

A CONTINUED MEETING OF
THE COEUR D'ALENE CITY COUNCIL
JULY 23, 2013

The Mayor and Council of the City of Coeur d'Alene met in continued session in the Library Community Room at 2:00 p.m. on July 23, 2013 there being present upon roll call a quorum:

Sandi Bloem, Mayor

Loren Ron Edinger) Members of Council Present
Deanna Goodlander)
Dan Gookin)
Woody McEvers)
Steve Adams)

Mike Kennedy) Members of Council Absent

DEPARTMENT HEADS PRESENT: City Administrator Wendy Gabriel, Municipal Services Director Renata McLeod, Finance Director Troy Tymesen, Deputy Finance Director Vonnie Jensen, Deputy City Administrator Jon Ingalls, Parks Director Doug Eastwood, Library Director Bette Ammon, Water Superintendent Jim Markley, Fire Chief Kenny Gabriel, Police Chief Wayne Longo, Human Resources Director Pam MacDonald, Recreation Director Steve Anthony, Planning Director Dave Yadon, Building Services Director Ed Wagner, City Attorney Mike Gridley, Streets Superintendent Tim Martin, Engineering Project Manager Chris Bates (representing Engineering), and Wastewater Superintendent Sid Fredrickson.

FISCAL YEAR 2013-2014: Finance Director Troy Tymesen provided an overview of the preliminary financial plan for fiscal year 2013-2014. He mentioned that throughout the recession the City has not had to lay off any staff, by using savings from not filling vacant positions. The County has recently provided the city with the new building growth valuation of \$93,066,000. He recommended that the City take the new growth tax, which will expand the City's budget authority. During the budget process, the City looks at revenue and expenses, this includes an increase of 4.6% in Medical Insurance costs, which is good news and is less than prior estimated increase. He provided some of the highlights of the preliminary budget including Capital funding for loaders, 2% COLA increases for employees, and an overall decrease in service and supplies. The Building Department budget includes a new Electrical Inspector position. The plan also includes the addition of benefits for positions that are currently un-benefited as required by the Affordable Care Act. The Human Resources Department will monitor all positions for the next year to ensure that the City will be able to avoid penalties under the Act. Mr. Tymesen stated that he is not recommending the City Council take the allowed 3% increase in property taxes or any foregone tax dollars. He is recommending an increase in the Building Department revenue based on the new growth projections and using annexation fees. He stated a concern for the year includes the upcoming appeal of a large lawsuit. Expenditures are lowered due to the lower than expected insurance costs. He reviewed the capital replacement schedule and explained the need for a general obligation bond for Fire capital replacements for Fiscal Year 2014-2015.

Councilman Gookin asked if the City could capitalize replacements over time and not have to go out for bonds. Mr. Tymesen clarified that the City could capitalize items; however, in the past there has not been revenue to be able to do that.

Mr. Tymesen reviewed each department budget by highlighting the substantial changes from last year. He explained the cash on hand and that the appeal hearing for the lawsuit is set for October 1, and the results of that appeal are unknown. Councilman Gookin asked if the City is taking in more money than is needed. Mr. Tymesen stated that if the City does not grow it would have to shrink the organization. He has heard from the Council over the years to do his best to balance the budget without taking foregone taxes or the 3% increase in property taxes. Human Resources Director Pam MacDonald provided the information regarding when merit increases are available. Councilman Gookin stated that he is trying to figure out how the City found itself in the situation of the pay structure they are currently in, and who approves the top of the pay scale. Mayor Bloem stated that she is concerned that the comparisons to other cities' structures do not take under consideration the job descriptions and the longevity. She believes that the citizens need to know if they are getting a value for the taxes they are paying. Councilman Gookin stated he was concerned that the people in the middle are not progressing as fast as the people at the top due to the availability of the 8% merit increases for Department Heads. Councilman Edinger clarified that every Department Head has many duties and that he does not want to be involved in recommending an evaluation on an employee or what merit increase a Department Head should get. Ms. Gabriel provided examples of how the City is compared with other cities such as Twin Falls City Manager maximum is \$133,000 more than the City of Coeur d'Alene's maximum. Additionally, the City of Coeur d'Alene has flattened its organizational chart, and no longer has a Utility or Public Works Director, while Twin Falls does. Another area to consider when making the comparisons is the budget; Twin Fall's budget is \$53 million while the City of Coeur d'Alene is \$78 million. Councilman Goodlander stated that pay structure was put in place several years back, the longevity of the City employees is a huge benefit and believes the City is fortunate that there is such an effective management process in place.

Councilman Gookin asked if the budget includes contracts that are automatically renewed. Deputy City Administrator Jon Ingalls gave an example of the fuel contract, and clarified that the budget has money for fuel, but it does not alleviate the need to bring a new contract to the City Council for approval.

Councilman Gookin stated he had several questions for specific departments. Councilman Adams asked for a recess.

RECESS: The Mayor called for a 5-minute recess at 3:52 p.m. The meeting resumed at 4:00 p.m.

Councilman Gookin asked specific questions of the Administration, Engineering, Building, and Police Departments, and asked how the McEuen cost could be found in the budget. Mr. Tymesen explained that McEuen/Front Avenue funding, as approved by Council, was held in this year's budget and paid back through cash flow in next year's budget and that debt service on the LID would be delayed a year after the project is complete. Mr. Tymesen clarified that \$845,100 would be the LID maximum for Front Avenue.

Councilman Adams asked what the total is for the proposed COLA and merit increases. Mr. Tymesen stated that the General Fund includes \$436,332 for COLA and \$298,252 in merit increases.

Mr. Tymesen reviewed the capital project funds. Engineering Project Manager Chris Bates provided the details of the projects. Wastewater Superintendent Sid Fredrickson and Water Superintendent Jim Markley gave a brief update on the Enterprise Funds.

Mayor Bloem clarified that new growth does receive City services and does pay taxes and clarified that the City would not be receiving any of that revenue until it is requested by the City. She asked for confirmation that the cash balance forward and fund balance are two different things and wanted to know which is affected by the outcome of the October hearing. Mr. Tymesen stated that the City had dedicated all the dollars for that liability in the insurance fund, so that would be used, not the fund balance. Councilman Goodlander asked about the benefit of the insurance fund versus ICRMP insurance and the cost. City Attorney Mike Gridley stated that ICRMP would cost approximately \$650,000 per year, and clarified that the City is not sued often. He stated that the benefit of self-insurance is that the City controls its own destiny, if the suit was in the hands of an insurance company they could settle cases that the City and its constituents do not agree with. Mr. Tymesen stated that the Insurance premiums that the City currently pays for auto, etc., is approximately \$260,000. Councilman McEvers stated that he remembered when the City added approximately \$300,000 per year to the fund, but in hard times, the City could not add to it.

ADJOURNMENT: Motion by Edinger, seconded by Adams that there being no further business, the meeting be adjourned. **Motion carried.**

The meeting recessed at 4:31 p.m.

Sandi Bloem, Mayor

ATTEST:

Renata McLeod, City Clerk