

MINUTES OF A CONTINUED MEETING OF THE
COEUR D'ALENE CITY COUNCIL
HELD IN THE LIBRARY COMMUNITY ROOM
ON JULY 12, 2017 AT 8:30 A.M.

The City Council of the City of Coeur d'Alene met in continued session in the Library Community Room held at 8:30 a.m. on July 12, 2017, there being present upon roll call a quorum.

Steve Widmyer, Mayor

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

STAFF PRESENT: Jim Hammond, City Administrator; Sam Taylor, Deputy City Administrator; Troy Tymesen, Finance Director; Kenny Gabriel, Fire Chief; Mike Gridley, City Attorney; Bette Ammon, Library Director; Renata McLeod, Municipal Services Director; Lee White, Police Chief; Bill Greenwood, Parks & Recreation Director; Terry Pickel, Water Superintendent; Melissa Tosi, Human Resources Director; Hilary Anderson, Community Planning Director; Tim Martin, Streets & Engineering Director; Kyle Marine, Asst. Water Superintendent, Tom Greif, Division Fire Chief; Ted Lantzy, Interim Building Official/Senior Building Inspector/Plans Examiner; Jim Remitz, Capital Program Manager; Steve Childers Investigations Captain, Bill McLeod, Investigation Lieutenant; Kim Harrington, Assistant Project Manager; Erik Paul, Firefighter/FF Local 710 President; Vonnie Jensen, Deputy Finance Director; Lee Brainard, Lieutenant; Mike Willis, Assistant Wastewater Superintendent.

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

WORKSHOP REGARDING THE 2017-2018 FISCAL YEAR BUDGET:

Mr. Tymesen said that the proposed budget contains no increase in property taxes, and a recommendation to take new growth. He noted that if council chooses not to take any of the 3% increase that is eligible for property taxes, the levy rate will go down. The General Fund and Library budgeted proposed are \$38.6 million. In a service organization, such as the City, the people are its biggest asset and also its biggest expense. Mr. Tymesen commented that 84% of the General Fund and Library budget are personnel costs, and an area that needs to be watched closely based in come. He also commented that medical insurance will have a zero percent increase in premiums this year. The cost of living increase forecast in the Financial Plan is almost \$550,000 and merit increases based on contracts are about \$358,000. The City will have about \$377,000 in new growth property taxes. The expenses for just the cost of living increase and merit increases are over \$900,000. Mr. Tymesen noted that new growth creates added income in our building departments and other areas, and the City also had some annexations. They are looking at taking over \$400,000 from annexation fees to go towards funding the

budget. The challenge is that it is typically one-time money, so it will be a problem going forward. Mr. Tymesen noted that the General Fund is proposed to come in at about \$38.4 million, which is about a \$1.4 million increase. Sales, gas, and liquor taxes are doing well. The Kootenai County Emergency Management System (KCEMSS) is a \$1.64 million contract. The numbers will continue to move.

Mr. Tymesen explained that the City does not get sales tax back from the sales tax that is generated in the City limits – it is based on the City's valuation.

Councilmember Gookin asked about interest income. Mr. Tymesen said that it was probably interest earnings from a couple of Treasury Bills that matured. Councilmember Gookin also asked about the highway tax numbers, and Mr. Tymesen confirmed that those numbers are forecasted. Councilmember Gookin asked if reimbursement for sales tax is annually or quarterly. Mr. Tymesen said that it was quarterly, and that typically they come in a little conservative. Ms. Jensen commented that they are right at 50% of what they budgeted, but they haven't received the third quarter yet.

Mayor Widmyer commented about the higher use tax and noted that the 2018 numbers came from the Association of Idaho Cities, and wondered if they have mis-forecasted those numbers a bit, or could we expect to go backward from 2016 to 2018. Mr. Tymesen said that if they get too aggressive on revenues and spend 100%, that is when they run into challenges, so he is using as many sources as he can to figure out what the revenue might be. Mayor Widmyer said that, historically, the Association of Idaho Cities recognizes the need for cities to be conservative on their revenue numbers, so that is a better route to go.

