

MINUTES OF A CONTINUED MEETING OF THE
COEUR D'ALENE CITY COUNCIL
HELD IN THE LIBRARY COMMUNITY ROOM
ON JULY 8, 2020 AT 12:00 NOON

The City Council of the City of Coeur d'Alene met in continued session in the Library Community Room held at 12:00 NOON on July 8, 2020, there being present upon roll call a quorum.

Steve Widmyer, Mayor

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

STAFF PRESENT or VIA ZOOM: Troy Tymesen, City Administrator; Mike Gridley, City Attorney; Renata McLeod, Municipal Services Director/City Clerk; Ted Lantzy, Building Official; Vonnie Jensen, Comptroller; Kenny Gabriel, Fire Chief; Melissa Tosi, Human Resource Director; Bette Ammon, Library Director; Bill Greenwood, Parks & Recreation Director; Hilary Anderson, Community Planning Director; Lee White, Police Chief; Tim Martin, Streets & Engineering Director; Mike Anderson, Wastewater Superintendent; Terry Pickel, Water Superintendent; Mike Becker, Capital Program Manager; Amy Ferguson, Executive Assistant; Chas Quanz, Municipal Services; Brandon Jank, Municipal Services, Stephanie Padilla, Finance.

CALL TO ORDER: Mayor Widmyer called the meeting to order and noted that the purpose of the meeting was to discuss the 2021 Fiscal Year budget.

BUDGET DISCUSSION:

Mr. Tymesen, City Administrator, thanked the Council for their work on the budget. He noted that the current proposed budget shows \$1.505 Million coming from the Fund Balance. They want to confirm with the council what they want to do with property taxes. Mr. Tymesen said that a 3% property tax increase would equal about \$600,000 in revenue. For the 2021 Fiscal Year budget, expenses greatly exceed revenue. There are very little capital expenditures in the General Fund for this upcoming budget year. Services and supplies are also at or about where they were this year. He noted that, as in any service organization, it is about the personnel costs. They have whittled and moved things around, but are still about \$1.5 Million short. They do have some solid numbers from the County, and medical cost increases that they typically don't have this early.

Councilmember Wood said that it was her understanding that the Council had decided on a zero percent property tax increase. Mayor Widmyer said that the proposed budget is assuming that the Governor's plan is correct and calls for a zero percent property tax increase. If the Governor's proposal is not allowable, then some type of property tax increase is on the table.

Vonnie Jensen, Comptroller, reviewed the preliminary budget. The 9/30/19 Fund Balance was \$9,057,245, which is a decrease of \$742,000 from the prior year. The updated projection for 9/30/20 is to use \$2.4 Million of the Fund Balance -- \$1 Million was budgeted in the current budget, and \$1.4 Million will come as a budget amendment for the movement to the trust fund. The projected fund balance for the end of 2021 is \$5,151,537. Ms. Jensen commented that the Government Finance Officers Association (GFOA) recommends two months of revenues, which is approximately 16.17% in the Fund Balance.

She also noted that the trust fund began on January 1st, when the City became self-insured. She reviewed the history of General Fund unassigned fund balance. With changes to revenues, the total revised revenue is \$112,147,895. Ms. Jensen reviewed total revised expenses and changes to preliminary budget in the amount of \$103,556,530, which is an increase of \$6 Million over the current fiscal year. She reviewed significant changes to revenue from the prior year's budget including the State's projections, which result in a 6% decrease from last year's budget. She also reviewed a historical look at taxes generated to the City from new growth, and a history of property tax increases.

Councilmember Wood asked about the GO Bond, and Ms. Jensen confirmed that it would be paid off in four years.

Ms. Jensen reviewed the increase in personnel expenses in the amount of \$1.3 Million and noted that it does not include any new positions and is the amount needed to fund current employee contracts. She further said that even with the 1.8% increase in health insurance premiums, the health insurance expense will decrease by \$30,000 for the reason that more employees are single and/or don't have children and more are opting out of the City's Insurance and going with their spouse's insurance, which results in a \$10,000 per year savings per employee.

Ms. Jensen reviewed proposed changes to personnel, for a total of 2.7 full-time employees (FTE). She also reviewed the City's valuation and noted that the projected increase to 2021 is an estimated growth of \$106 Million. The 2021 tax assessment level would be 4.3%/\$1,000 assessed valuation. She also reviewed the tax for a home value of \$300,000 with no increase in valuation and noted that the homeowner would pay \$32.00 less a year, which would probably be a higher savings once the County has made adjustments to the City's valuation.

