A CONTINUED MEETING OF
THE CITY COUNCIL
October 13, 2025, 12:00 Noon
Library Community Room

AGENDA

A. CALL TO ORDER

*****THE FOLLOWING ITEMS ARE CONSIDERED AN ACTION ITEM:**

1. Retirement Incentive Cost/Savings Analysis – Presentation by Katie Ebner, Finance Director

2. Wastewater Commercial Rates - Presentation by Mike Anderson, Wastewater Director

B. ADJOURNMENT

Retirement Incentive Financial Analysis

City of Coeur d'Alene
Council Workshop
8/13/25

1

Agenda

- Why should we consider a retirement incentive?
- History of prior retirement incentives offered by the City
- Calculating savings and related costs for consideration of offering a retirement incentive
  - Methodology
  - Assumptions in calculation by staff groups
  - Summary of calculations
- Other considerations

2

2

Why should we consider a retirement incentive?

- Savings to budget– possible way to reduce the $1.8M budget deficit.
- Potential areas to save:
  - When employees retire, they often leave the top of the salary range and are replaced with employees on the lower end of the salary range.
  - Some positions can remain unfilled temporarily to realize savings.
  - Certain positions can create additional savings through promotions in lower ranks.

3

3

Past positive effects on budget – retirement incentive programs

- Enabled opportunities for position elimination without layoffs.
- Enabled opportunities for department re-organizations that created savings.
- Delayed filling positions to save funds.
- Hired new employees to fill retirement vacancies at entry level wages.

4

4

Calculation

Scenarios to calculate fiscal impact of offering a retirement incentive.

5

Methodology used for Financial Model

- Identified employees who are at their full PERSI retirement eligibility.
- Identified employees who are within 5 years of full PERSI retirement eligibility.
- A mix of sample employees to account for those who may retire early despite PERSI eligibility.

6

6

About the sample used:

Staff Group	FTE
Director	7
Exempt	4
Fire	5
Hourly	7
Police	7
Total Sample	**30**

7

7

Assumptions:

- Who would retire?
- How many months can positions remain unfilled?
- Whether there is a lateral hire or entry level hire to replace the position.
- Lateral hires are possible in:
  - Director level positions
  - Some Exempt positions
  - Public safety

8

8

Further Questions:

1. Would there be overtime costs in the months of vacancy?
2. Would there be any training overlap between new hire and retiree?
3. Would there be savings in lower ranks, if promotions occur to fill a retiree's position?

9

9

Creating a Financial Model

10

10

Methodology

- Calculated potential incentive as offered in prior years:
  - 1% of current annual salary x # years of service.

Example:

$ 126,385	X .01 X	35	=	$ 44,235
Retiree Wages + PERSI/FICA		Years of Service		= Cost of Retirement Incentive

11

11

Methodology

- Calculated Savings from replacing the retiree with a new employee at the lower end of the pay range.

Example:

$ 126,385	-	$ 94,277	=	$ 32,108
Retiree Wages + PERSI/FICA		New Employee Cost Estimate		= Full Year Savings

12

12

Methodology

- Calculated onetime savings from keeping a position vacant.

Example:

$ 10,532	X	2.00	=	$ 21,064
Monthly Cost of Retiree		Number of Months to keep Position Vacant		= Onetime Savings

13

13

Methodology

- Combined calculations to find net effect of retirement incentive.

Onetime Savings	$ 21,064
FY26 Savings	$ 16,054
Cost of Retirement Incentive	$ (44,235)
Net Savings or Cost	$ (7,116)

14

14

How do these assumptions affect savings?

Ongoing Savings

- Will there be a lateral hire replacing the retiree?
- Will there be other promotions in lower ranks?

Onetime Savings

- How many months can these positions remain vacant?
- Will there be overtime to negate vacancy savings?
- Will there be an opportunity and benefit to overlapping for training?

15

Assumptions affect staff groups (and individual positions) differently.