Councilmember McEvers asked about rents and royalties revenue and where it comes from. Mr. Tymesen said that the old library (HELP Center) was the sources of the rental income, and noted that they are in the process of liquidating a house at Fruitland and Neider that had a little bit of income.

Councilmember Gookin said there is nothing listed in revenue for property taxes in the current year. Mr. Tymesen said that is one of the Finance Department areas for cushion and noted that with the reduction in foreclosures they don't see quite as many banks coming forward to cover back taxes. Most people are current with their taxes and LIDs. Ms. Jensen said they are budgeting what they are going to ask for, but probably won't get all of it because some people are delinquent. Mr. Tymesen commented that not everybody will pay their property taxes this current year.

Mayor Widmyer asked about the transfer in for GIS support. Ms. McLeod said they are working with the Water Department on their staffing and shoring up GIS programming. Mr. Hammond said that the GIS person currently staffed from the Water Fund would be moved to the General Fund, and the three utilities would transfer funds into the General Fund to pay for that person.

Mr. Tymesen began a review of each department's budget and noted any major increases, decreases, or changes.

Councilmember English said that it has been his experience that an elected official's salary is sensitive in that cities are unique from any other taxing district in that they can only give raises every other year, which coincides with when somebody is up for election. He noted that every once in awhile the market demands raises to elected officials and he thinks they should do a regular increase for elected officials. He commented that he looked at the cities of Post Falls, Rathdrum, and Hayden. Coeur d'Alene councilmembers are not at \$750.00 a month, with generous benefits. He proposed raising the council salaries \$100 a month, which would bring councilmember salaries to just a "hair" above the City of Post Falls. He also recommended raising the mayor's salary \$250.00 a month, and noted that the impact of those raises would be around \$10,000. Councilmember English commented that he thinks it is the reasonable thing to do.

Councilmember Gookin asked when was the last time that the council's salary was increased. Ms. McLeod responded that it was August 7, 2007. Ms. Tosi said that in the recent BDPA study, the mayor comparison wasn't very helpful, but the average councilmember salary was right around \$1,000 a month from 11 comparable cities.

Councilmember Miller asked if council had ever discussed being included in the standard 2% COLA. Councilmember Gookin responded that council salaries have to be set by ordinance and noted that the City of Boise does it every 5 years via ordinance. Ms. McLeod commented that any salary increase can't go into effect until January 1 after the election. The deadline for approving the ordinance is no later than August 18th.

Mayor Widmyer asked if the proposal to increase mayor and council salaries had to be decided today. Mr. Tymesen said that they could budget a number and council could look at it through the ordinance. Mayor Widmyer commented that he thinks that the councilmembers should make more than Post Falls, but he is content where he is at. Councilmember Gookin said that he is also in favor of a salary increased and would be in favor of \$1,000 a month, with the ordinance increasing the salary annually over a period of time. He noted that the salary incentive has to keep pace with the rest of the economy. Councilmember Evans said that it isn't about the compensation, but they have a responsibility to set the stage for future councils and mayors.

Councilmember McEvers said that he is good with the change. Councilmember Edinger said that he thinks councilmembers should get more than Post Falls in that the councilmembers have a lot more meetings and do a lot more.

Mayor Widmyer commented that the consensus is to add the recommendation to the budget. Ms. Tosi will provide the council with the comparables, and the mayor salaries.

In regard to the Administration Department, Mr. Tymesen noted that they are moving the CDA 2030 allocation to the Planning Department and slightly increasing dues and subscriptions. He noted that they are forecasting 2% for the COLA.

In regard to the Finance Department, Mr. Tymesen noted that the part-time position was converted to a Utility Billing Specialist position, and there is a slight increase in office supplies and audit services. There is also a slight increase in ICRMP this year. Mr. Tymesen noted that it

has been a huge plus to the City. He also noted that the Downtown Parking Enforcement contract was moved to the Parking Fund.

