

A CONTINUED MEETING OF
THE COEUR D'ALENE CITY COUNCIL
JULY 14, 2015

The Mayor and Council of the City of Coeur d'Alene met in continued session in the Library Community Room at 1:00 p.m. on July 14, 2015 there being present upon roll call a quorum:

Steve Widmyer, Mayor

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

DEPARTMENT HEADS PRESENT: City Administrator Jim Hammond; Finance Director Troy Tymesen; Municipal Services Director Renata McLeod; Deputy Finance Director Vonnie Jensen; Parks and Recreation Director Steve Anthony; Library Director Bette Ammon; Water Superintendent Jim Markley; Fire Chief Kenny Gabriel; Human Resources Director Melissa Tosi; Community Planning Director Hilary Anderson; Building Services Director Ed Wagner; City Attorney Mike Gridley; Streets Superintendent Tim Martin; and Wastewater Superintendent Sid Fredrickson.

BEER/WINE LICENSE FOR MOD SUPER FAST PIZZA, LLC.; SCOTT SVENSON, ETAL.; 2824 NORTH RAMSEY ROAD, SUITE 105 (NEW)

MOTION: Motion by Edinger, seconded by McEvers to approve a Beer/Wine License for MOD Super Fast Pizza located at 2824 N. Ramsey Road, Suite 105. **Motion carried.**

FISCAL YEAR 2015-2016: Finance Director Troy Tymesen provided an overview of the preliminary financial plan for Fiscal Year 2015-2016 that is proposed to be \$87,400,148 with a 2.75% property tax increase. The proposed budget includes several items related to the City's main goal of increasing public safety. He explained that the foregone tax balance is currently at \$3,728,662. Additionally, as the city grows, so does the Fund Balance which is currently at \$6,100,000 (14.5% of expenses). This is very healthy according to governmental accounting standards. Mr. Tymesen estimated new growth revenue in the budget at \$838,000. He explained that the budget includes an increase in personnel of 29.5 FTE, including 9 Firefighters, 6 Police Officers, and various positions within Police, Street, Building and Water Departments.

New building growth valuation for 2014 was \$3,065,415,800; which means that the levy rate will go down, as growth is moving faster than the ability to increase property taxes. Mr. Tymesen clarified that the 2.75% increase in property taxes allows for all of the items requested to be included in the budget including new positions, G.O. Bond items, Fire Station No. 4, increase in health insurance, COLA, and merit increases. Mr. Tymesen reviewed the property tax effect the City's levy would have and clarified that the County does not have the

total current value of the City, but he has estimated \$21,293,006 in property tax revenue based on a valuation of \$3,397,000,000. The County should have the final numbers at the beginning of August.

Mr. Tymesen mentioned that the General Obligation Bond debt service is currently being finalized and will be coming to the next Council meeting with a 2.05% interest rate from a local bank. This interest rate will provide a \$280,000 a year savings in debt service payments. He also noted that the DEQ loan offer to the Wastewater Department at 2% interest will be included in the next budget draft and he reiterated that it is a great rate for long term debt on long term capital items.

Councilmember Gookin asked the Building Services Director to explain the reasoning to take over electrical inspections. Mr. Wagner explained that one reason behind the request is that the City of Post Falls has asked the City to provide backup to them and this would allow each city to have one inspector who covers when the other is out. The fees collected would pay for the position and it could save developers time for inspections -- potentially three days. Providing the inspections through the City continues the "one stop shop" philosophy for all inspections and the inspector could be trained to provide additional building code inspections. He noted that the 15 largest cities in Idaho are doing their own electrical inspections within their jurisdictions. Mr. Wagner clarified that the City would be providing inspections that are currently being conducted by the state at the same fee schedule. Councilmember McEvers expressed concern over hiring additional staff when the City is currently receiving money from the state for no work. Mr. Tymesen explained that he did not include estimated income into the budget for electrical permits so it would be budget neutral and would pay for itself. Councilmember Evans asked if it could be a revenue generator. Mr. Tymesen confirmed that it could generate revenue if the inspector position is approved. Mayor Widmyer stated that it was a customer service issue, and that the volume of work they have currently justifies the Permit Coordinator position and will be funded by the electrical permit fee revenues. Councilmember Edinger questioned if discussions with contractors has occurred in the past six months. Mr. Wagner said that he has contacted the entity that sent out the survey and has not received a return call and that he has contacted NIBCA but he has not requested a meeting yet. Councilmember Gookin requested that he meet with the contractors prior to hiring an inspector and try to work through their concerns. City Administrator Jim Hammond said that this is a collaborative effort for the community with an opportunity for the four major cities to work together to create savings and efficiencies for the tax payers. Mayor Widmyer asked that the meeting with the contractors take place and that Mr. Wagner report back to the Council thereafter.

