annexation and construction should be available around July 25. He noted the previous year was a comparison of city data with county data. He also noted the fairly new county individual is more familiar with capturing the information/numbers this year. Director Alexander stated there are several property tax valuations appeals to the county. Mr. Hagedorn stated these appeals are retroactive to the previous year, which is a hardship to a city. He also stated the ability to levy is \$2.1M, which does not include forgone.

Proposed Allocation of Property Taxes Overview:

	Current Allocation	Property Tax by Request	Difference
General Fund	\$32,039,503	\$32,626,067	\$586,564
Personal Prop Repl/Ag Equip	473,898		
Street Fund	4,244,181	4,000,000	-244,181
Recreation Fund	796,204	875,848	79,644
Library Fund	2,401,394	2,667,007	265,613
Mun Cap Imp Fund	790,618	790,618	-
G/F Fire Station Bldg	401,524	401,524	-
	\$40,673,424	\$41,631,064	\$687,640

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	Unallocated Taxes	\$1,346,780	
	Total Requested	\$42,707,844	

Mr. Hagedorn stated the General Fund break-even amount is \$586,564 in property tax revenue. He also stated the total allocated for funds is \$687,640, and unallocated is \$1.3M. Per Councilor Burtenshaw, Mr. Hagedorn confirmed this allocation includes a 4% COLA. Mayor Casper noted the city is projected to break \$1M in the sales tax fund, which has not previously occurred. Mr. Hagedorn stated a 5% decrease in State shared revenue occurred each year from 2005-2008, noting this revenue has been discounted by 4% in the event this happens again in the next year.

Employee Compensation:

Director Tew indicated the next inflation report will be received July 13, 2022. Brief comments followed regarding the recession and inflation. Mayor Casper stated the city needs to look at inflation, recruiting, and retaining, realizing the cost of training of employees is significant. She believes the city is not able to make smart decisions without talented employees. She recapped that the council has committed to at least a 4% COLA. She believes a hybrid approach may need to be considered, as a one-time consideration. Director Alexander stated 83% of the proposed 4% COLA (\$1.5M) would be covered by taxes and fees. She concurred the one-time consideration should not occur each year. Mr. Hagedorn clarified 83% comes from a governmental fund and 17% comes from a ratepayer fund. He reviewed a blended approach for percentage and dollar amount. He believes a flat rate addresses mid to lower grade retention issues. Director Tew believes there are advantages and disadvantages to a blended approach. He agrees this would help with recruiting and retention challenges and would be more competitive in the lower ranges. He stated disadvantages would include some compression between ranges, disenchantment at the higher end, and the salary structure would no longer be symmetrical. He also agrees this should not be ongoing. Mayor Casper explained the difference of a dollar increase versus a percentage increase. She believes the blended approach should be considered, especially for the lower ranges. Councilor Hally agrees as he believes the dollar amount is the key. Councilor Freeman expressed his concern for those employees in the higher ranges with the blended approach. Councilor Burtenshaw stated she is in favor of 3% statutory with no forgone due to other revenue sources. Councilor Freeman stated he would be in favor of some forgone if needed. Councilor Radford stated due to the unusual year of property assessed values, he is open to taking less than the 3% statutory. Councilor Burtenshaw believes overall taxes for commercial properties will pay less than residential. Council President Dingman reminded the council that all General Fund capital requests have not been presented. General discussion followed including the amounts for percentages and/or dollar increases for the lower and higher grades, a comparison chart based on a dollar range, the number of union employees, the market study, and forgone.

Department Liaisons/Budget Review for General Fund Departments:

Fire Department-

Council President Dingman and Councilor Freeman presented the following with general discussion throughout:

- ARPA funds – two Type I ambulances, one Type II ambulance, and the ambulance equipment, which are already budgeted.
- Operational budget increases include: operations of minor equipment expenses, repair and maintenance of buildings, training facility architect/consultant (which is offset by Wildland interfund transfer), repair and maintenance for auto equipment, and overall budget due to Station 4 renovations, Station 1 water issues, and vehicle maintenance increases.
- Operational budget decreases include: dispatch costs following E911 consultant recommendations, reduction of Airport interfund transfers, and Training Division operations.
- Personnel summary – 125 approved FTEs; request FTE increase to 137 contingent upon award of FEMA (Federal Emergency Management Agency) SAFER (Staffing for Adequate Fire and Emergency Response) Grant (would be for personnel at Station 6, Council President Dingman explained the grant requirements);

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and planning includes reallocation of ARFF (Aircraft Rescue and Firefighting), reestablishment of the Training Division, and return of an IFFD logistics employee.

