City of
Coeur d'Alene
IDAHO

A CONTINUED MEETING OF
THE CITY COUNCIL
July 27, 2026, 12:00 Noon
Library Community Room

AGENDA

A. CALL TO ORDER

1. Presentation on the Classification and Compensation Study

   Presented by: Melissa Tosi, Human Resources Director and David Jeppson, Consultant, Best Day HR

2. Overview of the 2026-2027 Preliminary Budget – ACTION ITEM

   Presented by: Katie Ebner, Finance Director/Treasurer

3. Council Discussion

B. ADJOURNMENT

Coeur d'Alene

CITY COUNCIL MEETING

July 27, 2026

MEMBERS OF THE CITY COUNCIL:

Daniel K. Gookin, Mayor

Council Members English, Evans, Miller, Wood, Gabriel, Sheckler

CITY OF COEUR D’ALENE

BUDGET WORKSHOP

JULY 27, 2026

Presentation Focus

Revenues

- Changes by overall category
- Detail large changes by line item

Expenditures

- Budget requests
  - Overall changes by department
  - Payroll cost changes

Budget Sustainability

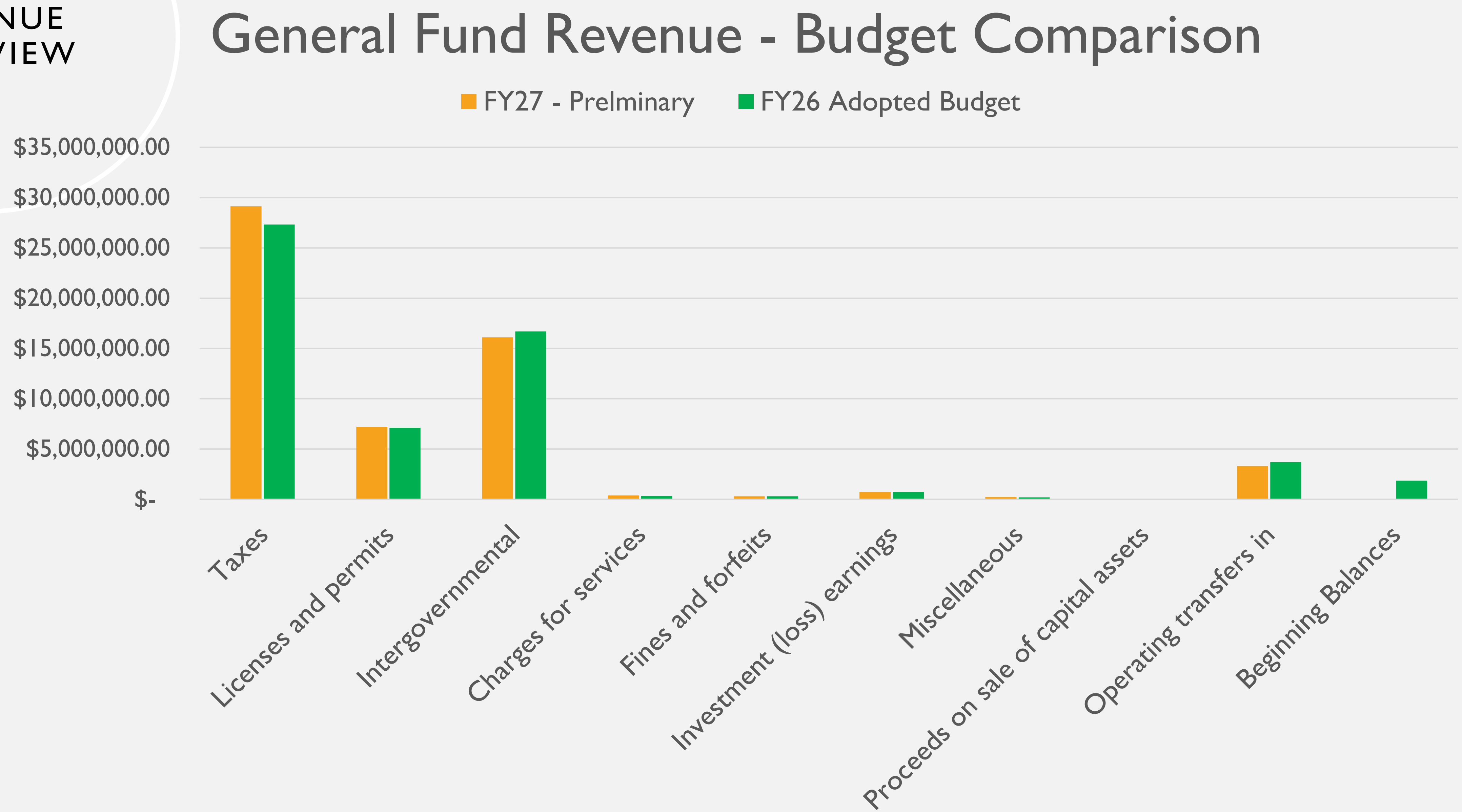
- Current ongoing deficit

Urban Renewal Areas

- Review on how URAs work
- Financial analysis of closing Hospital URA

GENERAL FUND REVENUE OVERVIEW

REVENUE OVERVIEW



Revenue Overview

General Fund Revenue Category	FY26 Adopted Budget	FY27 - Prelminary	Increase (Decrease)
Taxes	$ 27,316,507	$ 29,492,796	$ 2,176,289
Licenses and permits	7,114,300	7,810,500	696,200
Intergovernmental	16,693,273	16,167,502	(525,771)
Charges for services	346,100	391,100	45,000
Fines and forfeits	307,700	307,700	-
Investment (loss) earnings	750,000	750,000	-
Miscellaneous	202,800	233,835	31,035
Proceeds on sale of capital assets	25,000	25,000	-
Operating transfers in	4,092,528	3,611,253	(481,275)
Total	**$ 56,848,208**	**$ 58,789,686**	**$ 1,941,478**

GENERAL FUND REVENUE CATEGORIES

- **Taxes-** revenue the city receives from property tax levies. Limitations exist for increases.
- **Licenses and Permits-** Regulatory charges tied to the City's duties per ordinances. Fees offset the costs of services in part.
