

July 23, 2019 Budget Session

The City Council of the City of Idaho Falls met in Council Budget Session, Tuesday, July 23, 2019, at the City Council Chambers in the City Annex Building located at 680 Park Avenue in Idaho Falls, Idaho at 3:00 p.m.

There were present:

Mayor Rebecca L. Noah Casper
Councilmember Thomas Hally
Councilmember Jim Francis
Councilmember Jim Freeman
Councilmember John Radford
Councilmember Shelly Smede
Councilmember Michelle Ziel-Dingman

Also present:

Pamela Alexander, Municipal Services Director
Mark Hagedorn, Controller
Randy Fife, City Attorney
Kathy Hampton, City Clerk

Mayor Casper called the meeting to order at 3:03 p.m. with the following:

Opening Remarks, Announcements:

Mayor Casper stated the adoption of a preliminary budget, with a not-to-exceed amount, will occur at the July 25 Council Meeting with final adoption of the budget to occur mid-August.

Mayor Casper stated Rodeo tickets have been distributed for August 2. She indicated the Sheep Fire (near the Idaho National Laboratory (INL)) is rapidly spreading. Per Fire Chief Duane Nelson, non-essential employees at several INL facilities have been evacuated. Idaho Falls Fire Department (IFFD) equipment has been sent for assistance.

Follow-up Discussion Regarding 2019/2020 Budget:

Director Alexander stated updated budget information has been distributed to Council. A conservative number had been developed for the property tax amount, however, it is believed the valuation will increase. Therefore, Mr. Hagedorn stated \$1M has been added to the contingency for new annexation and growth. He noted the valuation does not give an increase in property tax revenue. The updated proposed preliminary budget amount has been increased to \$236,191,442. Director Alexander reiterated the previous estimate was conservative, this amount has been increased per Councils' request. Mayor Casper expressed her concern with the lack of data for the increase. Mr. Hagedorn stated there are no actual amounts from the County at this point. The average is based on the previous five (5) years in addition to the closeout of the urban renewal district. The argument is there is a good estimate for new growth in the previous year although there is not hard data to base this amount on. Mr. Hagedorn stated the extra amount does not necessarily give extra spending authority, this is a placeholder amount only as the tentative budget cannot be increased. He believes there may be justification to add a contingency amount. He clarified this amount is based on the assumption of taking the allowable 3%. Allocations would need to be changed (in departments' budgets) if \$1M is not added and there is an increase in property valuation. Councilmember Hally confirmed the only significant change would be to new construction. Councilmember Smede is in favor of a conservative estimate. Councilmember Freeman believes the new number may still be conservative. Mr. Hagedorn noted the \$1M is not allocated to a specific budget. Future property tax discussion will need to occur. Mayor Casper expressed her concern for a large contingency fund that does not specify an allocation. Mr. Hagedorn stated contingency is used as available incoming cash with no budget authority, such as unplanned/unanticipated grants or donations that had not been budgeted for. He also stated the contingency fund is revenue based, not cash funded. Examples of contingency has been used for Parks and Recreation (P&R) and Public Works Departments. Mr. Hagedorn stated the previous year contingency included \$3M in revenue contingency, \$3M for encumbrance contingency (purchases in process), and, \$1.2M for land purchase for the Idaho Falls Police Department (IFPD) facility. He indicated the proposed contingency includes \$3M for possible grants/donations, \$3M for encumbrance, and, \$1M for changes in property tax valuation. Director Alexander noted any contingency funds must be approved by Council. Mayor Casper recommended the Council

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review the parameters as included on the new memo format. Councilmember Francis expressed his concern with incoming grants which may not be included as items on a priority list. He believes there may be a loss of control of priorities. Councilmember Radford concurred although he does not know how to prioritize potential grants. Mayor Casper stated these are private donations which may skew the priorities. The contingency allows the ability/authority if desired. Mr. Hagedorn stated the contingency, for the most part, has been used for large donations and is rarely used. He reiterated if the Council does not believe the grant is a priority, the Council can choose not to use the contingency. Mayor Casper reminded the Council this is only a theoretical number. Mr. Hagedorn reiterated a tentative budget ceiling amount must be determined by July 25. The public hearing for the budget will occur on August 8, 2019. Brief discussion followed regarding future capital projects. Mayor Casper stated capital projects may have on-going maintenance. Mr. Hagedorn stated there is currently a balanced budget. Any priorities discussion would require reducing a department's budget or a discussion of Foregone. He believes the priorities discussion may need to occur once the actual numbers from the County are received. Director Alexander noted three (3) departments have a 4% increase for their proposed budget amounts.