- Budget repair and maintenance >\$10,000 – General Fund includes: Station 1 water/boiler system = \$40,000; Station 4 kitchen repair/remodel = \$60,000; Southern Station dorm doors and lockers, if purchased = \$16,000.
- Capital request – General Fund includes: Training facility, Phase 1 FY2022/2023, \$300,000 already budgeted; Station security = \$36,000; US Digital Design (USDD), station dispatch hardware = \$52,000; Personal Protective Equipment (PPE) (turnouts) = \$48,000; and portable radios = \$104,000.
- Capital request – EMS (Emergency Medical Services) Fund includes: two Type I Ambulances = \$424,000 approved by ARPA funds and funding in MERF for replacement for seven years; Type II Ambulance = \$140,000 approved by ARPA funds and funding in MERF for replacement for seven years; and Stryker ALS360 Program = \$305,851 approved by ARPA funds and funding in MERF for replacement at ten years.
- Fees – all EMS fees 10%, new Fire Engine standby fee of \$200/hour; Bonneville County EMS Professional Services Agreement increase of 3%, Bingham County EMS Professional Services Agreement increase of 3%, and Jefferson County EMS Professional Services Agreement increase of 20%.
- General Fund Budget Overview – \$13,205,675 total expenses (\$726,788 increase); \$1,911,814 total revenue (\$41,242 increase); and request authorization of \$918,168 to add 12 personnel to be offset 100% with a FEMA SAFER grant.
- EMS Fund Budget Overview – \$8,297,609 total expenses (\$1.3M increase); \$8,302,404 total revenue (\$1.1M increase); and revenue increases include \$869,851 of ARPA funding, and service agreement increase to all counties served.
- Wildland Budget Overview – \$1,481,100 total expenses (\$441,968 increase); \$1.5M total revenue (\$300,000 increase); and revenue increases are based on past projections, conservative increase in revenue.

Per Councilor Burtenshaw, Chief Nelson stated the money will not be spent unless the SAFER grant is received.

Municipal Services-

Council President Dingman presented the following with general discussion throughout:

- ARPA funds – \$1M for City Hall elevator, \$300,000 for Idaho Falls Civic Center for the Performing Arts (design only); and \$100,000 for city security access points (multi-departments).
- Operational budget increases include: software licensing, maintenance agreements, and fleet maintenance.
- Personnel summary – 71 FTE approval, requesting one IT (Information Technology) position.
- Capital budget – bridge crane = \$110,000; and Fuel Focus Dispensing System upgrade, Phase II = \$100,000 (would be cost shared with other departments).
- No proposed fee changes.

Public Works (PW)-

Councilor Burtenshaw presented the following with general discussion throughout:

- APRA funds – \$1M for city parks surface water irrigation conversion (Water Fund budget); \$750,000 for 17th Street and Holmes Avenue intersection improvement (Street Capital Improvement Fund budget); and \$3M for Pancheri Bridge (Street Capital Improvement Fund budget).
- Personnel summary – 123 approved FTEs, one new request in the Water Division.
- Operational Budget – Administration \$0; GIFT (Greater Idaho Falls Transit) \$1.9M, 100% reimbursable; Engineering \$66,300 (potential salary/benefit increase); GIS (Geographic Information System) \$0 (shared 50% PW/50% Idaho Falls Power (IFP)); and Street \$659,200 (\$183,900 to MERF, MERF replacement and \$25,000 for new forklift totaling \$682,100 (revenue increase by \$1M).

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Councilor Burtenshaw stated Streets is requesting a decrease in the levy due to funding from the State. She also stated, per the Capital Budget, the Municipal Capital Improvement Funds indicates an increase of \$1M due to the anticipated development and development agreements; the Bridge and Arterial and Surface Drainage fees will no longer exist due to implementation of impact fees; and the Transportation impact fee amount was received from Community Development Services.