Ms. Jensen reviewed information regarding opting into the State's Coronavirus fund. She indicated that she was looking for direction for setting a high-water mark, and suggested that the resolution not include information for the Coronavirus fund.

Mayor Widmyer clarified that the decision would be what the Council wanted to set as the high-water mark. He noted that the figure can always go down, but it can't go up.

Councilmember English asked about school resource officer (SRO) reimbursement and commented that different jurisdictions are looking at SRO's and how they are used. He asked if the Police Department had gotten any sense if the budgeted amount was a firm number, or something that the school district or college might have on the chopping block. Ms. Jensen

responded that the amount is based on an ongoing contract they have with the school district and the increase from year-to-year is generally associated with COLAs or other raises that those employees assigned to the schools might receive. Councilmember English asked if it was a firm figure or something they might want to adjust. Chief White said that the only thing he has heard during last year's conversations is the entities understand the value of having SRO's in the schools for safety, and had no plans on cutting them at all. He noted that the school district has even added some private security to assist with the high schools.

Councilmember Gookin asked about the elimination of two sergeant positions and noted that Chief White had explained that the two positions would be offset by savings in overtime. Chief White said that last year they had 1,044 hours of overtime directly related to covering staffing for sergeants who were not on shift due to illness or injury, which doesn't include hours for reassignment of duties. Councilmember Gookin asked if the positions were filled, would it offset the budget. Chief White said that he couldn't guarantee that it would eliminate all of the overtime and the main reason they were proposing it was because over the years they have increased personnel in the Police Department but have not increased supervisory staff at all.

Councilmember Gookin asked if the extra code enforcement officer was also cut. Chief White said that he believed there was a part-time person in the budget.

Councilmember Gookin asked if there were any police cars in the budget. Mr. Tymesen confirmed that they retained all of the police cars that were in the preliminary budget. Chief White said that the car for the code enforcement officer is not in the budget, but they do not have a spare vehicle. The total cost for a code enforcement vehicle would be \$46,457. Councilmember Wood asked if the PD has the ability to find a used vehicle that is acceptable. Mr. Tymesen confirmed that they have the latitude to do that. Chief White said that they don't have any savings at this point to purchase an extra vehicle. Mayor Widmyer said that Council could add the vehicle and take it out of the Fund Balance.

Councilmember English asked if the part-time code enforcement officer position is half-time at 20 hours a week, which would trigger PERSI benefits, or 19.5 hours. Ms. Jensen said that in the current year it is budgeted as part-time without benefits, but next year it is budgeted as full-time with benefits.

Councilmember Wood asked about the Fire Department EMS Supervisor and if was still in the budget. Ms. Jensen said that it was still included in the budget, but the part-time to full-time Department Specialist was removed. Chief Gabriel said that they found their own funding for that position in that one of the programs that the person would take over is "EF" recovery – insurance billing – which one of their captains does now. They met with the company and there is the ability for them to exponentially expand what they can get from the insurance companies, and the Department Specialist would be in charge of that program and the funds received would fund the additional hours.

Councilmember Wood said that she has heard that the Council in the past has stressed public safety as its number one priority. She encouraged the Council to focus on those requests as they focus on a high-water mark.

Councilmember McEvers asked about the Fund Balance and commented that he doesn't remember Council always going to the Fund Balance. Ms. Jensen said that usually the only thing they would use the Fund Balance for is one-time expenses. She also noted that the preliminary budget has hardly any one-time expenses. Councilmember McEvers asked if it was becoming the norm. Ms. Jensen commented that it can't be the norm for very long because the Fund Balance will eventually be gone.

Mayor Widmyer commented that in this current fiscal year, the amount that Council took from the Fund Balance was for one-time expenditures – i.e., the Comp Plan and some capital items. It was not funding ongoing expenses. Ms. Jensen said that the 2021 budget is really the first one that has had a large amount of ongoing costs coming from the Fund Balance.

Councilmember English said that the decrease in the Fund Balance is sobering and frightening, as it is the City's savings account. Mayor Widmyer said that he is hopeful that revenues will increase, but next year could be an even tougher budget year because they don't want to take any more out of the Fund Balance.

