

**July 19, 2022 Council Budget Session**

The City Council of the City of Idaho Falls met in Council Budget Session, Tuesday, July 19, 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 Thomas Hally
- Councilor Jim Freeman
- Councilor Jim Francis
- Councilor Lisa Burtenshaw

Absent:

- Councilor John Radford

Also present:

- Pamela Alexander, Municipal Services Director
- Mark Hagedorn, Controller
- Duane Nelson, Fire Chief
- Paul Radford,
- Bryce Johnson, Police Chief
- Bear Prairie (via Virtual)
- Chris Fredericksen, Public Works Director
- Brad Cramer, Community Development Services Director
- Rick Cloutier, Airport Director
- Randy Fife, City Attorney
- Kathy Hampton, City Clerk

Mayor Casper called the meeting to order at 12:15 p.m. with the following items:

**Opening Remarks, Announcements:**

Brief discussion occurred regarding the schedule of future budget sessions, including the discussion of fees.

**Update and Review Revenue Forecast:**

Mr. Hagedorn presented the following with general discussion throughout:

Total Proposed Budget Overview by Functional Category-Revenue (updated):

Functional Category	FY2021-2022	FY2022-2023	Difference
Total Resources	\$234,444,123	\$265,933,781	\$31,489,658

Mr. Hagedorn believes the \$265,933,781 is a fairly accurate forecast, noting the majority of revenue comes from Charges for Services, Intergovernmental Revenue, and Taxes and Franchises Fees.

Total Proposed Budget Overview by Functional Category-Expense (updated):

Functional Category	FY2021-2022	FY2022-2023	Difference
Expense Total	\$292,186,140	\$329,932,673	\$37,746,533

**July 19, 2022 Council Budget Session**

Mr. Hagedorn stated expenditures had minor changes. Director Alexander noted the Parks and Recreation (P&R) John Holes Bridge replacement project is now included in the expenditures. Mr. Hagedorn stated the majority of expenses are Current Operating Expense and Capital Outlay.

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

Functional Category	FY2021-2022	FY2022-2023	Difference
Total Resources	\$53,588,052	\$62,299,713	\$8,711,661

Mr. Hagedorn stated the majority of revenue is from Taxes and Franchises and Intergovernmental Revenue.

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

Functional Category	FY2021-2022	FY2022-2023	Difference
Expense Total	\$53,612,553	\$62,955,438	\$9,342,885

Mr. Hagedorn stated there was a slight change to Grants and/or Operating Expense and to Salaries and Wages.

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

Proposed Allocation of Property Taxes Overview:

	Current Allocation	Property Tax by Request	Difference
General Fund	\$32,039,503	\$32,695,228	\$655,725
Personal Prop and 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	2,618,241	216,847
Mun Cap Imp Fund	790,618	790,618	-
G/F Fire Station Bldg	401,524	401,524	-
	\$40,673,424	\$41,381,459	\$708,035
	Unallocated Taxes	\$1,346,780	
	Total Requested	\$42,707,844	

Mr. Hagedorn stated there is preference to keep some funds whole. He indicated \$655,725 would be needed to make the General Fund flat/whole with the 4%.

Review and Discuss Employee Inflation Adjustment:

Director Alexander commended Mr. Hagedorn for the calculation scenario worksheet. She explained and reviewed the worksheet for Grades 2 through 16 with a flat amount and/or a percentage, noting a 4% COLA (Cost of Living Adjustment) would amount to \$1,259,824 in the Governmental Funds. A number of flat amount and percentage scenarios were discussed. Mayor Casper stated a flat amount could alter the compression of wages, noting any flat

## July 19, 2022 Council Budget Session

amount should only occur for one year. She also stated any remaining amount following a COLA and/or blended compensation would be used for capital requests and new personnel. General comments followed. Council President Dingman stated deciding on capital requests is tough and challenging due to the number of worthy requests. Following additional comments regarding compensation, Mayor Casper stated employee discussions have previously been held prior to budget discussion because it was perceived that the budget was balanced on the backs of the employees. She clarified the council was committed in June to at least a 4% COLA for employees. Per Council President Dingman, Mr. Hagedorn confirmed the 4% (flat model) COLA has been included in the proposed budget.

### Follow-up Discussion on Department Budgets:

Mayor Casper requested any substantive changes from the July 12, 2022 Budget Session discussion. Councilor Hally suggested reducing the capital dollars to get to the wages and then allocate the capital percentage-wise. Councilor Burtenshaw stated, due to State allocation of \$1.5M, the Streets budget will have an increase of \$500,000 of expenditure which will be offset by revenue. Councilor Francis suggested the Idaho Falls Police Department (IFPD) budget line item for the retention and recruitment be increased to allow a Human Resource (HR) analysis. He explained the proposed changes for allocation of funds from \$65,000 to \$385,000, which would include a 1% forgone package, emphasizing the \$385,000 could not be allocated without HR approval. Director Tew stated, per the analysis, the IFPD is not underpaid although there are elements within the IFPD that are underfunded. He concurred with Councilor Francis's suggestion. Comments followed regarding the previous two studies and the market of these studies; national recruitment issues; structural changes to the IFPD salaries; setting precedence; fairness to other departments; the scheduled vacancies in the IFPD; and consultant and internal recommendations.

