

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

August 13, 2025

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 August 13, 2025, at 12:00 p.m., there being present upon roll call a quorum:

Woody McEvers, Mayor

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| Dan English |) | Members of Council Present |
| Christie Wood |) | |
| Dan Gookin |) | |
| Amy Evans |) | |
| Kiki Miller |) | |
| Kenny Gabriel |) | |

DEPARTMENT HEADS PRESENT: Troy Tymesen, City Administrator; Renata McLeod, Municipal Services Director/City Clerk; Katie Ebner, Finance Director/ City Treasurer; Tom Greif, Fire Chief; Bill Greenwood, Parks & Recreation Director; Lee White, Police Chief; Todd Feusier, Streets & Engineering Director; Mike Anderson, Wastewater Superintendent; Kyle Marine, Water Director; Randy Adams, City Attorney; Hillary Patterson, Planning Director, Ted Lantzy, Building Official, and Elizabeth Westenburg, Library Director.

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

APPROVAL OF THE SUMMARY OF ORDINANCE 3759 – AUTHORIZING THE ISSUANCE AND PROVIDING FOR DETAILS OF THE SALE OF GENERAL OBLIGATION BONDS, SERIES 2025 OF THE CITY OF COEUR D'ALENE -

MOTION: Motion by Gabriel, seconded by Evans to approve the summary of Ordinance 3759 – Authorizing the issuance and providing for details of the sale of General Obligation Bonds, series 2025 of the City of Coeur d'Alene.

ROLL CALL: Wood Aye; Gookin Aye; Evans Aye; Miller Aye; Gabriel Aye; English Aye.
Motion carried.

OVERVIEW OF THE 2025-2026 PRELIMINARY BUDGET: Mayor McEvers said that the purpose of the workshop was to present the Amended Preliminary Fiscal Year 2025-2026 Budget outline current revenue and expenditure projections in the general fund, identify areas of concern, and discuss potential options for aligning the budget for the September 2, 2025 public hearing.

Finance Director Katie Ebner reiterated that the workshop is aimed to finalize discussions ahead of the formal budget hearing on September 2nd. She recapped the July 21 workshop, where they

reviewed the proposed budget in detail, discussed key revenue and expenditure drivers, and addressed ongoing fiscal challenges. Since then, staff incorporated Council feedback and updated figures, including adjustments related to labor contract negotiations with the Police Officers Association and Lake City Employees Association (LCEA), reflecting a 3.5% COLA offer. The current session focuses on confirming those changes, ensuring no unresolved issues remain, and preparing a finalized budget for adoption. Ms. Ebner presented updates to revenues and expenditures, budget sustainability and projections, property tax misconceptions in Idaho, and provided recommendations for the September 2nd hearing. She also noted updates to property tax levy totals based on finalized new construction and annexation figures and confirmed expected receipt of penalty and interest revenue from a resolved lawsuit with the County. Ms. Ebner provided a summary of key revenue changes, noting a slight increase in property taxes and a positive reduction in beginning balances, which indicates a smaller operational deficit than what was presented at the prior budget workshop. On the expenditure side, the update includes a 3.5% wage increase for LCEA, Police Officers Association, and unrepresented employees, from the previously budgeted 2.5%. She added that the adjustment of the police sign-on bonus line item and police vehicle budget to reflect actual spending, resulting in some savings. Additionally, the street overlay budget was reduced by \$250,000. Ms. Ebner also mentioned that PERSI had previously projected a rate increase for July 2026, which would have added costs to the budget. However, recent communication suggests confidence in maintaining current rates for the full fiscal year, resulting in budget savings. Councilmember Gookin requested clarification on the rate and Ms. Ebner clarified that PERSI rates are a percentage added to wages, which is 21.63% for public safety employees and 19.61% for non-public safety employees. She added that only the employer portion is budgeted. These adjustments, along with other budget cuts, total approximately \$246,692 in savings.

