

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