Councilmember Evans asked if there have been any discussions regarding internal parking enforcement. Mr. Taylor said that the contracts expire in 2018 and they have the option for two, three-year extensions. He has looked at what the opportunity might be in the future to take it internally, and thinks that it needs to be studied further in regard to technology, investment, etc. and they have the option for two three year extensions. Has looked at what their opportunity ight be in the future to take it internally – think that we need to study that further, technology, investment, etc. He noted that it is not just a staff issue, but they would need someone to manage it, etc. and there are several pieces of software and technology that Diamond uses on the City's behalf that it would have to acquire. He noted that he is happy to continue studying the possibility of going internal.

Mayor Widmyer asked, as parking revenue collections are increased, is there a split between Diamond and the City? Mr. Taylor said that the main contract says that once they get to a certain amount of revenue, the City keeps 90% and Diamond keeps 10%. He noted that Diamond is very attention on hitting the minimum markers.

Mayor Widmyer asked about merit increases and if it was 8% across the board. Ms. Tosi responded that increased for salaried exempt employees such as department heads and upper management positions are anywhere from 0 to 8 percent. Exempt employees or non-department heads are 5% to 8%. Management positions have a range based on performance. Mr. Tymesen said that, for budget purposes, if someone is eligible for 5 to 8%, he budgets 8%. Employees max out in 9 years and have 7 opportunities for increases. They budget for all employees who are due for a merit increase.

In regard to the Municipal Services Department, Mr. Tymesen noted that the Admin Support position is moving from ¾ to full time. There is a slight increase in software licensing, communications, R/M of office equipment and a three year cycle on copier replacement. Mr. Tymesen said that the main copier is typically moved to the Building Department for the rest of its useful life.

Councilmember English asked about a copier purchase versus a lease. Mr. Tymesen said that they have looked at it. Ms. Ammon said that they have looked at for the library too, and have found that it is better to purchase than lease. Mr. Tymesen said that a lot of the leases have very strict copy parameters. Ms. McLeod said what they have found works is to purchase the copy machine and then have a maintenance contract that includes the toner supplies. The benefit to Municipal Services is that they get to move the copier to the Building Department, so Customer Service gets a better copier every three years. She also noted that copy machine prices have dropped about \$5,000 for the same quality of machine.

Mayor Widmyer asked about funding for the CDA TV channel. Ms. McLeod explained that under the prior franchise agreement with Time Warner, they were required to give the City \$10,000 a year for capital equipment for the studio. Two years ago Time Warner/Spectrum went with a state franchise agreement and terminated the City's franchise agreement so that they no

longer get the capital funding. She noted that Councilmember McEvers has been great at soliciting partners to get that revenue and make up that deficit, and the City of Hayden has already signed on.

Mr. Tymesen noted that the Municipal Services Department also oversees IT. There is a decrease in software licensing and a slight decrease in the city-wide automation plan.

Councilmember Miller asked if the administration fees for the CDBG grant have moved in house. Ms. McLeod said that the CDBG budget includes the administration portion and it hasn't changed. They are in the process of hiring somebody in-house to manage that function. Ms. Jensen said that the reimbursement from the CDBG funds will go into the personnel fund.

In regard to the Human Resources Department, Councilmember Gookin asked about recruitment travel expenses. Ms. Tosi explained that in the last couple of years they have been asking other departments for help with travel expenses for recruitments, so she thought that if it was in her budget, she could track it better. Councilmember Gookin asked why can't the other departments still contribute. Ms. Tosi said that it is nice to track the money that they are spending, plus there are other departments that don't have the funds to cover costs. For tracking purposes, it would make more sense to have the money in their department.

In regard to the Legal Department, Mayor Widmyer asked if the plan was to move legal over to City Hall on January 1st. Mr. Gridley said that the exact move date is unknown so they budgeted some money for leased offices.