Director Alexander stated the Capital and Operating Budget Requests (ordered by priorities) have currently been included in the departments' budget. Councilmember Freeman questioned the Cost of Living Adjustment (COLA). Mr. Hagedorn stated a 1.5% COLA would amount to \$709,777 although the entire amount would not be taken from the General Fund. Councilmember Smede questioned the cost of the value of employees versus the cost of projects. She believes the employees would be offended. Mayor Casper stated a COLA inflates wages (possibly above market) and creates a liability that is ongoing and compounding every year. Councilmember Radford concurred although he believes the real problem is position control. Councilmember Dingman questioned information from the Human Resources Department stating employees would be receiving a 1.5% COLA. Director Alexander believes this information was talking points only until the Council approves the budget. Councilmember Freeman does not believe only the IFFD and Idaho Falls Power (IFP) employees should receive a COLA. Councilmember Francis believes reducing take home pay for employees, due to the increase of health care costs, is unacceptable. He also believes additional discussion needs to occur regarding the step and grade system. Mayor Casper believes City employees have been well taken care of including insurance issues and inflation issues. She stated in previous years the employee benefits package was considered separately from the budget to avoid the impression that the budget was being balanced on the backs of the employees. She indicated, due to budget issues and a placeholder of a 1.5% COLA in the current year, the budget is currently being balanced on the backs of the employees. She believes this situation damages morale. She expressed her frustration as other cuts would be needed if the COLA is included in the budget. Councilmember Francis questioned utilizing Foregone as well as reducing the snow removal request for a COLA. Discussion followed regarding the market base for IFP and the negotiated wage for IFFD. Mr. Fife stated union negotiations should be discussed in good faith with union principles, and Idaho is a right-to-work state, including a provision in State code that states a non-representative person cannot be advantaged or disadvantaged. He cautioned favoring unionized groups over non-unionized groups. He believes this affects the remaining employees. Councilmember Hally is not in favor of using Foregone. Councilmember Francis believes Foregone may need to be considered. Councilmember Radford believes Foregone is a liability to business owners although Foregone may need to be considered in this particular budget year. General discussion followed regarding policing, the Civic Center for the Performing Arts, COLA, forecasting of costs, funded/un-funded requested positions, and, the levy rate. Mr. Hagedorn clarified the City does not set the levy rate and does not raise taxes, the valuation raises taxes.

Per Mayor Casper's request of priorities discussion, she clarified the add-in list includes two (2) cold-case detectives, one (1) Crisis Intervention Team (CIT) detective, a 1-1.5% COLA, and, digital dispatch for the IFFD. Mr. Hagedorn stated the IFFD is anticipating a 75% match to their requested generators (currently listed at \$220,000). P&R discussion included a splash pad, acquisition of the County 4-H Extension Building (Councilmember Radford noted the Tautphaus Park Zoological Society (TPZS) has committed \$50,000 for this building, there has not been a current appraisal on the building), Funland acquisition, sprinkler system and irrigation system at Pinecrest Golf Course (including State-funding mechanism, using City money to loan against is not recommended), equipment to maintain canal trails, and, Aquatic Center issues. Library discussion included elimination of fines. Community Development Services discussion included more revenues being generated than expenditures. Fire and Ambulance discussion included generators and drones being grant contingent. Brief discussion followed regarding a supplemental levy.

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It was noted future budget discussions will occur following receipt of accurate numbers from the County and, following the public hearing scheduled for August 8. Mayor Casper reiterated priorities as COLA, two (2) cold-case detectives, one (1) CIT detective, splash pad, Funland allocation, County 4-H Extension Building, IFFD digital dispatch and generators, drone, and, canals maintenance equipment. Total increase of these priorities = \$2.1M. This increases the total proposed budget to \$238,805,558. Brief discussion followed regarding Foregone. There was consensus to cancel the Council Budget Session scheduled for July 24 and to hold a budget discussion on August 12, from 2:00-7:00 p.m.

There being no further business, the meeting adjourned at 5:22 p.m.

s/ Kathy Hampton _____
CITY CLERK

s/ Rebecca L. Noah Casper _____
MAYOR