Councilmember Gookin asked for a review of the medical benefit trust. Mr. Tymesen confirmed that the final increase percentage is 1.8%.

Councilmember Gookin asked about the copier contract follow-up. Mr. Tymesen said that the City has gathered that information and will continue to look for any savings as the contracts mature.

Councilmember Gookin asked about follow-up on Jobs Plus. Mr. Tymesen said that Jobs Plus supplied information to the Council and that it is a good partnership and has been for a number of years.

Councilmember Gookin asked if the City was status quo on CDA 2030 and the Downtown Association. Mayor Widmyer said that the budget proposal was status quo but that the Council could make whatever adjustments they would like. Councilmember Gookin said that for the money they give to those organizations, it would be courteous of them to give some kind of presentation to the council at least at some point during the year so they could be assured that the public's money is being spent wisely.

Councilmember Gookin said that the majority of the money that is on the Kootenai Metropolitan Planning Organization (KMPO) line item goes to the transit authority. He would like a presentation to let the Council know what they are spending the money on. Mayor Widmyer said that they can line up as many presentations as the Council would like to listen to. Councilmember Wood said that she would like the organizations to justify that the money is well spent, as it is enough money to pay for a City position that they are going without.

Councilmember McEvers asked if the City would be in a position where they could take 10 to 20% off of each of the organization's funding. He noted that the City is sacrificing and everybody should give a little and that he thinks that "we're all in this together" is a fair

approach. Councilmember Wood said that she liked Councilmember McEver's approach and that all of the organizations do wonderful work, but we all have to give a little this year.

Mayor Widmyer said that the State has given a percentage number that departments have to cut, and suggested that it would be a strategy if council wanted to give direction to cut 5% out of the Services and Supplies budget of every department.

Councilmember Gookin said that a lot of it is nickels and dimes and that is where you can find a lot of the savings. You want to go to the break-even point so you are not hurting, but not overspending. Council can task staff with finding those nickels and dimes.

Councilmember English said that at some point he would like the organizations to come and present to Council, but he is not in favor of presentations between now and when they have to put the budget together. He also noted that he thought there was merit to what Councilmember McEvers was saying and a flat percentage makes sense to him.

Councilmember Miller said that she thought the organizations should give a presentation but she is more interested in what the staff thinks about what the return on investment is and, if funding went away, how would that affect the City's business. Councilmember Gookin said that he thinks it is Council's call and doesn't think they should push it off to the staff. Councilmember Miller said that she thinks without staff input on the benefit to each department or to the City as a whole, they are missing that information.

Councilmember McEvers commented that contributing to the organizations is the Council's decision and it is not all or nothing. We are all in it together – let's all give a little.

Mayor Widmyer said that the 5% reduction or whatever Council decides could apply to the organizations too, or Council could make the decision to eliminate funding to some organizations.

Councilmember Wood said that she liked the direction that Councilmembers McEvers and Gookin were going and that throughout the next year Council can get the information that they want from staff. She commented that she thinks for this year it is important to fund what they need as much as possible and ask for a reduction, or tell them there will be a reduction. She thinks that it is certainly legitimate this year to make a reduction per organization that it is more than reasonable.

Councilmember Gookin confirmed that his suggestion for presentations was for annual presentations to have the organizations touch base and explain to the Council what they are getting for their money.

Mayor Widmyer asked for direction from the council. Councilmember Wood said that it is hard to make firm decisions not knowing if the Council is going with the Governor's recommendation or will have to come back and have some hard conversations about a tax increase. She said that the Fund Balance is there for these kinds of emergencies. She commented that she thinks that

everything is still on the table because they don't know exactly what they are going to be doing until they hear back on whether the Governor's plan is legal.

Mayor Widmyer asked if it was a consensus that the Council would want to set in the August meeting a 3% high-water mark. Councilmembers English and Gookin said that they would want a 0% property tax increase. Councilmembers Evans, Miller, Wood and McEvers said that they would be in support of setting a 3% high-water mark, knowing that the final budget can be adjusted to the 0% later.

