

MINUTES OF A CONTINUED MEETING OF THE
COEUR D'ALENE, IDAHO,
CITY COUNCIL HELD IN THE LIBRARY COMMUNITY ROOM
July 19, 2022, AT 4:30 P.M.

The City Council of the City of Coeur d'Alene met in continued session of said Council in the Library Community Room held at 4:30 p.m. on July 19, 2022, there being present upon roll call a quorum.

James Hammond, Mayor

Dan Gookin) Members of Council Present
Dan English)
Woody McEvers)
Amy Evans)
Christie Wood)
Kiki Miller)

DEPARTMENT HEADS PRESENT: Troy Tymesen, City Administrator; Randy Adams, City Attorney; Renata McLeod, Municipal Services Director/City Clerk; Vonnie Jensen, Comptroller; Ted Lantzy, Building Official; Thomas Greif, Fire Chief; Melissa Tosi, Human Resource Director; Michael Priest, Library Director; Bill Greenwood, Parks & Recreation Director; Sean Holm, Senior Planner; Lee White, Police Chief; Todd Feusier, Streets & Engineering Director; Mike Anderson, Wastewater Superintendent; Terry Pickel, Water Superintendent.

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

OVERVIEW: Mayor Hammond stated that the purpose of the meeting was to provide input to staff regarding the fiscal year 2022-2023 budget and high-water mark.

City Administrator Troy Tymesen stated his goal for the meeting is to look at numbers, noting that some numbers are still preliminary, so no action necessary, rather an opportunity to inform the Council about the high-water mark. Additionally, he noted the proposed high-water mark includes the property tax options with the end of the Lake Urban Renewal District (District) and a potential 3% property tax increase. Mr. Tymesen noted that the levy rates are going down and the values are going up. The preliminary levy rate equals a \$1.97 tax per \$1,000 in valuation, which was \$3.48 last year. The value of property within the City increased by over 80% in the last year. Generally, as values go up so does one's taxes. With the District closing, using the assessed valuation based on last year's value and the new levy rate, it has reduced the estimated cash flow by over \$1 Million dollars. Since the District is closing and only a portion comes back to the City, with the rest filtered to taxpayers, the City can reduce the property taxes and still seek the 3%. Mr. Tymesen noted that negotiations with the Fire Union and the Police Association are not complete, but medical costs remained in line. However, new growth revenue is estimated aggressively and will need to be adjusted.

STAFF PRESENTATION: Comptroller Vonnie Jensen noted that the County has provided some preliminary numbers and they are lower than she originally thought. She reiterated that she hopes to get input from the Council regarding the high-water mark for the budget. However, it is important to remember that is not what the final budget number has to be, rather it is the maximum amount the City may set the budget. She reviewed the Lake District URD closing amount and how it was dropped substantially due to the legislation passed limiting the City to only being able to take 80% of new growth and that we must use an estimated levy rate. Ignite cda will receive over \$5.3 Million dollars this year, providing over \$3 Million going back to the tax payers next year when the District closes. She reviewed the City's history of forgoing the allowed 3% in property taxes, new construction amounts since 2015, general fund balance projections, and revenue changes. Ms. Jensen reiterated that property taxes will continue to go down and if the City does not take the 3% levy rate, future levy rates will drop and the amount for the closing of the District will be even less. It appears that property taxes will be increased but that is not the case due to the URD funds being passed back as savings to the property owners. She reviewed the estimated fund balance, expenses estimated, ARPA funded purchases and reiterated the difference in revenue expected. Mr. Tymesen noted that the high-water mark includes a large amount for new growth and is based on the closure of an Urban Renewal District and a 3% tax increase. Additionally, they are looking at a 5% cost of living increase for the employees, so they are estimating a large high-water mark, to be on the safe side with all the variables included.