In regard to the Planning Department, Mr. Tymesen said that there were budget changes in regard to reorganization, and increases in health insurance, COLA, Professional Services, advertising and publications. In addition the CDA 2030 line item was moved to the Planning Department. Ms. Ander said that the increase in professional services will allow them to hire a professional to help with the Comprehensive Plan update. She noted that they had a workshop yesterday with the Planning Commission and they are in favor of hiring a consultant. Mr. Tymesen said that if the consultant that the council desires is more than \$50,000, they will come to council and it is possible that it may carry over into the next fiscal year. Ms. Anderson said that the fee will depend on what they are asking the consultant to do. She also noted that there is an East Sherman grant that they are waiting to hear back on which would be a \$10,000 match.

Councilmember McEvers asked about the reorganization. Ms. Anderson explained that the reorganization creates three different levels of planners in order to reflect their job description, work load, responsibility, etc.

In regard to Building Maintenance, Mr. Tymesen noted the health insurance decrease and said that the City offers a way in which you can get more VEBA dollars if you step off the city's plan and they continue to see more people taking advantage of it. He also said that the building maintenance controls at the police department need to be upgraded so they can be accessed via laptop. He may come back this fiscal year to attempt to get that done. Mr. Tymesen said that they have looked at it for a number of years and keep running into a cash flow problem to get it done.

In regard to the Police Department, Chief White said that their number one priority for this budget season is to add one detective. The current caseloads are double the amount of any surrounding agency. He noted that he would be happy to “whittle down” vehicles to pay for that one position. Mr. Tymesen said there are savings in this current year as they are gearing up to full staffing and they might be able to get more available for capital expenses. Chief White said they have four current vacancies in the department, which will be filled as of August 7. They have some vacancy savings that could help with the capital expenses. Mayor Widmyer recommended that Chief White, Mr. Tymesen, and Ms. Jensen work together to add the detective position into the plan and work on the vehicles.

Chief White said that health insurance went up \$45,000 from one year to the next. Last year took a number of part-time positions and folded them into one full so there were some benefit costs associated with that.

Councilmember Edinger asked if the PD was still having problems recruiting officers. Chief White said that they are doing very. The biggest hurdle is the fact that they only have an academy that runs twice a year so there are a number of months where they have vacant positions waiting for the academy to start.

Councilmember Miller noted that the overtime budgeted amount is higher over the last few years and asked Chief White if they were going to be able to see any savings with the new positions and being fully staffed. Chief White said that the overtime has to do with training time. Once the new officer is out on the street and the staffing allocation goes up, they may see some reduction in overtime. He also noted that special events and summertime coverage are costly. Councilmember McEvers asked if losing the full Ironman will save money. Chief White said that it will help.

In regard to the Fire Department, Mr. Tymesen said that this was a banner year of getting things done, including the hiring of 9 new firefighters, G.O. Bond expenditures, and new station expenses. Chief Gabriel said that this year they are in maintenance mode and aren't really asking for anything big. They are actually cutting constant staffing and overtime a little bit.

Mayor Widmyer asked for an update on the firefighters retirement system. Chief Gabriel explained that in 1981 the retirement systems for firefighters changed, and they have seen a pretty significant amount of money kick back two or three years go and they were doing actuarials every year or year and a half. They were expecting to get money back, but the fund is holding back right now. The money will be coming back, but they don't know when. It will be a pretty substantial amount of money.

Mayor Widmyer asked if PERSI provides numbers regarding performance of the fund, and how has their performance been over the last year. Mr. Tymesen said that it was good.

In regard to the Streets and Engineering Department, Mr. Martin said they are still entertaining the thought of combing the streets and engineering budgets. They took the inspectors out of the engineering budget and put them in streets. Overlay has also been moved from engineering to

streets. What is left in engineering is the City Engineer, Senior Project Manager, and professional services. Mr. Martin noted that they have cut professional services and are managing much of that internally now. On the street side, Mr. Martin said that the biggest movement is capital. He would love to see the used equipment line be a little more healthy. He also noted that there is a lot of energy on Kathleen Avenue and in this budget council will see some money out of impact fees for the design of Kathleen and to start looking at purchasing right-of-way. Mr. Martin said that he and Mr. Bosley are working with KCATT for a congestion mitigation grant. They are looking at maybe three years out for 15th Street. Mr. Martin said that he thinks the budget now is a little more transparent and that all of their projects right now are under budget.

