

MINUTES OF A CONTINUED MEETING OF THE CITY
COUNCIL OF THE CITY OF COEUR D' ALENE, IDAHO,
HELD AT THE LIBRARY COMMUNITY ROOM

July 22, 2024

The Mayor and Council of the City of Coeur d' Alene met in a continued session of said Council at the Coeur d' Alene City Library Community Room on July 22, 2024, at 12:00 p.m., there being present upon roll call a quorum:

James Hammond, Mayor

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

DEPARTMENT HEADS PRESENT: Troy Tymesen, City Administrator; Renata McLeod, Municipal Services Director/City Clerk; Katie Ebner, Finance Director/ City Treasurer; Tom Greif, Fire Chief; Melissa Tosi, Human Resource Director; Bill Greenwood, Parks & Recreation Director; Lee White, Police Chief; Todd Feusier, Streets & Engineering Director; Mike Anderson, Wastewater Superintendent; Kyle Marine, Water Director; and Randy Adamas, City Attorney.

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

Mayor Hammond said the purpose of the workshop was to provide updates on the City's current financial status.

OVERVIEW OF THE 2024-2025 PRELIMINARY BUDGET: Finance Director Katie Ebner stated that her presentation seeks to provide answers to questions raised in the previous budget workshop. Her presentation was divided into three parts: Property tax information and comparisons; History of unfunded personnel requests and updates on expenditures; and Fund balance history and projections.

Ms. Ebner presented a scenario on how a 3% increase in annual tax plus 1% foregone will affect a below market average residential property which showed savings with 3% or 4% because their taxable assessed value decreased. Mayor Hammond shared that in recent legislative sessions, there's more and more effort to strip the foregone so it would no longer be available for use. Councilmember McEvers requested clarification if the tax rate being used is for the City with Ms. Ebner confirming that it refers to the city portion of the tax bill. She pointed out that every other taxing district has their own decision to make as far as what they would do with their new year budget. She stated that the tax rate that she is using is a projection because it is only today that the County will provide new construction numbers and there is a need to wait a couple more weeks to

get the taxable values in order to calculate the preliminary levy rate. She went over multiple scenarios of what a 3% tax increase may look like in various property valuations.

In terms of unfunded personnel requests, Ms. Ebner stated that there was a total of 18.62 full time employee (FTE) requested by each Department between FY 2022 to FY 2024 but only 7.62 was funded. She pointed out that Building and Maintenance requested a 2.06 reduction of FTE because it is moving towards contracted services for custodial while the Parks Department had eliminated part time positions in order to fund the needed full-time positions. She stated that there are five positions that are currently budgeted for a total of \$449,401.00 but are on hold: IT Technician, Heavy Equipment Operator, Maintenance, Department Support, and Recreation Specialist; however, this might not be reflected as savings in the upcoming budget to maintain operational costs. Mr. Tymesen explained that positions are held in an effort to keep cash available, especially when \$1.8 Million is needed from the Fund Balance. He stated that the Deputy City Administrator has not been filled-up for more than four years and that Department Heads get creative to get the work done. Ms. Ebner explained that in the previous budgets, the City has experienced significant savings in staffing budgets due to unfilled positions because of limited number of applicants, holding positions, and staff turnover, where experienced staff leaves and replaced by less experienced, lower-cost staff. However, she stressed that recent changes to the labor market such as competitive lateral hires and decrease in holding positions would eliminate the potential for savings in succeeding budgets. Councilmember Evans inquired about the average savings in other positions with attrition and turn-over with Ms. Ebner replying that based on the budget to actual for the current fiscal year, it would be under \$1 Million in savings with half coming from holding of positions while the other half coming from movements. Mr. Tymesen added that the expense also includes the payouts for vacation accruals and sick time when an employee retires, and these are taken out from the fund balance. Councilmember McEvers asked whether the City would have a balanced budget if the vacancies will be held for next year with Ms. Ebner explaining that the FTEs that are held are committed in the budget plus considering the payouts, so the City would come in lower than budget. She stated that looking at the staff on hand, the projection is a savings of about \$1 Million.

