

August 12, 2019 Budget Session

The City Council of the City of Idaho Falls met in Council Budget Session, Monday, August 12, 2019, at the City Council Chambers in the City Annex Building located at 680 Park Avenue in Idaho Falls, Idaho at 2:00 p.m.

There were present:

Mayor Rebecca L. Noah Casper
Councilmember Thomas Hally
Councilmember Jim Francis
Councilmember John Radford
Councilmember Michelle Ziel-Dingman
Councilmember Jim Freeman
Councilmember Shelly Smede (arrived at 2:35 p.m.)

Also present:

Pamela Alexander, Municipal Services Director
Mark Hagedorn, Controller
Derick Sorensen, Accountant
Bruce Young, Accountant
Ryan Tew, Human Resources Director
PJ Holm, Parks and Recreation Interim Director
Bryce Johnson, Police Chief
Duane Nelson, Fire Chief
Chris Fredericksen, Public Works Director
Michael Kirkham, Assistant City Attorney
Randy Fife, City Attorney
Kathy Hampton, City Clerk

Mayor Casper called the meeting to order at 2:02 p.m. with the following:

Opening Remarks, Announcements:

Mayor Casper stated the adoption of the budget will occur at the August 22 Council Meeting as the formal process of the public hearing has been completed. She noted additional budget discussions can occur as needed/necessary. She recommended any Foregone amount not be included within the budget as Foregone may possibly be used for a new Police Station. Mayor Casper reminded the Councilmembers there is no Work Session scheduled for August 19 due to the annual Utah Association Municipal Power Systems (UAMPS) conference.

Follow-up Discussion Regarding 2019/2020 Budget:

Mr. Hagedorn stated the tentative budget (Expenditures) has been reduced from \$238,805,558 to \$238,512,874 due to changes in several departments. Revenues have increased due to granting, property tax changes, and, cash balances (such as snow removal). Total Revenue = \$190,980,083, Total Cash = \$46,906,868 (\$27,793,933 from Enterprise Funds, \$18,112,935 from Capital Improvements Funds and Special Revenue Funds).

Property taxes – including confirmed numbers from Bonneville County:

New Annexations – \$16,726,982
New Construction – \$192,818,001 (includes closing of the Redevelopment Agency)
3% Statutory Allowable Increase – \$1,032,260
2019-2020 Budget = \$36,970,601 (proposed increase of \$3,035,179)
Taxable Market Valuation – \$4,202,130,161, this amount will change slightly but not significantly
Projected levy rate is decrease of 8.9%.

Director Alexander stated the tentative budget was based on conservative estimates. The actual amount received exceeded this estimate by approximately \$700,000. Mr. Hagedorn clarified the County establishes the assessed value,

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not the City. He reiterated the budget includes New Annexation, New Construction, and, the 3% allowable. He clarified the allocations of the 2019-2020 Budget are proportional.

Mr. Hagedorn stated the average of property values increased 13%. He briefly reviewed monthly increases/impact for residential and commercial businesses – \$200,000 home would increase ~\$12.52/month, \$500,000 business would increase ~\$14.92/month. He noted the majority of property taxes are residential. Brief comments followed regarding the State calculation of Home Owners Exemption. Mayor Casper stated the levy rate has decreased from the previous year. Mr. Hagedorn noted the 3% statutory allowable has only been raised five (5) times in the previous 12 years, there was also no growth taken and no annexation taken in this timeframe. The remaining funds have gone to Foregone. It was clarified the statutory 3% is not a 3% tax increase.

Mr. Hagedorn stated General Fund Revenues include property taxes, State-shared revenues, and, other miscellaneous types of revenues. He also stated General Fund Revenues are fairly stable and predictable. He reviewed per dollar of property tax for each department, stating Police, Fire, and, Parks and Recreation (P&R) are the big users of General Fund revenues. Director Alexander reiterated 75% of the proposed General Fund budget goes to these three (3) departments. Mr. Hagedorn reviewed use of General Fund revenue by department for the previous ten (10) years. He also reviewed a ten-year history of salaries and wages to Full-time Employees (FTE). He stated there are administrative control and analysis deficiencies. A forecast of salaries and wages will give an accurate account on FTE. Each department will be given a number of approved employees for the financial realm. It is currently unknown what has been approved and what each department can afford. Director Alexander stated new positions should only be authorized during the budget approval or, any position outside of the budget approval should be presented to Mayor and Council for approval. Mr. Hagedorn stated an FTE count would allow flexibility with full-time and part-time positions. Mayor Casper stated the current salaries and wages on are an unsustainable path. General comments followed. Councilmember Francis stated growth in the City puts the demand on services which will take more people. Councilmember Radford believes there may be departments that could share employees on similar programs/projects.