DISCUSSION: Councilmember Gookin noted that Mr. Tymesen was talking about the mechanics of what the legislators did, and that resulted in a tax cut to the constituents by a million dollars. Mr. Tymesen confirmed that was correct. Councilmember Wood reiterated that the City did not take additional property taxes since 2015. Councilmember Gookin noted that if the amount of new growth continues it will be lessened over the years to come and wondered if they should anticipate that as the City grows that the amount will be a smaller percentage of the whole over time, with Ms. Jensen confirming it and noted that growth doesn't always happen and sometime flattens out. She explained that since the City has been using the new growth revenue to balance the budget, when it stops or is unavailable the 3% property tax is needed. Councilmember McEvers noted that the City was banking on that money when the District closed and now those projections have dropped. Councilmember English noted that new growth isn't paying for itself and this compounds it. Councilmember Miller asked about the increase in alcohol tax revenue. Ms. Jensen confirmed they are projecting it to go up, that it goes into general fund revenue, and is not specifically earmarked. Mr. Tymesen noted that the forecast of revenue is included in the numbers presented. Councilmember Wood explained that the law enforcement industry is in a crisis to recruit and train law enforcement officers and wants to know what the City is doing to compete, as other entities are offering sign-on bonuses and we are not proposing anything in this budget. Mr. Tymesen noted that the police chief and he have discussed this and other departments are using savings on vacant positions to offer the bonuses. He noted that the City is looking to enhance the facility and has about five (5) offers out currently, and feels the City is able to continue recruiting. Councilmember Wood expressed concern that the City should plan for future recruitment needs and would like to see a five-year plan and hopes the City will be in a position to offer sign-on bonuses. Mr. Hammond noted that across the nation is not the same as what we experience here, as Coeur d'Alene has one of the largest price increases and housing crisis, so the housing issue needs to be included in the incentive discussion. He noted that the education field is including housing already. Councilmember Miller noted the Regional Housing and Growth Issues group has committees

looking at those specific issues and how ARPA funding can be used toward housing. The group would like to see more ownership of housing that could include buy downs for public safety and health care workers. The ARPA match can be used toward those types of programs and get preference points on grants. She noted that there are tools the Council can use and create specific housing to help alleviate some of those housing burdens. Ms. Jensen noted that the high-water mark is \$123,264,624.00.

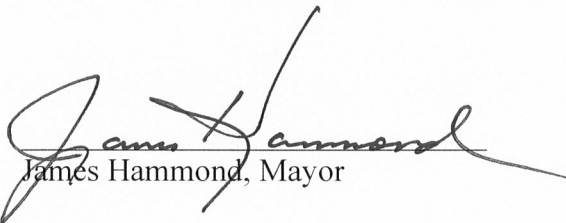
Councilmember Wood noted that last year Council had this conversation and she praised the Council for all the years that they didn't take the 3%, but it can't go on forever. Now it is crashing down and City can't go on without including the 3% in the high-water mark and they can continue to work toward cuts. Councilmember English recalls many years at the County wherein Commissioner's focused on the low levy rate and that is just one aspect, and the Council needs to be reasonable and prudent and take care of what needs to be funded to operate. Councilmember Miller asked if staff will be able to look at the recycling contract and parking before the next meeting, with Mr. Tymesen confirming. Councilmember Gookin noted he understands the math, but he is reluctant in raising taxes and believes the nation is in the first quarter of a recession. Councilmember Wood suggested that if the City does not take a 3%, Council would have to prioritize cuts in services. Mayor Hammond noted that the City will continue discussions going forward.

MOTION: Motion by Wood, seconded by Evans, setting the high-water mark with the 3%. Motion carried with Gookin voting no.

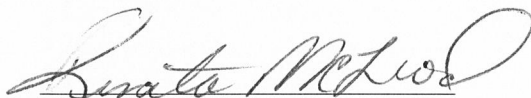
MOTION: Motion by McEvers, seconded Gookin, by that there being no other business, this meeting be adjourned. **Motion carried.**

The meeting adjourned at: 5:22 p.m.

ATTEST:



James Hammond, Mayor



Renata McLeod, CMC
City Clerk