- Police
- Fire
- Directors
- Hourly Staff
- Exempt Staff

16

Assumptions affect staff groups differently

- Police

Will there be a lateral hire replacting retiree?	Yes, 50% of the time for Police Officer rank
Will there be other promotions in lower ranks?	Yes, where ranks of Sergeant and above retire
How many months can positions remain unfilled?	All sworn resignations / retirements will reflect a vacancy for a Police Officer for 4 months
Will there be overtime to negate vacancy savings?	Not in this model
Will there be an opportunity and benefit in overlapping for training?	Not in this model

17

Assumptions affect staff groups differently

- Fire

Will there be a lateral hire replacting retiree?	Yes, 25% of the time for Firefighter rank
Will there be other promotions in lower ranks?	Yes, when ranks of Engineer and above retire
How many months can positions remain unfilled?	Positions must be filled within 60 days per contract, new Firefigters 4+ months to be eligbile to be on the line.
Will there be overtime to negate vacancy savings?	Yes, contant staffing is required when vacancies exist or new hires in training
Will there be an opportunity and benefit in overlapping for training?	Not in this model

18

Assumptions affect staff groups differently

- Directors

Will there be a lateral hire replacting retiree?	Yes, calculated for 4 of 7 in this model
Will there be other promotions in lower ranks?	Potentially, calculated for 3 out of 7 in this model
How many months can positions remain unfilled?	0-4
Will there be overtime to negate vacancy savings?	No
Will there be an opportunity and benefit in overlapping for training?	Yes, for 3 out of 7 in this model

19

Assumptions affect staff groups differently

- Exempt employees

Will there be a lateral hire replacting retiree?	Yes, 50% of the time
Will there be other promotions in lower ranks?	Not in this model
How many months can positions remain unfilled?	2 Months for 50%
Will there be overtime to negate vacancy savings?	Not in this model
Will there be an opportunity and benefit in overlapping for training?	Yes, 50% of the time

20

Assumptions affect staff groups differently

- Hourly employees

Will there be a lateral hire replacting retiree?	Not in this model
Will there be other promotions in lower ranks?	Not in this model
How many months can positions remain unfilled?	2 Months
Will there be overtime to negate vacancy savings?	Not in this model
Will there be an opportunity and benefit in overlapping for training?	Not in this model

21

FY26 - Retirement Incentive Financial Analysis

	Onetime	Ongoing	Total
Savings between Retiree cost and New Hire cost			
Directors	-	117,509	117,509
Police	-	87,879	87,879
Fire	-	43,089	43,089
Exempt	-	83,060	83,060
Hourly	-	88,754	88,754
Savings from promotions between ranks			
Savings from promotions - Police and Fire	-	137,121	137,121
Savings to leave position open			
Directors	196,766	-	196,766
Police	280,634	-	280,634
Fire	218,860	-	218,860
Exempt	50,036	-	50,036
Hourly	99,254	-	99,254
Savings	845,549	557,411	1,402,961

22

FY26 - Retirement Incentive Financial Analysis, continued

	Onetime	Ongoing	Total
Incentive Expense			
Directors	(301,460)	-	(301,460)
Police	(234,634)	-	(234,634)
Fire	(154,873)	-	(154,873)
Exempt	(149,880)	-	(149,880)
Hourly	(174,659)	-	(174,659)
Training overlap Cost - Directors and select exempt	(80,943)	-	(80,943)
Overtime Cost during gap in hiring			
Fire constant staffing	(394,333)	-	(394,333)
Total Incentive Expense	**(1,490,783)**	**-**	**(1,490,783)**

23

FY26 - Retirement Incentive Financial Analysis, Summarized

	Onetime	Ongoing	Total
Savings	845,549	557,411	1,402,961
Expense	(1,490,783)	-	(1,490,783)
Net Cost	**(645,233)**	**557,411**	**(87,822)**

24

24

Leave Payouts

	Onetime	Ongoing	Total
Police	(248,814)	-	(248,814)
Fire	(336,212)	-	(336,212)
All other staff	(491,942)	-	(491,942)
Expense	(1,076,968)	-	(1,076,968)
Net Cost with Leave Payouts	(1,722,201)	557,411	(1,164,790)

Projected FY26 Budget Amendment Needed

25

Ongoing savings analysis

- $1M in ongoing savings projected for FY27 with this model.
- Not all, or even most should be considered new savings!
  - Normal turnover already provides built-in relief each year.
  - Attrition savings help fund raises and absorb cost increases.
  - Treating all $1M as new savings would double count savings.