Ms. Ebner shared that the projected on-going revenues for FY 2025, based on a 3% tax increase, is \$53.2 Million and the total ongoing expenditures is \$55.9 Million, which include the proposed Fire Department 3% wage increase and the expected 7% increase in health benefits, and this leads to an ongoing deficit in the general fund at \$2.68 Million. In comparison, with a 0% tax increase, she stated that the City would have \$52.4 Million projected revenues and will have an ongoing \$3.47 Million deficit in the general fund.

Ms. Ebner presented fund balance projections with no tax increase in FY 2025 and using 0%, 3%, and 4% tax increases. She stated that the assumption for annual adjustments would include the estimated annual increase from state and new construction at \$950,000, estimated annual increase in personnel costs at \$1 Million, and estimated 0.5% in non-personnel costs at \$101,000. She projected that if there is 0% tax increase for FY 2025, the ending balance in general fund would be down to 3%. She noted that the Government Finance Officers Association (GFOA) recommends a minimum of no less than two months or 60 days of fund balance which should be over \$9 Million or 16.6%. Councilmember Wood asked if the closure of urban districts were considered as revenue in the projections with Ms. Ebner replying that it would potentially help the

city replenish the fund balance; however, it's a onetime funding. Councilmember English shared that in the ignite cda meeting they amended the budget to provide funds to the City in September. Mayor Hammond stated that when One Lakeside came on board, there was a substantial increase in assessed value and inquired how much difference it made in actual revenues for the city, as well as the upcoming Thomas George. Mr. Tymesen stated that the levy rate has dropped so low with the valuation increases and the city growing faster the property tax revenue is going to be a low impact to the budget. Councilmember Evans asked if the payback from the Atlas property from ignite was accounted for in this budget with Mr. Tymesen responding that it was and will go back to utility fund, which will not have a positive effect on the fund balance. Councilmember McEvers stated that even with the 3% tax increase, the fund balance will still not break even. Councilmember Miller pointed out that there is not enough to get into 16.6% fund balance, as recommended by GFOA until after FY 2029. Ms. Ebner presented a best-case scenario with a projection of fund balance with 4% tax increase, for things would turn around with no deficit by FY 2028.

COUNCIL DISCUSSION: Mayor Hammond stated that there is a need to work with the media relative to taking a 3% or 4% tax increase because everyone would assume that their taxes would increase 3% or 4%, but it does not relate in that way due to the low levy rate. Ms. Ebner pointed out that revenues came to the City without Council voting to raise taxes because the revenues was coming in from new construction. She added that growth is still happening, but the City cannot access the same amount of money so the mechanism right now is how to get more revenue. Mayor Hammond stated that in the past, the City was able to not increase the tax because of growth dollars; however, every year that the City did not take at least 3% would compound in value which results to negative compounding to the City budget each year. He added that the growth spreads the cost among more taxpayers. Councilmember McEvers recalled that they never took the 3% increase because the City was growing. Councilmember Wood asked about potential revenue streams such as the closure of the River District or de-annexing small portions of it, the Water Department paying rent to the City on their building, and/or an entertainment district. Mr. Tymesen stated that the River District still has debts that they are paying back but it is moving to possibly being done by 2026. He noted that the River District is really viable and hopes that legislators will not modify the way in which urban renewal districts are closing. Ms. Ebner stated that it is important to focus on addressing the deficit to replenish the fund balance. She mentioned that one-time money such as the ARPA funds is distracting giving a sense that the City is doing great. Mayor Hammond stated that the City made substantial commitments to two negotiation groups, and he would like to see the employees paid well; however, it is important to strike a balance because the City can only pay so many people at a higher rate and the City is restricted on how much money the City raise each year through property taxes. Councilmember Wood said that the City has managed to find a sweet spot over the years and hopes that it would continue to do so; however, she wants to ensure that the City has adequate public safety.

COUNCIL DISCUSSION REGARDING SETTING A DATE FOR MOTION TO APPOINT TO THE MAYOR POSITION: Councilmember Wood suggested for Council to meet as soon as possible for a discussion on the process and potential candidates to fill the Mayor position. The Councilmembers agreed to meet on Wednesday, July 31, at 2:30 p.m. Mr. Adams stated that Mayor Hammond can preside over the meeting, but he cannot vote.

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

The meeting adjourned at 12:56 p.m.



James Hammond, Mayor

ATTEST:



Jo Anne Mateski
Executive Assistant