Councilmember Gookin asked why leaf pickup isn't put in the stormwater utility. Mr. Martin said that he thinks that it was a challenge to say that it is a drainage project. Mr. Gridley said that when they set up the drainage utility they looked at everything very conservatively. As time as gone on, it can be revisited, and Mr. Gridley said that he thinks that they could make the argument that leaf pickup is related to drains. Mr. Martin said that other entities their leaves, but the challenging is transporting them.

Councilmember Gookin explained that he voted against the purchase of the rubber-tracked excavator because it wasn't in the budget. He asked if it could be put in the budget next year under stormwater and then have streets lease it from stormwater. Mr. Martin said that the thought for purchasing the excavator this year was they have been leasing one excavator and charging the utility to clean swales. Their challenge is that they have a concrete crew that needs it three days a week. Mr. Martin said that it won't make much different if he gets the excavator in this budget or the next budget.

Councilmember Evans asked if the increase in repair/maintenance a consideration of having a heavy winter? Mr. Martin said that fuels, lubes and general costs went up, and they are also going out to bid this summer for their new fuel contract.

Discussion ensued regarding the true costs of the leaf pickup program, including costs of personnel, etc. Mr. Gridley noted that the Enterprise Fund and utility funds should be paying the General Fund for General Fund expenses.

Mr. Tymesen noted that overlay has been increased \$20,000 over last year. Mr. Martin said that the chip seal program was expanded this year and they hope to be able to continue to expand the program. Mr. Taylor said that they are working on an educational piece on chip seal.

Councilmember McEvers asked about raising the street construction standards on Coeur d'Alene streets. Mr. Martin said that those standards have changed over the years, and they look at them every year.

Mr. Martin said that once a road is built and the City accepts it, they should be putting a seal over it after the 7th year. He commented that they want to continue to put more money into streets to seal them so that they don't degrade down the road and they aren't using a lot more money to rebuild the road.

In regard to the Parks Department, Mr. Tymesen noted that the irrigation position is not funded. Mr. Greenwood commented that they had a lot of overtime this year due to snow. He also noted that event sponsors pay for overtime. There is also a big jump in Repair/Maintenance as they want to start using key cards on their shop doors.

Councilmember McEvers asked if the dollar increase in part-time parks workers has helped. Mr. Greenwood said that he is hopeful but he hasn't seen it so far. They are still down about 3 seasonal workers.

In regard to Recreation, Mr. Tymesen said there is an increase in professional services, and a slight increase in the special needs recreation contribution. Mr. Greenwood commented that professional services is payment for their referees. He also explained that the building maintenance decrease is because Mr. Gould found some efficiencies with a different contractor.

In regard to the Building Department, Mr. Tymesen said they took a building plans examiner out of the request and vehicles of \$52,000. Mr. Lantzy commented that the Building Services Director recently retired and they are also anticipating one more inspector retiring at the end of this year, so they are losing quite a bit of knowledge. He requested that some professional services dollars be added in this year, to potentially use the retiring inspector to come back and provide training for the new inspector, and potentially outsourcing some plan reviews. Mr. Taylor said that, over time, they will probably want to look at another permit technician and making software more efficient. They have also pulled the data from other jurisdictions of similar sizes and will be analyzing and comparing. He will also interview those cities to get better context for the data.

Councilmember Gookin asked how many inspectors there were two years ago. Mr. Lantzy said there were six, and there are currently six.

In regard to the Library, Mr. Tymesen said that the part-time reference person, an increase in computer maintenance, and the book line item were cut. Ms. Ammon said that there is a really big push in Coeur d'Alene and across the country for early childhood literacy, and noted that "you have to be where the kids are." The part-time position was for someone who could be working out in the community. She also noted that with the population increasing, the demand for books and online materials is increasing. They are still \$60,000 below average on what they spend on materials based on similar-sized town. She asked the council to relook at things.