Mayor Widmyer asked if there was a general consensus from the Council that the target would be \$1.5 Million from the Fund Balance. Councilmember McEvers said that staff does what they do to take care of their people, and wondered if there was a way to offer carrots to motivate people to save money. He commented that it seems like in government, if you save you get an "attaboy." Councilmember Gookin said that an effective tool would be an employee incentive program, where you reimburse employees for finding ways to save money, and that right now there is no incentive. He would love to see a formal policy. Mayor Widmyer commented that an incentive program works very well in the private sector. He has heard that the counter to that argument is that agencies and departments won't spend the money just to say that they've saved money to qualify. Any program would need to be closely monitored.

Councilmember Wood said that she is a little concerned about people getting government money for doing their job. She commented that when she was with the school district, if the buildings saved money they could accumulate money for a special project.

Mayor Widmyer said that one of the things that Chief White brought up is that the sergeant position would have an effect on overtime. He suggested that maybe they could take more time to analyze overtime that could be reduced which would allow them to add the sergeant position back in, or a full-time code enforcement officer. He noted that there is some more work than could be done on that. He asked the Council if they were comfortable with the level right now or do they want to give staff the direction to go back and look at savings in their areas.

Councilmember Miller said that she would like to see constructive conversations about potential restructuring of positions, subcontractors, or reviewing overtime as she doesn't hear that conversation very often.

Councilmember McEvers suggested taking \$5,000 from each organization, and 5% from Services and Supplies and Travel and Training. He noted that it could generate some money and, at least this year, help to plug the hole.

Mayor Widmyer said that the message he is getting is that Council wants to take a look at some of the positions that were cut. He noted that Council would have to realize that if they take \$5,000 out of a program, they would need to decide next year if they have enough money to add it back. The \$5,000 could be a permanent reduction.

Councilmember Miller said that when CDA 2030 was formed, it was a short-term program that has morphed into something else. At a certain point the decision has to come back to the

Council as to what they got out of it, and if they are done – i.e., to look at those types of investments in a more scrutinizing way.

Mayor Widmyer said that he wants to make sure that the Mayor and Council does its job and that they are clear to staff. He noted that the budget is anything but clear and it will be a rocky road for a while. He wants to make sure that they are giving as clear direction as possible to staff. He commented that he is getting the message that Council is clear on spending, but may want to look at what they are spending on, and may want to prioritize public safety, and look at reductions in budgeted supplies and services by 5%.

Ms. Jensen confirmed that the next presentation would be at the August Council Meeting.

Mayor Widmyer said that he thought that they owed it to the organizations that they are funding to call them and let them know what the Council is considering because they are making their budgets too and need to be on notice that there could be a reduction.

Mr. Tymesen said that a reduction of \$300,000 from services and supplies would probably take down every travel and training dollar they can. It is a big chunk. He is comfortable with \$1.5M, but it would probably be close. He noted that if the Council did take an increase in property taxes, that would free up some dollars. They can bring back the details on personnel.

Mayor Widmyer said that he thinks that this is an unusual year and they have to look at everything and be really careful with training, especially in public safety, but there may be some training in other areas that they can do without this year. Councilmember Wood said that many trainings in Police and Fire are mandatory, but she thinks it is acceptable to look at nonmandatory training. Mayor Widmyer said that the cut is not going to be painless, but they have to make sure that they don't take a step backwards in regard to public safety.

Councilmember McEvers commended Mr. Tymesen on being fiscally conservative over the years.

Mayor Widmyer said that he thinks at this time the Council needs to stick with 0% property tax increase, but he believes it is the right philosophy to do the high-water mark because things will be changing over the months. He confirmed that CARES funding is not included in the high-water mark. Ms. Jensen clarified that if the Council does the high-water mark with 3% and decides to take the 3% they could not opt in to the CARES funding. When the City certifies the level to the County, it would have to certify a property tax decrease in order to get money from the State.

Mayor Widmyer clarified that Council would like to have staff go back and look at taking 5% out of Services and Supplies, and \$5,000 out of the budgets to Jobs Plus, CDA 2030, Panhandle Area Council, KMPO (the portion that goes to Citylink), and the Downtown Association. Councilmember English said that he is more comfortable with a percentage rather than a dollar amount for the organizations. Commissioner Miller agreed.

Mayor Widmyer asked Ms. Jensen to work on the Council's requests and bring a report to the Council Meeting on July 21st.