### Review and Discuss General Fund Requests not included in Flat Budget:

Council President Dingman expressed her concern for the Idaho Falls Fire Department (IFFD) SAFER (Staffing for Adequate Fire and Emergency Response) Grant, realizing there's a funding source for three years, although it requires \$152,000 for SAFER Grant equipment. Councilor Burtenshaw believes the two requested Community Development Services positions (inspectors) and vehicles in the amount of \$204,198 should be approved due to the amount of fees this department collects. She also believes, due to the commitment to the canal company, the P&R position (Operator I) and the sweeper should be approved in the amount of \$126,000. Per Councilor Francis, Director Holm stated there is no agreement with Rotary for Heritage Park. Mr. Fife explained Heritage Park has never been closed to the public since the city acquired the park, which is a condition of the grant of the deed. Councilor Francis believes the site conversion in the amount of \$300,000 should be approved. Councilor Freeman expressed his concern for the John Holes Bridge replacement. Council President Dingman stated the forgone could be used as a funding mechanism, it does not have to be allocated to a public safety package. Discussion followed regarding a COLA of \$1.50 plus 1.5%, 1% forgone, and General Fund requests. This total amounts to \$782,713. Councilor Burtenshaw stated she is opposed to taking forgone due to additional revenue (impact fees, fee increases, ARPA (American Rescue Plan Act of 2021) money) to the city. She recommended a COLA of \$1.00 plus 2% along with the capital requests as previously discussed. Council President Dingman agreed. Discussion followed regarding a forgone package. It was noted less than 1% forgone could be taken. Councilor Hally stated when forgone is used in a bad economy, one gets a 40% discount on what it would be used for. Councilor Francis believes forgone is easier on the tax payer when the mil levy rate is absorbing the growth in overall property values. Councilor Freeman noted forgone is ongoing and goes to the base. Additional scenarios followed including a COLA of \$1.25 plus 1.5% and capital requests. Mayor Casper stated capital requests are difficult not to fund, and due to the State legislators, cities cannot be expected to serve more people with fewer dollars. She requested a review of State shared revenues. Mr. Hagedorn stated State shared revenues (State sales tax) decreased approximately 5% during 2005-2008. He also stated the State shared revenues have been discounted 5% for the previous two years and have been discounted 5% going forward as he believes there will be a recession at some point. He indicated the 5% reduction

**July 19, 2022 Council Budget Session**

(\$350,000) could be placed back in the budget to bridge the difference. With this inclusion, Mr. Hagedorn calculated a COLA at \$1.25 plus 2.50% and this would generate enough funding to cover the capital requests without forgone and with approximately \$47,000 left over. Mr. Hagedorn stated a recession would require council remediation/conversation. Council President Dingman stated this inclusion would follow AIC's (Association of Idaho Cities) guidelines. Mayor Casper believes this scenario is respectful of the residents. Council President Dingman recapped the recommended capital requests – Community Development Services inspectors and vehicles (\$204,198), IFPD virtual training (\$125,000) and parking lot (\$35,000), IFFD SAFER Grant package (\$152,000), P&R canal operator (\$49,115), sweeper (\$77,400), and site conversion (\$300,000) for a total of \$942,713 with \$47,301 left over. Discussion followed regarding allocating the left-over funds. Per Councilor Burtenshaw, Director Alexander and Mr. Hagedorn explained the Municipal Services IT (Information Technology) position request. Council President Dingman recommended the left-over funds be allocated to Municipal Services. Additional brief discussion followed regarding the property tax funds.

**Review and Discussion Proposed Changes to the MERF:**

Director Alexander stated a resolution was prepared in 2017 regarding MERF, defining the purpose of the MERF, and memorializing that MERF should not be used to purchase new equipment, noting this resolution included all city departments. Since that time, Director Alexander stated conversations have occurred with the Enterprise Funds as these funds are funded through rate payers and have a large cash balance of MERF to replace their equipment. She also stated discussion occurred with the Enterprise Funds (Public Works and Idaho Falls Power), as well as the airport, regarding a hybrid participation of MERF. Director Alexander explained the proposed resolution, stating this would allow a separate MERF program from the General Fund departments. She stated this resolution would give the Enterprise Funds more flexibility, and there would be conditions related to their Capital Plans – adequate cash balances must meet the yearly goals, and there must be a positive cash flow. Mr. Hagedorn stated the resolution is to ensure future planning. Mayor Casper believes this is doable. Brief discussion followed, including language referring to capital improvement plans equipment replacement and acquisition timelines. Mayor Casper stated this item is proposed to be included on the July 28, 2022, City Council Meeting agenda.

**Follow-up Discussion, Questions, Data Requests, etc.:**

Mayor Casper stated proposed fees will be covered at the same time as the proposed budget. She also stated the August calendar will be forthcoming. She expressed her appreciation to the staff members and directors.

There being no further business the meeting adjourned at 2:47 p.m.

s/ Kathy Hampton \_\_\_\_\_  
Kathy Hampton, City Clerk

s/ Rebecca L. Noah Casper \_\_\_\_\_  
Rebecca L. Noah Casper, Mayor