26

Other Considerations

- Would this only be offered to departments that can demonstrate savings?
  - This practice may exclude certain departments fully.
- Would cut into normal savings from position turnover and unfilled positions in FY26:
  - This is present in the budget each year without incentives.
  - Critical to offset unexpected costs, fluctuations in revenue, or decrease the budgeted deficit.
- Many small departments cannot hold the types of positions identified:
  - The best scenario in small departments is to plan around retirements with overlap for training, which is an added cost that is offset by the normal turnover savings.

27

27

Other Considerations

- Circumstances the incentive was used in the past do not exist:
  - No clear opportunities for eliminating positions for savings.
    - Proportional staffing levels of residents to Full Time Equivalency employees are lower compared to prior years.
  - Currently, no identified needs to restructure departments for savings.

28

28

Recommendation

- Natural and staggered turnover of retirees is preferred in the current state of city's staffing and recruiting abilities.
- The financial benefits for future fiscal years are not projected high enough to overlook other considerations.
  - The financial impact is poor for FY26.
  - The financial impact for future fiscal years is possible higher savings than would have already occurred.

29

29

Council Discussion

30

City of
Coeur d'Alene
IDAHO

1

Commercial Wastewater Billing 2025 Update

City of Coeur d'Alene Wastewater Department
Mike Anderson, Wastewater Director
October 13, 2025

2

Purpose of Presentation:

- Clarify how CDA bills **commercial wastewater customers**
- Explain why **water use** is used as the billing basis
- Demonstrate the **equity and consistency** of this approach

3

Why We Use Water as the Basis for Billing

- **Wastewater cannot be measured directly**
- **Water consumption is the most reliable indicator**

WW Bill

- **This is consistent with industry standards and similar cities**

4

Residential vs. Commercial Customers

Residential	Commercial
• Stable year-round	• Variable/seasonal
• Generally ¾” Meter	• Variable meter sizes
• Flat monthly rate	• Metered rate (use-based)
• Homogenous users	• Diverse usage

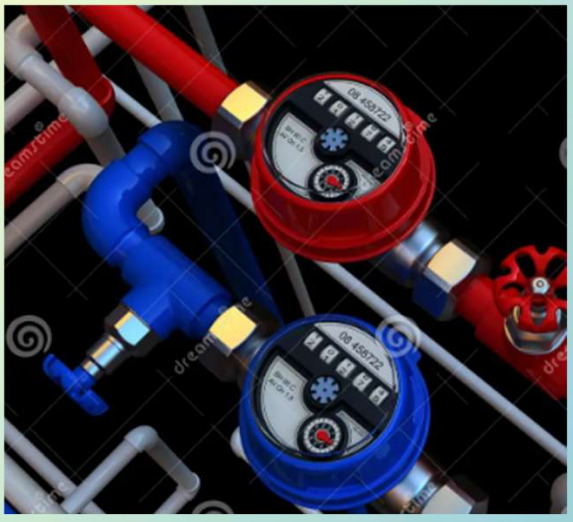
5

Regional Comparison

- Most cities bill commercial wastewater based on actual water use
- CDA’s method aligns with regional best practices

6

Accounting for Irrigation Use



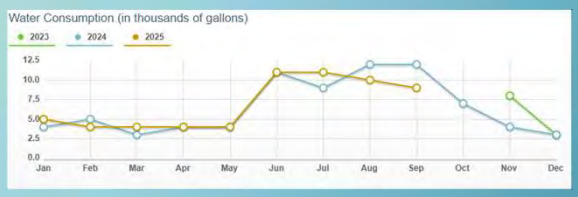
- **Commercial customers who irrigate must install a separate irrigation meter.**
  - **Without it, irrigation water is included in wastewater billing, even though it doesn't enter the sanitary sewer.**
  - **This ensures wastewater charges reflect actual discharge, not total water use.**
- **CDA's wastewater rates are cost-based, not profit-based. They recover only the actual cost of treatment.**

City of Coeur d'Alene IDAHO

7

Commercial Water Meter Examples

One of these has a separate irrigation meter, one does not.
Can you tell which one does?



City of Coeur d'Alene IDAHO

8

Residential

Commercial

Relatively homogenous

Can vary greatly

9

Next Rate Study: 2028

10