Councilmember Gookin asked Ms. Jensen if it would be easier, accounting-wise, if Council said that 0% is the high-water mark. Ms. Jensen said that it would make it easier on her if that is the intention, but there are a lot of unknowns. She wants to make sure that the expenses match the revenues. Councilmember English said that he thinks that Council should lay their marker now as far as property taxes and that he can't really imagine the circumstances where the Council would want to increase property taxes. Councilmember Wood said that she thinks that Council can't tie its hands and that the budget is still in progress and they have to give themselves some leeway. They have bills to pay and things to fund and it is not sustainable over time. There may be a time when they have to do a 1 or 2%, but maybe not this year.

Councilmember McEvers asked the Water and Wastewater Superintendents to make a few comments.

Mike Anderson, Wastewater Superintendent, said that they have several capital items that are planned for next year. He wanted to make sure that the Council was aware that between 2017 through 2019 they have taken in more revenue than they anticipated and spent less, by about 3% or so. They are looking in pretty good shape. Their budget still includes capital projects and they did lower their anticipated revenues by about 1.5%, but even with that they are still looking at adjusting some of their capital projects to try and save a little money. In the next two years they have budgeted for a new operations building. They are looking at ways to save money in doing that.

Councilmember Wood asked Mr. Tymesen if they have squeezed every dollar they could in regard to interfund transfers, and asked how they make sure that they keep up with the increase in costs each year. Mr. Tymesen responded that they look at the model, at the direct expenses, and at wage increases.

Terry Pickel, Water Superintendent, said that they are going to be changing to a Class 4 public water system. The requirements for a Class 4 system include a minimum of three licensed operators, and also the supervisor descriptions require them to be licensed. With the population change, their monthly water quality samples that they do will be going up another 10 samples per month. The samples are based on population and they raise by 10 for every 10,000 in population.

Mr. Pickel noted that one of the gray areas in the rule is that if there is a major change in the water system they have to update the facility plan. That means about \$125,000 to cover the comp plan, but they were scheduled to do that in 2022 anyway. He noted that they provide a lot of the information for the plan itself to the engineer and will take a look at those costs to see what they can whittle down.

They have some pretty major capital improvement projects with the transmission main and new well. The new well will be a primary well so it will be as energy efficient as they can get it. Mr. Pickel said that they would bring the design consultant contract to the next Council meeting.

Councilmember McEvers asked about new wells in the next five years. Mr. Pickel said that it depends on the population. They have one site they are trying to acquire for a test well. In regard to infrastructure replacement, Mr. Pickel said they are trying to keep ahead of the curve.

Councilmember McEvers asked about conservation. Mr. Pickel said that it is one of the things they try to push through their organizations they work with. They have put out irrigation standards, but enforcement of that is the hard part in that they don't have the time or the personnel to do that, but they try to do their part to encourage conservation. They have tried to work with the school district on some pilot projects, and are working on some swale pilot projects with the Parks Department. There is a lot of room for improvement.

Councilmember Miller asked Mr. Tymesen to explain about the library budget. Mr. Tymesen said that the library is overseen by the City Council and the Library Trustees. Library personnel comply with City policies. The Council's authority deals specifically with the budget. Trustees do the hiring and set the hours, which is different from any of the other departments. The library is a special fund for accounting purposes because they can charge a fee. Fees are way down and the library is primarily funded with property taxes. The dollars stay in that fund per Idaho Code.

Councilmember Miller said that the Library Trustees have wrestled with satellite libraries, and that her restructuring questions come to the library as well as other departments to prioritize what services are the most important and what they can do with staffing. She is hopeful that the departments can find ways as things move forward to fund some of the positions. Mr. Tymesen commented that there is a 7-question justification for every position that opens up. He noted that the library position is still viable even though the new one is not in the financial plan. There is a proposed retirement in the library that will allow for reorganization and potential savings for a position as it comes forward.

Councilmember McEvers clarified that janitorial and maintenance for the library come from the General Fund. Mayor Widmyer noted that the building has aged very well, but at some point in time the HVAC will need to be replaced and maintenance will need to be taken care of. In the future, he thinks it would be wise to develop some type of reserve fund that they can access for those replacements. It is sound business practice.

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

The meeting adjourned at 1:45 p.m.

Steve Widmyer, Mayor

ATTEST:

Amy C. Ferguson
Deputy City Clerk