

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

June 24, 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 June 24, 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)
Dan Gookin)
Dan English)
Kiki Miller)
Amy Evans) Member of Council Absent

DEPARTMENT HEADS PRESENT: Troy Tymesen, City Administrator; Renata McLeod, Municipal Services Director/City Clerk; Katie Ebner, Finance Director/ City Treasurer; Ted Lantzy, Building Official; Thomas Greif, Fire Chief; Melissa Tosi, Human Resource Director; Michael Priest, Library Director; Bill Greenwood, Parks & Recreation Director; Lee White, Police Chief; Todd Feusier, Streets & Engineering Director; Mike Anderson, Wastewater Superintendent; Kyle Marine, Water Superintendent; and Ryan Hunter, Deputy City Attorney.

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

OVERVIEW: City Administrator Troy Tymesen said the workshop is being held to discuss the Preliminary Fiscal Year (FY) 2024-2025 Budget and for Council to provide input to staff. He stated that the budget for medical insurance is not locked in yet and the COLA for the Fire Department is still under negotiation.

STAFF PRESENTATION: Finance Director Katie Ebner's presentation included the following highlights:

- Since 2020, the taxable value for the city has increased by 126%. Valuations for residential property grew at a higher rate than commercial.
- Tax revenues generated from new construction and annexations have dropped over 70% compared to 2016. This is mainly caused by changes from the state legislature and rapidly increasing assessed values in the city. New growth tax revenue is capped based on a preliminary levy rate. When assessed values go up, the levy rate drops which reduces the funding to be captured from new construction each year, which compounds over several years.

- Due to the City's dropping levy rate and the 90% limitation imposed by the legislature, the City has lost an estimated \$1.8 Million in annual revenues from growth since fiscal year (FY) 2019-2020.
- The FY 2024-2025 budget includes \$2.2 Million being used from fund balance to supplement revenues and operations. To sustain a healthy financial outlook, fund balance should be considered one-time money for one-time uses.
- The preliminary budget reflects a \$4,118,167 dip into the fund balance, of which only \$1.9 Million is considered one time deficit spending. This leaves a projected ongoing deficit in the operations budget of \$2.2 Million.
- In order to move toward a balanced budget, it is suggested to cut the IT Coordinator request from the Police Department and the "sign-on bonus" line item, but honor bonus payments already promised. Also, take an additional 1% of foregone taxes to recover some of funds lost with the drop in new construction and annexation revenues. These changes would reduce the ongoing deficit by \$525,000.

DISCUSSION:

Mayor Hammond asked whether a complete remedy is expected given that the Assessor's office is addressing the disparity on the disproportionate changes for residential taxpayers, with Ms. Ebner responding that the assessed value that came in lower than expected may take effect and even out next tax year. Councilmember Wood recalled that since she's been on the Council, the City has had a very healthy fund balance and requested a history of the fund balance in the next budget presentation. Additionally, it would be good to know what is done each year to replenish the fund balance.

Councilmember Wood inquired on the proposed duties of the Operations Technology Position and why would it report to Municipal Services, with Ms. McLeod explaining that it is an IT position that will be assigned to Water and Wastewater to perform operations technology roles and part of the goal to centralize the existing IT system. Councilmember Gookin stated that he doesn't see the need for the position to be under MS and that the Water and Wastewater Departments can just share the position. Wastewater Director, Mike Anderson stated that they need an IT expert that would assist them in their operations in concert with the City's I.T. system. He added that, learning from the cyberattack incident, there is a need that personnel working in the network should be tied into the City's network personnel.

Councilmember Wood asked why the exempt classification comp study remained at \$10,000 at the Human Resources budget with Ms. Tosi responding that it is the original cost for reviewing job descriptions, but it will double the amount to \$21,000 if they do a full review of job descriptions. Due to the state of the budget, it was left at the lower cost project.