Councilmember McEvers asked for clarification regarding the part-time Police Department positions. Captain Childers explained that these are all non-benefited positions, some of which will allow Police Officers to be out on the street rather than handling some of these types of duties. They have set critical staffing levels which fluctuate with the shifts based on needs. Councilmember Gookin asked why only 6 officers were included in the budget rather than 12. Captain Childers explained that they hired 3 this year, and requested 6 in the proposed budget to gradually increase to the needed amount over a couple years. Discussion ensued regarding the impact of hiring fewer officers. Captain Childers clarified that response times were faster with more officers on shift.

Mr. Tymesen reviewed the Street Department reorganization that includes staffing to accommodate work for Water and Drainage utilities which will cover the cost of the additional positions.

Mr. Tymesen explained that funding for Fire Station No. 4 will be mostly from impact fees and they plan to coordinate the new hires late in the year. Mayor Widmyer asked what would be the estimated start date for construction. Chief Gabriel explained that they are working on a plan to bring to council next month that includes the proposed opening of the station by October 2016. Councilmember Gookin asked for information regarding the Division Chief position. Chief Gabriel explained the need for training and EMS coordination.

Mr. Tymesen explained that the Library has reorganized and no longer has a Deputy Library Director. They have included one Reference Clerk position in the proposed budget for the Lake City High School program. Library Director Bette Ammon confirmed that the high school program is contingent upon hiring that position.

Discussion ensued regarding the requested 2 utility workers in the Water Department. Assistant Superintendent Terry Pickel explained the need for additional data entry, billing and general office support as well as their desire to split the field crew into two crews. He verified that this would not increase utility fees. Mr. Tymesen explained that he is concerned about adding staff within the Water Department as the fund does not currently cash flow. Councilmember Evans suggested the hiring of one utility worker as a compromise. Mr. Pickel felt that one utility worker would allow them to have one smaller and one larger crew. He also explained that during their comprehensive planning it was predicted that they would be negative for the first three years until rates get to where they should be to cover their costs.

Councilmember Miller asked for additional information regarding the Employee Assistance Program (EAP) within the Human Resources budget. Human Resources Director Melissa Tosi explained the EAP is a benefit provided for drug and alcohol counseling. The company willing to provide the service has offered comprehensive services including four visits instead of one per employee, supervisory training, and will provide utilization data. She verified that the amount in the budget is an estimated contract amount.

Councilmember Adams questioned how the increase of taxes by 2.75% would impact the future and could the city increase impact fees to cover future years without a property tax increase. Mr. Tymesen explained that impact fees are limited on their collection and use as they can be used for street impacts, parks, police, and fire that are growth-related. He clarified that impact fees cannot pay for personnel. Additionally, the financial model he would recommend to the City is, if there is no growth the City would need to reduce services or take the 3%. The City has been lucky to generate new growth and not have to take the foregone taxes and it continues to grow. The growth also increases the base of the city valuation, which lowers the levy rate. Councilmember Adams questioned how many employees get merit and COLA increases. Mr. Tymesen explained that every full-time employee gets a COLA, and potentially 40%-50% would be eligible for merit increases. Councilmember Adams asked for information to be provided to him regarding the specific merit increase numbers and what amount of savings there would be if

the top 250 earners were frozen from increases. Councilmember Evans said that she felt it was important to remember that there is more to it than the numbers, as merit increases affect morale and demonstrate respect to the employees.

Councilmember Adams asked what the minimum standards are for the Fund Balance. Mr. Tymesen explained that the governmental accounting standards provide an acceptable range that would cover three-months of expenses. He clarified that their recommendation is a double digit percentage.

Councilmember Gookin suggested that the property tax increase mirror the CPI. Mayor Widmyer concurred that it would be good for staff to look at how to lower property taxes, while still meeting the city's needs. Councilmember Edinger felt that the City is in a good financial position and that staff has done an excellent job on the budget. He believes that the inclusion of the additional public safety staff and the Fire Station are moving the City in the right direction. Councilmember Evans thanked staff for their budget efforts and said she was comfortable with what was presented today.

Mr. Tymesen explained that he can work with the numbers presented today and bring back a proposal for a property tax increase of 1.75%. He explained that at the first Council meeting in August he will be presenting the Resolution setting the high water mark for the budget and will include a 1.75% property tax increase.

Mr. Tymesen noted that the public hearing takes place on September 1, 2015.

ADJOURNMENT: Motion by Gookin, seconded by Miller that there being no further business, the meeting be adjourned. **Motion carried.**

The meeting recessed at 2:46 p.m.

Steve Widmyer, Mayor

ATTEST:

Renata McLeod, City Clerk