Councilmember Evans asked if there are opportunities for grant funding for the part-time position. Ms. Ammon said that have tried to stay away from grant funding for personnel as they are really hard to manage.

Mayor Widmyer asked about the University of Idaho early literacy grant. Ms. Ammon said it is called "Open Books, Opening Doors – CDA Early Literacy Project" and the University of Idaho, CDA Library, district library, school district, Head Start, NIC and others are partners. There is no money to the players right now – they are just designing the program. The money will go toward books to kids and programs. Mayor Widmyer said that he thinks it goes back to the state

not properly funding those programs that are in the school. Ms. Ammon said that it is a library mission. She also noted that Idaho does not have a preschool education program and they are talking about getting to the 3-4 year olds before they get to the state-funded programs.

Councilmember Evans asked where the majority of dollars raised by the Library Foundation go? Ms. Ammon said that they come directly back to the library for the Makerspace and staff training above what is allocated. The foundation also bought them a photocopier and they do those extra things that enhance the library, such as buying a project and screen.

Councilmember Evans said that she would be in favor of seeing if there are any funds available to help with dues/subscriptions, and books. Councilmember Miller said that she fully agrees that the state should fund pre-k literacy programs. One of the things that she sees in the community is that there are multiple organizations all trying to throw books at this age category. What she sees in defense of adding the reference position is not to duplicate those services but to provide some ongoing leadership for the other organizations so that money and time can be maximized. She doesn't know whether a part-time reference clerk position would be able to provide that kind of community impetus, and also sees a lot of duplication in department services that she sees being done in the community. She would recommend looking at keeping the part-time reference clerk in the budget.

Mayor Widmyer asked if there was someone at the school district that leads the program, and that he thinks the school district should be the leader driver for that. He noted that teaching kids to read is their number one job. Ms. Ammon said that the part-time reference clerk wouldn't be teaching kids to read – they would be bringing the library message to the community. It would be great to have a person to attend the meetings, plan programs in day cars, and a model reading program. She noted that the library does do outreach in schools when they can, but they don't do enough.

In regard to the streetlight budget, Councilmember Gookin asked if the General Fund was still underwriting the budget. He asked why they don't raise the streetlight rate so that more money can stay in the General Fund.

In regard to the Water Department, Mr. Tymesen said that the water maintenance building would cost \$1.5 million and they would bring back a payment plan that works. Councilmember Gookin asked about the \$2.5 million in the fund. Troy commented that there are a lot of projects that those funds will need to be used for.

Councilmember McEvers asked about the status of the Yardley pipe replacement. Mr. Pickel said that there are about 3,000 services, at a cost of about \$2,500 a service. They are being proactive because of the overlay and are trying to get into those areas and replace the services.

Mr. Tymesen said that not one dollar of the potential 3% property tax is in the current financial plan. He will work with the police budget so that it is not greater than what they have looked it. He noted that the "crystal ball" on the income is a big part of the financial plan. He is pretty

comfortable at this point in time going forward with a high water mark that does not include any increase in property taxes, understanding that there could be some nuances.

Mayor Widmyer asked Ms. Ammon to rank in importance those things that were cut from the budget. Ms. Ammon said that the part-time reference clerk position would be post important. Mayor Widmyer commented that he thinks it is a great budget, and would suggest adding back in the reference clerk position.

Councilmember Gookin asked what is the fund balance through the end of the year. Mr. Tymesen said that it is probably 18-19% but there are a lot of moving parts through the end of the fiscal year. Councilmember Gookin said that the county has a policy regarding a fund balance over a certain percentage and amounts over that percentage can go toward capital items. Mr. Tymesen said that they are attempting to store cash based upon future large purchases, such as the mill site.

ADJOURN: Motion by Gookin, seconded by English that there being no further business, this meeting is adjourned. Motion carried.

The meeting adjourned at 11:06 p.m.

ATTEST:

Steve Widmyer, Mayor

Amy C. Ferguson
Deputy City Clerk