Ms. Ebner explained that the Police Department Expansion and 3 Additional Officers are grant funded. Councilmember Wood requested to put those in a capital investment line item and asked for the job description of the proposed IT personnel. Chief White explained that the IT personnel

proposed in the Police Department would be doing majority of the IT services for fire trucks, patrol cars and code enforcement vehicles. Councilmember Miller pointed out that the City has an IT Department and asked if in other cities if they have a separate IT staff working for their Fire and Police Departments. Chief White stated that it depends on the size of the city, for example where he came from, they have 64 employees working for the IT Police Department while there is a separate IT in the City that perform network administration. He added that the database that their IT staff are working on is very specifically related to public safety and police work such as the Spillman Software System. He mentioned that if the IT is housed in only one department, there will be a concern on the volume of work and prioritization. Councilmember Gookin asked if there is a COLA in the budget with Ms. Ebner responding that the negotiations with Fire Union is coming up so that is not listed on the budget yet.

Councilmember Wood inquired about the \$140,000 increase in janitorial services under Building Maintenance with Mr. Adam Korytko explaining that it is not a new fund, but it used to be lumped into Contract Services and they just broke that out to get a better idea on what is actually spent on custodial contract services.

Fire Chief Grief explained that they placed \$97,300 into overtime which is for the alternate response (AR) trial unit for six months. He added that these AR units will be an attempt to keep the fire engines in certain zones in the city. Councilmember Wood questioned the communications budget increase of \$45,000 with Chief Greif responding that they also need \$30,000 increase for mobile radios and fire engine ambulances and then \$10,000 increase for Spillman user fees.

Mr. Greenwood explained that the Parks Department has a vacancy for a pay grade level 9 and would want to convert it into an office assistant position; however, they have not finalized the pay level. He stated that a pay grade 6 entry level might not be sustainable for the employee to stay in the position. Ms. Tosi pointed out that an entry level Administration position is at a level 6 pay grade and the City doesn't have an Administration position at level 8. She noted that if an employee is hired to perform duties equivalent to an admin assistant position and sharing duties, then they should be hired at pay grade level 10, hence Parks would need additional funding to cover the difference. She further explained that to go from a pay grade 6 to an admin assistant pay grade 10 will be about \$10,000 jump for year one. Mr. Greenwood stated that they need to fill this position because staff that are deployed in the field had to come back to the office to cover for lunch break or vacation days of the sole Administration Assistant and she is also extremely busy dealing with Parks concerns. Councilmember McEvers asked if the City can cut back on programs to cover the funding needed. Councilmember Wood pointed out that the Recreation Department grew from 336 kids in 2021 to 580 in the spring of 2024 and asked if the fees are sufficient to pay for the programs. Recreation Superintendent Adam Rouse stated that their numbers have increased dramatically, for example the kids golf program increased from 450 last summer to 1,000 today. Councilmember Miller reiterated that there might be a need to think of discontinuing the services if there is not enough funding to cover the staff requirement and the program. Mr. Greenwood explained that the public pays a fee to use the park; however, none of those generated fees are enough to pay for the staffing. Mr. Tymesen shared that Parks is holding a vacant Recreation Program Coordinator position right now.

Mr. Tymesen stated that the new positions of Police Officers and Municipal Services Operations Technology staff are funded through grants and/or enterprise funds, so those will be a very minimal impact overall to balance the budget by cutting those.

Councilmember Wood requested a presentation of the Fund Balance history and projection all the way through FY2029 on what it looks like for tax revenues from Coeur Terre, Atlas Waterfront and closure of urban renewal districts. Ms. Ebner mentioned that new annexations and constructions will come in, but it will be difficult to capture unless the levy rate increases. She added that the revenues coming in may not be enough to offset all the ongoing personnel-related costs. Mayor Hammond stated that the City can get the budget balanced this year, but he is concerned about the succeeding budgets. Councilmember Miller shared that, based on the Association of Idaho Cities discussions, the legislature is likely to look at urban renewal again for possible changes. Mr. Tymesen stated that some positions are on hold to avoid using savings to fund the operations. He explained that the proposed cuts to move towards a balanced budget are a result of meetings with the departments prior to this meeting.

Mayor Hammond asked the staff to provide recommendations in the budget workshop on how to meet a balanced budget, with better information on new growth, medical insurance, and fund balance history through 2029.

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

The meeting adjourned at 1:37 p.m.



James Hammond, Mayor

ATTEST:



Jo Anne Mateski
Executive Assistant