

**A CONTINUED MEETING OF THE
COEUR D’ALENE CITY COUNCIL
July 31, 2018**

The Coeur d’Alene City Council met in a continued session in the Coeur d’Alene Public Library Community Room, 702 E. Front Avenue, Coeur d’Alene, ID, 83814, on July 31, 2018, at 9:00 a.m., there being present upon roll call a quorum.

Steve Widmyer Mayor

Woody McEvers) Members of Council Present
Kiki Miller)
Dan Gookin)
Dan English)
Loren Ron Edinger)

Amy Evans) Members of the Council Absent

CITY STAFF PRESENT: Troy Tymesen, City Administrator; Renata McLeod, City Clerk; Ted Lantzy, Building Inspector; Kenny Gabriel, Fire Chief; Bill Greenwood, Parks & Recreation Director; Lee White, Police Chief; Hilary Anderson, Community Planning Director; Mike Gridley, City Attorney; Tim Martin, Streets & Engineering Director; Bette Ammon, Library Director; Terry Pickel, Water Superintendent; Mike Anderson, Wastewater Superintendent; Melissa Tosi, Human Resources Director; Amy Ferguson, Deputy City Clerk; Vonnie Jensen, Comptroller; Howard Gould, Building Maintenance Supervisor; Kyle Marine, Assistant Water Superintendent; Dave Hagar, Police Captain; Lee Brainard, Police Captain.

CALL TO ORDER: Mayor Widmyer called the meeting to order.

BUDGET WORKSHOP: Troy Tymesen, City Administrator, explained that the goal of the workshop was to share where they are at in regard to the preliminary 2018/19 financial plan. He noted that the plan will be revised through August and come before the council the first meeting in September.

Mr. Tymesen commented that the City is in currently involved in contract negotiations with all three employee groups. They are getting very close to agreement on two of the contracts, and negotiations with The Lake City Employees Association (LCEA) have just begun.

Mr. Tymesen said that this has been a very good year, with \$92 million in new construction valuation. They are proposing to take a 3% increase in property tax revenue to balance the budget.

Vonnie Jensen, Comptroller, reviewed the history of foregone taxes in the City and noted that foregone taxes are \$5,026,426. In 2019, they are proposing to take \$640,573 in new

property taxes. She reviewed statewide foregone tax amounts to demonstrate the City's fiscal responsibility.

Ms. Jensen reviewed the current tax levy and said that 3% would be \$640,573. She clarified that it would be a 3% increase to the City tax budget and not 3% on tax bills. The total amount they are proposing to levy is \$23,362,859. The Fund Balance will have a one time expense of \$564,870. Ms. Jensen noted that capital expenditures are ongoing and they can't take them out of the Fund Balance year over year.

Councilmember Gookin asked about the software purchase listed on the Fund Balance expenditures. Ms. McLeod explained that it is for the Office 2019 update, which is a one-time software update good for seven years.

Ms. Jensen said that at the end of the last fiscal year the unassigned Fund Balance was \$8.3 million. The Government Finance Officers Association (GFOA) recommends at least 10%, and the City is at 20%.

Councilmember Gookin asked how much the Fund Balance has grown this year. Mr. Tymesen said that it is still a moving target but they forecast that the Fund Balance will grow – it just depends on how much the revenues grow this year. Councilmember Gookin asked for a history of Fund Balance growth in percentage values. Ms. Jensen said that she will provide that information. Councilmember Gookin said that, in his mind, when the Fund Balance goes up it means they have overtaxed. Mayor Widmyer commented that it could also be a result of other sources of revenue. Mr. Tymesen said that savings would also appear in fund balances for money that wasn't spent. Ms. Jensen said that the fact that the PD has not been able to be fully staffed for a number of years has helped their Fund Balance. As the PD becomes fully staffed, the amount of savings will drop, along with the increases in the Fund Balance going forward.

Ms. Jensen reviewed the personnel changes proposed in the budget. Councilmember English commented that staffing is always a topic of discussion and to have a need of less than 4 FTE out of almost 400 jobs shows good effort.

Councilmember Miller asked for a summary of dollars over and under for personnel. Ms. Jensen said that she will bring that information forward at the next council meeting.

Ms. Jensen reviewed the increase in the new preliminary budget including all of the funds - \$1,681,800. She noted that this increase includes a COLA increase of 2.5%, merit increases, and an increase in capital outlay. She reviewed the new construction impact and noted that this year they are at \$493,000 and the entire amount is put into the proposed budget. She also reviewed the General Fund cash flow changes, and a list of the capital outlay in the proposed budget, totaling \$1,107,437.

In regard to the taxable city valuation, Ms. Jensen said that they don't have the total taxable valuation yet from the County but will hopefully have that figure before the resolution goes to the Council next week.

Councilmember Gookin expressed frustration regarding the home value of \$200,000 being used on the Power Point presented by Ms. Jensen. He noted that he would like to have \$380,000 as the average home price for assessed values. Mayor Widmyer suggested using the median home price.

Councilmember Gookin also expressed frustration with the legislature's \$100,000 cap and noted that it means that everyone's property taxes are going up in the City, and they don't have any control over it.

Tim Martin, Streets & Engineering Director, was asked to talk about the City's chip seal program. He commented that the City has taken on chip seal, and he thinks that it is a great thing. They are always looking for ways to preserve the roads at a value that can be sustained. Mr. Martin noted that the City has over \$250 million of asset, including over 550 lane miles of road and 163 miles of arterials alone. He noted that it is a massive project to maintain the roads.