Councilmember Gookin asked about the impact of reducing the street overlay budget by \$250,000, and Street and Engineering Director Todd Feusier responded that while it slightly reduces capacity, productivity will remain similar to the current year. Ms. Ebner emphasized that cuts to items like street overlays and police vehicles are not permanent and will need to be reinstated in future budgets to avoid long-term costs and maintain essential infrastructure and equipment cycles. Councilmember Wood inquired about the infrastructure plan with Mr. Feusier stating that he will send an updated version of the infrastructure planning documents, outlining how much funding is needed to maintain or improve current conditions. These materials include graphs and analysis showing that while current spending is helping maintain infrastructure, there is still a slight decline. Councilmember Wood asked Chief White if they are amenable to not being able to acquire patrol vehicles this year. Chief White clarified that two patrol cars were already purchased earlier in the year using existing budget authority, reducing the need for additional vehicle purchases in the upcoming fiscal year.

Ms. Ebner also presented a department-level breakdown of budget updates, showing a mix of cost increases and savings due to factors like updated liability insurance quotes and adjustments to PERSI rates. The Finance Department saw \$50,000 savings, while the Fire Department had minor savings from PERSI updates, as their COLAs were already budgeted. Regarding budget sustainability, she highlighted a reduced structural deficit in the general fund due to recent adjustments. Additionally, she shared projections showing how a 4% annual property tax increase could impact the budget through FY29, with scenarios including 2% annual expenditure growth

and flat expenditures. She clarified that maintaining flat expenditures would require program cuts, as costs like benefits and contracts naturally rise. She also addressed misconceptions about City spending, noting that cutting general government services isn't straightforward, as they include essential departments like IT, finance, and legal services, which are critical to city operations. Councilmember Gabriel asked where the City ideally wants its General Fund balance to be, and Ms. Ebner responded that the priority is maintaining a balanced budget without consistently dipping into the fund balance. Councilmember Gookin requested that future budget charts include fund balance as a percentage rather than raw numbers, which Ms. Ebner agreed to provide, noting the City is still within Government Finance Officers Association (GFOA) recommendations. Councilmember Miller asked whether the projections included payroll increases, and Ms. Ebner clarified they did not. She explained that holding expenditures flat would require program cuts, as costs like PERSI rates and health benefits naturally rise. She acknowledged the scenario presented is not entirely realistic and doesn't include potential revenue increases or legislative changes, such as a local option tax, that could improve the City's financial outlook. In addressing common public misconceptions about City budgeting and growth, Ms. Ebner emphasized that Coeur d'Alene's appeal and population growth are tied to the City's broad range of public services, which residents value differently. While some suggest that growth should pay for itself through impact fees, tourism, or high-rise development, she clarified that impact fees are limited by law to specific uses and cannot fund ongoing operations. Additionally, Idaho law prevents larger cities like Coeur d'Alene from levying a hotel room tax, which could otherwise help shift costs to tourists. She explained that the City cannot legally halt growth or tax newcomers differently, and property owners have the right to develop land within zoning regulations. Ms. Ebner noted that despite population and inflation increases since 2010, the City has added very few staff and is doing more with less. She illustrated that, when adjusted for inflation and population growth, the City's current property tax levy is still below what would be needed to match 2010 service levels, highlighting a gap in funding despite increased demand. Ms. Ebner shared that neighboring cities are proposing property tax increases, with none opting for a 0% increase. The impact of a 4% property tax increase, showing minimal monthly costs for homeowners and businesses, such as \$1.25 for a \$600,000 home and \$44.77 for a \$21.4 million commercial property. She emphasized the City's goal to minimize taxpayer impact while avoiding service reductions. She reaffirmed the recommendation to increase property tax revenue by 3% plus 1% foregone and discussed expenditure cuts, including delaying hiring for unfilled positions to reduce the deficit.

Councilmember English supported a strategic approach to hiring, suggesting that vacancies should be reviewed before being filled, rather than implementing a blanket freeze. City Administrator, Troy Tymesen, confirmed that this review process is already in place where department heads must justify each position when they become vacant. Councilmember Wood stressed the importance of Council involvement in evaluating which positions to hold and discussion on the impact. Ms. Ebner confirmed that the recommendation is to delay filling open positions during the fiscal year to maximize savings, especially since personnel costs are the largest area for potential budget relief.

COUNCIL DISCUSSION: Councilmember Gookin presented a list of proposed budget cuts and additions for Council's discussion. He suggested eliminating the Council and Mayor's COLA increase of \$2,769, removing the \$30,000 classification and compensation study from Human Resources, and cutting a server room fire protection item from building maintenance of \$20,000.