- No proposed fee changes.

Director Fredericksen stated the Enterprise Funds will be discussed at the July 13, 2022, Annual Public Works Utility Meeting.

Human Resources (HR)-

Councilor Burtenshaw presented the following with general discussion throughout:

- APRA funds – not applicable.
- Operational Budget increases – none.
- Capital Requests – none (Councilor Burtenshaw stated there is a \$100,000 request for professional services).
- Personnel summary – 4 approved FTEs (this is well below a typical HR Department); there are no scheduled vacancies; and the HR Department has a Safety and Training Coordinator who is self-funded by the city Risk Management Fund (Director Tew stated the safety staff position is not classified as an HR position. It is expected this position will be solidified into a department.).

Councilor Burtenshaw indicated the FTEs will be memorialized in the Gravity book.

Community Development Services (CDS)-

Councilor Burtenshaw stated budget-to-actual has been historically low, which is hurting the department. She also stated the proposed budget shows an increase of \$300,000; and two building inspectors have been requested for \$169,000 which is covered by received permits. She presented the following with general discussion throughout:

- ARPA funds – \$600,000 for replacement software system.
- No proposed fee changes (Councilor Burtenshaw noted CDS will add a credit card fee (CDS has a credit card fee of \$100,000 in any 12-month period) although this is not a fee request, the credit card fee will be automatically included in the new credit card machines).
- \$35,000 for a second vehicle for a new inspector (permit fees will cover this cost).

Councilor Burtenshaw stated the CDS budget also includes CDBG (Community Development Block Grant) and HUD (Department of Housing and Urban Development) money. She requested the new position be identified as an early hire to right size inspections ASAP. Per Councilor Radford, Mr. Beutler stated the number of inspections and plan reviews are not slowing down as compared to the previous year. Councilor Francis believes the inspector is important for the relationship between the city and the building community.

Police-

Councilor Burtenshaw presented the following with general discussion throughout:

- APRA funds – \$750,000 for purchase of police vehicles and MERF for replacement vehicles.
- Operational budget increase is flat due to revenue increases. Matching expenditures for revenue increases include: new revenue (\$872,512), lease payment for the Law Enforcement Building (\$124,000), MERF (\$300,000 increased contribution), training simulators (\$125,000), tasers (\$70,000), retention/recruitment (\$65,000), and professional services (\$50,000).

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- Personnel – 148 approved FTEs; no new FTE requests as IFPD is trying to find a way to fill the current vacancies (8 officers, 8 emergency communications officers); scheduled vacancies – 2 positions; and the Quartermaster/Training Coordinator position was replaced with an Administrative Assistant position.
- Personnel summary – 148 total position count (146 funded); 98 sworn (96 funded, 88 hired); 25 Dispatch (17 hired); 10 Animal Services (9 hired); 3 Code Enforcement; and 12 support personnel.
- Capital request – expansion of the Animal Services north parking lot facility (would add additional parking spaces with plug-in features for fleet vehicles currently parked at the city garage) = \$35,000 (donation is anticipated). Director Alexander believes this could be a shared project with Municipal Services.
- Fees – several Animal Service fee requests.

Councilor Burtenshaw stated there is approximately \$330,000 left from the \$872,512 new revenue. She indicated additional discussion will be required regarding this amount included as the 4% COLA.

Library-

Councilor Francis presented the following with general discussion throughout:

- ARPA funds – not applicable.
- Operational Budget – the library will experience a revenue decrease from \$3.6M to a projected \$2.6M due to the non-renewal of the County Library District contract. Reductions have been made in all possible categories, however, in order to maintain the same level of library services to city residents, the library budget will need to have a \$265,000 increase in tax revenue allocation.
- Personnel summary – 19 approved FTEs, no new requests, no schedule vacancies.
- Capital budget – no new requests. Carry-over projects from the current year include: remodel of garage to become a drive-thru; creation of a recording booth; and replacement of aging electrical room (parts should arrive in 2023).
- No fee changes.