Mr. Hagedorn reviewed Capital and Operating budget requests by priority. He stated Expenditures should not exceed Revenues. General Fund Revenue = \$49,957,711 (including \$1M Cash for snow removal); Expenditure = \$51,062,743. This leaves a delta of \$1,451,851. Recreation Fund = \$1,945,187, the levy needs increased (from the General Fund) or the expenses need decreased, delta is \$254,050. Ambulance Fund will be resolved over the course of time due to several nuances, current delta is \$1,265,934. Mr. Hagedorn stated all other budgets fall within the cash stream. He also noted the Golf Fund will fluctuate during the year. Options for the delta include using Foregone (not recommended) or asking departments to make cuts (this may mean cutting services and/or employees).

Councilmember Smede questioned \$50,000 in the Council budget for Provision for Wage Adjustment. Mr. Hagedorn stated this amount is for City Administration/Directors as their salaries are based on market-based pay (the goal is for Directors to be at mid-point of market base). It was noted Directors receive the Cost of Living Adjustment (COLA) but they are not on the step and grade system. It was recommended this line item be moved to Mayor budget and the amount be reduced to \$25,000. Mayor Casper stated if the degree of sensitivity is not shown for retention of current talent, this cost to the City can result in a cost that greatly exceeds a salary. Discussion of priorities included 1.5% Cost of Living Adjustment (COLA) City-wide = \$709,777; Fire and Ambulance/anticipated grants for Station 4 Generator (\$90,000) and Station 5 Generator (\$75,000) and Digital Dispatching (\$80,000); Municipal Services/Civic Center Phase II Architectural and Engineering Design (there is a preliminary pledge of \$250,000 for City match of \$250,000); Municipal Services/Equipment Maintenance Mechanic (\$57,707, a portion of this amount would be charged out to other departments for labor costs, including Enterprise Fund departments. Director Alexander indicated the mechanic division has been running short since 2009); P&R/Golf irrigation issues (the irrigation is currently on the sprinkler system, discussion is occurring with a water infrastructure authority for a possible loan for repair. The \$150,000 is a contingent expenditure in the Golf Fund, not the General Fund, if the loan is approved); and, P&R/splash pad with restroom (\$300,000). The location of a splash pad is being assessed, including Reinhart Park. The RECreateIF Strategic Plan will assist with a location. Mayor Casper noted \$100,000 was allocated in the current budget for design and study of a splash pad. Interim Director Holm clarified \$50,000 had been allocated pending additional available money. He noted the \$50,000 was not used for the study, these funds were reallocated.

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He also noted parking could be an issue with the Reinhart Park location although there is verbal agreement with the adjacent church. Brief discussion following regarding re-use of water and costs. Additional P&R items included acquisition of the 4-H building (\$400,000) with the idea to purchase the building over several years. The Tautphaus Park Zoological Society (TPZS) has contributed \$50,000 and there is \$45,000 currently in the budget, therefore Interim Director Holm believes this amount could be reduced to \$15,000. He also does not believe the TPZS pledge will be continual. P&R discussion also included Fun Land acquisition (\$20,000), future discussion will be necessary for this item; and, utility tractor (\$80,000). Councilmember Radford believes this equipment could replace a FTE. He is in favor of keeping this item as this equipment could be used in other locations. Police discussion included the Airport Officer (\$129,993 (including up-fit)) which is being paid from the Airport Fund; School Resource Officer (SRO) (\$106,58 partially-funded at \$61,791); Internet Crimes Against Children (ICAC) Detective (\$109,810 funded by the State); and, Crisis Intervention Team (CIT) Detective (\$93,970). Councilmember Dingman questioned the Special Project Coordinator that was addressed on multiple occasions at the August 8 Council Meeting as well as the number of cold cases. Chief Johnson stated the Special Project Coordinator (SPC) would be an Animal Shelter position which is cost-shared with other counties, the amount fluctuates each year. He noted there are approximately 800 cold cases involving violent crimes. Councilmember Freeman believes two (2) Cold Case Detectives are needed due to the nature of the work involved. He, and Chief Johnson, believes violent individuals are higher priority than animals. Chief Johnson stated a part-time position could be converted to a FTE for the SPC. Councilmember Radford believes not funding a SPC could take a step backward for the progress of the Trap-Neuter-Return (TNR) program. Councilmember Hally concurred. Councilmember Francis is in favor of prioritizing the SPC. Community Development Services requested items were considered minor operational requests. COLA discussion included a reduction from 1.5% to 1%. This reduction would amount to savings of \$154,273.66. There was consensus of the Council for at least 1% COLA. Snow removal discussion included reducing the \$500,000 request to \$250,000. It was noted any unspent snow removal money would be returned to the General Fund. Councilmember Freeman stated, due to changes in the policy, it would be unlikely this entire amount would be spent. Brief discussion followed regarding snow removal. Councilmember Francis believes Foregone may need to be used. Councilmember Smede expressed her concern for using Foregone while funding the Civic Center and a splash pad. Councilmember Freeman recommended eliminating the CIT and one (1) Cold Case Detective, and a 1.5% COLA. General discussion followed regarding step and grade, longevity pay, the requested funding for the Civic Center for the Performing Arts, position requests for the IFPD, cold cases, the COPS grant (which has been re-opened), and, a new IFPD facility. Mayor Casper stated a presentation for a new IFPD facility will occur on August 23 including a financial presentation.