He also proposed shifting \$60,000 for fire station rehabilitation from the general fund to the GO Bond and removing \$30,000 allocated for Coeur d'Alene Lake Drive from the general fund, arguing it should come from another fund. Additional cuts included \$50,000 from street and engineering backhoe and \$150,000 for used equipment new line item in the Parks Department, totaling \$342,769 in savings. Councilmember Gookin also proposed adding two new Fire FTE positions at a cost of \$258,808 to offset the constant manning budget costing to around \$900,000 this year, which could save \$128,488. After accounting for both cuts and additions, the overall impact would be a net reduction of \$212,449 in the budget.

Councilmember Wood requested clarification regarding the Parks Department used equipment budget. Parks Department Director Bill Greenwood explained that the amount was consolidated from several capital items, like tractors, ATVs, and pickups, into a flexible fund for purchasing used equipment at auctions, allowing the City to save money. With regards to the backhoe, Mr. Feusier explained that they are looking at used equipment and added that the Water Department also uses this approach, opting not to request new trucks and instead relying on the used equipment line. Councilmember Wood then asked why interfund transfers couldn't be used to purchase a backhoe for the Streets Department. City Attorney Randy Adams clarified that statutory restrictions prevent enterprise funds from buying equipment for other departments. Ms. Ebner noted that while internal charges are tracked and journaled, transferring assets like a backhoe across funds would be problematic. Councilmember Gookin suggested selling it for a dollar, referencing a past precedent, with Mr. Tymesen reminding the Council that such actions were previously discouraged by the City Attorney and City Treasurer as it would unfairly burden utility ratepayers. Councilmember English emphasized the need for fair market value and stated he supported the proposal to cut the Council and Mayor's COLA increase. Councilmember Wood agreed, stating that it could set a good example.

Mayor McEvers asked whether the bond could be used to fund upgrades to another Fire Station. Fire Chief Tom Greif confirmed that the G.O. Bond language allows flexibility for remodeling and upgrading existing facilities, so the \$60,000 proposed for improvements could be covered within the bond funding. Councilmember Gabriel inquired about staffing savings from hiring two new firefighters. Chief Greif explained that the department currently has seven vacancies due to retirements, injuries, and PTSD-related absences. Hiring now would help avoid multiple costly academies and restore staffing to 63-line personnel by March. Councilmember Gabriel also commented that the used equipment strategy is attractive, and it is for next year. Mr. Greenwood emphasized the flexibility and cost savings it provides. He offered to reduce the \$150,000 line item by \$25,000 but stressed the importance of retaining enough funding to maintain operations. Councilmember Gookin asked whether capital items could be shifted into the used equipment line, and Mr. Greenwood confirmed that this is already being done through the capital replacement schedule. He explained that the schedule helps identify which equipment needs replacing, but flexibility allows the City to prioritize based on actual condition and opportunity. Ms. Ebner addressed questions about the Coeur d'Alene Lake Drive funding, explaining that the \$30,000 expenditure was drawn from committed general fund revenue and was properly tracked under governmental accounting standards. Councilmember Wood raised concerns about the proposed addition of two firefighter positions, seeking assurance that it wouldn't cause the constant manning budget to rebound to \$900,000. Ms. Ebner explained her analysis, showing that hiring two FTEs could reduce constant manning costs without overstaffing, though hiring more could

pose risks if injured staff return. Councilmember Wood emphasized that public safety positions should not be frozen to save money and requested a commitment that any such decisions would come before Council. Councilmember Evans agreed, clarifying that no one had proposed defunding police or fire services and appreciated the language in the budget presentation that it doesn't impact operations.

Ms. McLeod addressed the proposed cut to the server room fire protection system, explaining that the room houses critical computer servers and that Building Maintenance, in coordination with IT, has been working on fire suppression solutions due to recent fire concerns. Mr. Greenwood emphasized the importance of protecting computer equipment, referencing a recent incident at the Police Department. Chief White added that standard sprinklers aren't suitable for server rooms and that specialized systems like halon are expensive but necessary. Councilmember Gookin suggested adding a zero-dollar line item to the Fire Department's budget for apparatus purchases to initiate a capital improvement plan, ensuring future equipment needs aren't overlooked.