Per Council President Dingman, Councilor Francis confirmed the decreased revenue are estimates. He also stated the levy request is \$265,000 higher than the previous year to cover the 4% COLA. Per Mayor Casper, Director Wright explained the county services, the formula used for the number of items, and the non-renewal of the county contract. Per Councilor Radford, Director Wright believes impact fees could be used for the library.

Parks and Recreation Department (P&R)-

Councilor Hally presented the following with general discussion throughout:

- ARPA funds – \$150,000 for Funland; \$200,000 for ADA (Americans with Disabilities Act) restroom; \$100,000 for park restroom security.
- Personnel summary – 84 authorized FTEs. The Parks Division is requesting one FTE to assist with pathways, ongoing cost of \$49,115 annually.
- Parks and Zoo Operational Budget – \$2M in total revenue; \$11M in total expenditures; and \$4.3M in operating expenses (\$850,000 increase from current year). Councilor Hally briefly reviewed the large increases.
- Golf Operational Budget – \$3.4M in total revenues; \$3.2M in total expenses; and \$1.2M in operating expenses. Councilor Hally briefly reviewed golf updates. He stated rental fees will increase by approximately 5%.
- Recreation Operational Budget – \$2.5M in total revenues; \$1M in operating expenses; and Recreation Levy = \$875,824 (10% increase from the current year).
- Capital Budget requests – Pathway sweeper (\$77,400); mower (\$90,000); utility vehicle with plow (\$35,000); excavator (\$90,000); Heritage Park (\$150,000); and site conversion fund (\$300,000).

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- Fees – zoo, cemeteries, and golf.

Brief discussion followed regarding the site conversion fund (the \$300,000 would not cover the cost of all three projects) and potential purchase of property, ARPA funds, Heritage Park, the cemetery Niche Wall, the priority of the capital budget requests (including adding the replacement of John Holes Bridge to the request list), and seasonal staff.

City Attorney-

Councilor Radford presented the following with general discussion throughout:

- APRA funds – not applicable.
- Operational Budget increases – no requests over the base budget.
- Personnel summary – 5 approved FTEs; no new FTE requests; and no scheduled vacancies.
- Capital Requests – none.
- Fees – none.

Councilor Radford believes the number of prosecutions is currently adequate for staff. Discussion followed regarding departments needs and the turn-around time. Mr. Fife stated the Attorney’s Office is a service department, and the legal staff is reactive to city needs. He believes there is a wide breadth of expertise and responsibility. He does not believe the Attorney’s Office is understaffed. Additional discussion followed regarding the need for potential additional staff.

Council and Financial Team/Follow-up Discussion, Questions, Data Requests, etc.:

Discussion followed regarding the General Fund operating budget, approval of positions, the \$1.3M unallocated amount (could be used for new employees, new capital, and/or existing employees compensation increase), the addition of forgone, the proposed COLA, and the SAFER Grant. Director Alexander distributed wage analysis for a blended COLA increase. Council President Dingman stated she’s leaning toward a \$1 and 2% increase, which averages out to a 5.5% increase, noting this would leave approximately \$700,000 for capital requests. Councilor Hally agreed. Councilor Radford is in favor of 4%-5% COLA. Chief Nelson stated the SAFER Grant has been modified, noting it’s 100% for three years of wages and benefits, although, there would need to be a commitment of a 5-year employment and the city would need to pay for Years 4 and 5. He also stated no legislative monies were budgeted this year for the revenue, however, all conservative estimates indicate this money would pay for all 12 employees. Council President Dingman stated a public safety package from forgone could be considered, the total would be below 1% of the forgone. Per Councilor Freeman, Chief Nelson would not recommend a blended increase as this would prevent firefighters from moving up the ranks due to the compression. He confirmed not all Fire Department employees are union. Comments followed regarding the compression and the impact to personnel. Mayor Casper reviewed potential discussion items for the July 19, 2022, Council Budget Session.

There being no further business the meeting adjourned at 4:45 p.m.

s/ Kathy Hampton

Kathy Hampton, City Clerk

s/ Rebecca L. Noah Casper

Rebecca L. Noah Casper, Mayor