Councilmember Hally stated he is not in favor of using Foregone, he expressed his concern for perception more than dollars. He believes a new Police facility will go a long way and he does not want to jeopardize any funding options. He is in favor of 1% COLA, he is also in favor of a splash pad.

Councilmember Smede believes community requests are recurring although she realizes important projects are forthcoming, including a new Police facility. She prefers to wait on Foregone.

Councilmember Freeman concurred with Councilmember Smede regarding community requests, including a splash pad request. He believes the Cold Case Detective is important as there has been good success in the previous years in the IFPD. He is hopeful the community will see the good work from the IFPD and will be more responsive to supporting a new Police facility.

Councilmember Francis is considering Foregone to fund the IFPD positions although he understands if other Councilmembers are not in favor of using Foregone. He believes the Idaho Falls Downtown Development Corporation (IFDDC) parking program request could be reduced to \$35,000, the Civic Center could be reduced by \$25,000-\$30,000. He also believes the snow removal fund could be reduced to help fund a splash pad. He reiterated his preference to use Foregone to fund a Police facility.

Councilmember Radford questioned the remaining funds from Idaho Falls Redevelopment Agency (IFRdA) to be split between the City and County. That amount is currently unknown.

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Councilmember Dingman stated she has not waived from her request for a Police facility. She does not want to jeopardize funding for a new facility which has been a personal priority for several years. She is in favor of encumbering money for a splash pad which has been a community request for several years, possibly with grant funding or partnership.

Mayor Casper stated a meeting is forthcoming with the land and water conservation fund coordinator regarding the current non-compliance mode. She indicated once the non-compliance mode is over, there is potential to use this fund for future projects. Interim Director Holm stated a possible grant could be submitted in January although the spending authority would be required and contingent on receipt of a grant. The grant would require a 7% local match, possibly with a partnership. Other options could be a shift of playground equipment funding. Councilmember Freeman believes these are possibilities for future splash pads. Councilmember Dingman questioned using snow removal funding for a splash pad in the event snow removal is not used. Brief comments and discussion followed.

Cut List adjustments:

Director Compensation -\$25,000

Snow removal -\$500,000

Reduction of COLA to 1%

P&R building -\$335,000

Civic Center for the Performing Arts -\$50,000

IFDDC -\$15,000

Special Projects Coordinator +\$33,000

Total = -\$59,000

Interim Director Holm stated he could reallocate \$60,000 in P&R, possibly due to reorganization within the department. He would be in favor of a splash pad. Discussion followed regarding the Recreation Fund. It was noted due to the General Fund taking all the property tax, the Recreation Fund would need more revenue or more cuts would be necessary. Interim Director Holm stated expenses have been cut but there is hope that extra marketing would increase the revenue. He believes recreation users may be paying lower than average but he does not want to prohibit users from using the facilities. He proposed \$60,000 from salaries in the General Fund for the P&R be moved to the Recreation Fund. Councilmember Smede questioned eliminating facilities or programs that may not be feasible/under-utilized. Interim Director Hold stated this is an active conversation. He also stated fee increases may need to be considered.

Mayor Casper stated a series of workshops/dialogues may need to occur regarding employee compensation and property valuation. She also stated a Recreation Fund discussion will need to occur later in the year. It was noted the Budget Session scheduled for August 13 has been cancelled.

There being no further business, the meeting adjourned at 6:50 p.m.

s/ Kathy Hampton

CITY CLERK

s/ Rebecca L. Noah Casper

MAYOR