Councilmember Miller raised questions about the compensation study, noting a significant reduction in its projected cost. Mr. Tymesen confirmed that the study, originally budgeted for \$150,000, was now estimated at \$65,000 and is essential for ongoing labor negotiations. Cutting it would be problematic. Councilmember Miller also revisited an earlier email with budget suggestions, focusing on recreation programs. She questioned the cost-effectiveness of certain offerings and asked whether some programs, like swim lessons, could be reevaluated if similar services are available elsewhere. Mr. Greenwood responded that the City's swim program provides essential safety education and actually generates enough revenue to cover its costs and contribute to the general fund. Councilmember Miller suggested exploring more creative revenue options, such as adjusting parking and boat launch fees, and revisiting the leaf pick-up program to identify potential savings. Councilmember Wood agreed, noting that while fees were recently set, future budgets should take a deeper look. She emphasized the importance of maintaining affordable services for families, especially those who can't access private alternatives. Councilmember Miller recalled when the City began offering swimming lessons due to limited community options, and stressed that while services are valuable, the City's financial landscape has changed. Councilmember English supported maintaining key services and expressed willingness to approve the proposed 3% property tax increase plus 1% foregone, acknowledging the need for trade-offs. Councilmember Wood returned to the compensation study, expressing skepticism about hiring consultants and suggesting a local committee might be more effective and cost-efficient. Councilmember Miller agreed, and Councilmember Gookin added that the era of government consultants may be fading due to technological advances.

MOTION: Motion by Gookin, seconded by Wood, to amend the budget to remove the Council's COLA and add two firefighter FTEs to the Fire Department.

DISCUSSION: Councilmember Gookin emphasized the importance of addressing the financial impact of constant manning in the Fire Department. He noted that the current costs are being drawn from the City's fund balance and stressed the need to plan for future staffing expansions, which will inevitably be costly. He supported adding two firefighter FTEs to help offset constant manning expenses. Councilmember Miller inquired about union feedback on the firefighter additions, and Chief Greif clarified that the hires would restore staffing to normal levels, not exceed them, and

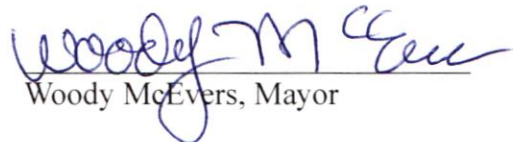
help reduce burnout caused by mandatory overtime due to current vacancies. Councilmember Gabriel asked about the number of mandatory overtime shifts in the Fire Department this year. Chief Greif explained that while a mandatory list exists, firefighters often volunteer to take shifts to help colleagues with families avoid being forced into overtime. However, someone always ends up covering the shifts to maintain the required staffing level of 17 personnel per day. Councilmember Wood followed up, questioning whether it made sense to keep a program in the budget that couldn't be staffed. Chief Greif acknowledged that while the ARU (Alternative Response Unit) program was effective when staffed, current staffing shortages prevent it from operating consistently. He proposed reallocating ARU's \$97,500 overtime budget to support Medic 34, an ambulance unit currently operating only four days a week. With an additional \$221,000 budget increase, the City could potentially add a fifth day of service in the spring, generating an estimated \$130,000 in revenue. Councilmember Wood agreed, noting the financial benefit of expanding Medic 34's operations.

Councilmember Evans requested clarification on the budget amendment and Ms. Ebner stated that's she would look into it, explaining that, if necessary, changes such as adjustments due to police negotiations exceeding the expected 3.5% COLA could be made through an amendment process. She noted that while Idaho's amended budget process is more about end-of-year reporting than financial management, she's exploring ways to improve internal practices and reduce costs, such as minimizing expensive legal ads.

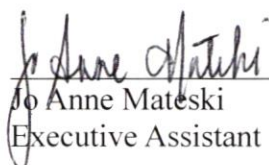
ROLL CALL: Evans Aye; Miller Aye; Gabriel Aye; English Aye; Wood Aye; Gookin Aye.
Motion carried.

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

The meeting adjourned at 1:31 p.m.


Woody McEvers, Mayor

ATTEST:


Jo Anne Mateski
Executive Assistant