Mr. Martin said that the City is on year 3 of its chip seal project. They have been able to chip seal the east side of 15th Street from Best Avenue to the city limits to the north. They are looking at about a 25-30% increase in costs. This year they have spent \$623,000, with about \$140,000 on just traffic control. Doing chip seal in house would result in cost savings and getting a "better bang for the dollar." They are looking at potentially partnering with Hayden, Dalton and Post Falls so they can do it internally. The purchased equipment would all be used. Mr. Martin said that he feels comfortable that they could get some nice pieces that will last quite a while.

Councilmember McEvers asked about overlay. Mr. Martin confirmed that it would be contracted out. He noted that they do some in house overlay when it makes sense.

Councilmember McEvers asked how much staff is included in the request. Mr. Martin said that there are two maintenance workers included in the proposed budget.

Councilmember McEvers asked if they contract out the flagging. Mr. Martin said that they don't, but would be more involved initially with communication and getting the word out, and offsetting their employees with other staff. He noted that it would be part of using Dalton, Hayden and Post Falls.

Councilmember McEvers asked if the equipment would be multi-use, and Mr. Martin confirmed that it would be. He further noted that purchasing used equipment has been a huge success for them.

Mr. Martin said that this year they are going to take \$200,000 out of the overlay to help pay for some of the equipment, and that they will have \$550,000 in the overlay.

Councilmember McEvers asked about this year's Ironwood costs. Mr. Martin said that the cost was about \$170,000, which also included the Bentwood, Shadduck, and Echo

Glen subdivisions. Poe Asphalt was the contract for the project. Mr. Martin said that he would rather own the whole process rather than working with outside parties as it is difficult to work with the contractors who are very busy.

Mr. Tymesen noted that the equipment acquisition is split between the Sanitation Fund and the General Fund.

Councilmember Miller asked how they are tracking if they are trading equipment and if they are billing hours. Mr. Martin said that they probably don't track at this point and would probably ask them to provide the pneumatic rollers and resources to drive the dump trucks, etc. Mr. Tymesen said that they would be happy to bring forward to Council a joint powers agreement.

Councilmember McEvers said that he thinks overlay is necessary and he is supportive of it and thinks it is important to remember that that is how people judge the City because citizens drive on the road and he thinks streets are the first thing that people notice.

Mr. Martin commented that this is just one more tool in the toolbox to help them maintain the roads. Mayor Widmyer confirmed a \$200,000 savings every year over the next 3 years. Mr. Martin said that new roads last 20-25 years under normal conditions. The chip seal adds another 10-15 years of life.

Mayor Widmyer explained that the council will be setting the high water mark in August and council will have a chance to review the budget in more detail before finalizing the budget the first council meeting in September.

Councilmember Gookin asked Terry Pickel, Water Superintendent, regarding the increase in cost of \$1 million dollars for the Water Administration facility. Mr. Pickel explained that the increase is due to the cost of materials, labor, and the required fire system. He noted that they have seen a 23% increase in steel prices, and they are seeing cost increases across the board. Engineering fees have gone up as well

Councilmember Miller asked Hilary Anderson, Community Planning Director, about the Comprehensive Plan expense. Ms. Anderson said that they have budgeted \$50,000 for the Comprehensive Plan, potentially each year for three years. CDA 2030 was budgeted for \$45,000 and \$16,000 was budgeted for other planning projects and efforts. Councilmember Miller asked if there was a plan for CDA 2030. Ms. Anderson said that the CDA 2030 board members are working on getting support for that program so that, eventually, the City can pay less.

Councilmember English commented regarding the \$5,000 allocated for homeless donations. Mayor Widmyer explained that that is an amount that is collected from people who donate on their utility bills. He noted that, in the past, the City has assisted a lot of agencies that deal with the homeless situation but there has not been any City money that has gone towards it.

Councilmember Miller asked if the issue of a communications person been addressed. Mr. Tymesen said that it would be part of the project coordinator's responsibilities.

Discussion ensued regarding affordable housing. Councilmember Gookin said that the City can help by keeping the costs down as much as they can. He noted that he receives compliments all the time on how well the City is run, but he doesn't want to see a lot of pressure from people who see the increasing costs and inflation and he wants the City to do its part to help keep some of those costs down. Councilmember Gookin said that 40% of the people living here are retired. He noted that we can provide excellent service and be an outstanding city, but he doesn't want to become a place where people have to move because they can't afford it. He suggested not doing the chip seal next year and using some of those savings to purchase equipment.

Mayor Widmyer commented that affordable housing has so many different moving pieces to it and so much is supply and demand. People want to live here and the market drives the prices of homes up. He noted that the increase in home prices is much more than the increase in wages. Being frugal in government is part of the decision-making process.

Councilmember Miller asked staff to look for opportunities to join with and support other entities and partners, looking at what others are doing and being efficient with what we have. She encouraged staff to stay "in tune" with communities and entities around them.

Mr. Tymesen said that staff will bring forward a sustainable budget from cash flow which will include property taxes.

Councilmember Edinger asked if staff could provide information to the council showing budget figures for 3%, 2% and 1% foregone taxes. Mr. Tymesen said that the challenge will be the employee contracts they are entering into with the forecasted expenses. If they go with less than 2%, they will probably not have any staff additions.

Councilmember Gookin thanked citizens Susie Snedaker and Lorna for attending the meeting today and express his wish that more people would be involved.

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ADJOURNMENT: Motion by McEvers, seconded by English, that there being no other business this meeting be adjourned. Motion carried.

The meeting adjourned at 10:10 a.m.

Steve Widmyer, Mayor

ATTEST:

Amy Ferguson, Deputy City Clerk