- **Intergovernmental Receipts-** Funds the City receives from another government—federal, state, county, or other local districts—typically through formulas or grants.
- **Charges for Services-** User fees that benefit specific customers rather than the public at large. Revenues should be tied to cost-recovery targets.
- **Fines & Forfeitures-** Penalties assessed for violations of law or contract. Unlike taxes, these are intended to deter certain behavior and are often restricted in use by state statute or court rules.

GENERAL FUND REVENUES, CONTINUED

- **Interest-** Earnings on the General Funds cash balances.
- **Miscellaneous-** "Catch-all" for infrequent, non-material, or one-time revenues that don't fit neatly elsewhere—should be monitored so it doesn't mask recurring trends.
- **Interfund Transfers-** Resources moved into the General Fund from another City fund, like overhead charges for utilities. Transfers require explicit budget authority.
- **Beginning Balances-** Prior-year ending fund balance that Council formally "appropriates" to balance the new budget. It is not new cash in-year; rather, it represents savings carried forward.

MAJOR CHANGES IN REVENUE

- Taxes- The budget as presented includes a 4% property tax increase, and an additional 3% increase for capital expenditures.
- Includes a projection for new growth revenue.

FY27 Requested - Levy Calculation

FY26 Levy Total	27,103,547
Add 3% increase allowed by statute	813,106
Add 1% increase from foregone balances	271,035
Add 3% temporary increase for capital expenditures	813,106
Add revenue from new growth	310,000
Total Levy Allowed (Projection)	**29,310,795**

PROPERTY TAX IMPACTS

- With the recommended property tax increase, the average homeowner would pay approximately $7.84 more per month in City property taxes.

Property Type	Taxable Value	Projection - monthly tax increase with 7% increase	Annual Increase
Residential	$600,000	$7.84	$94.12
Residential Rental	$961,425	$12.57	$150.81
Residential	$1,020,336	$13.34	$160.05
Commerical Property	$1,862,436	$24.35	$292.14

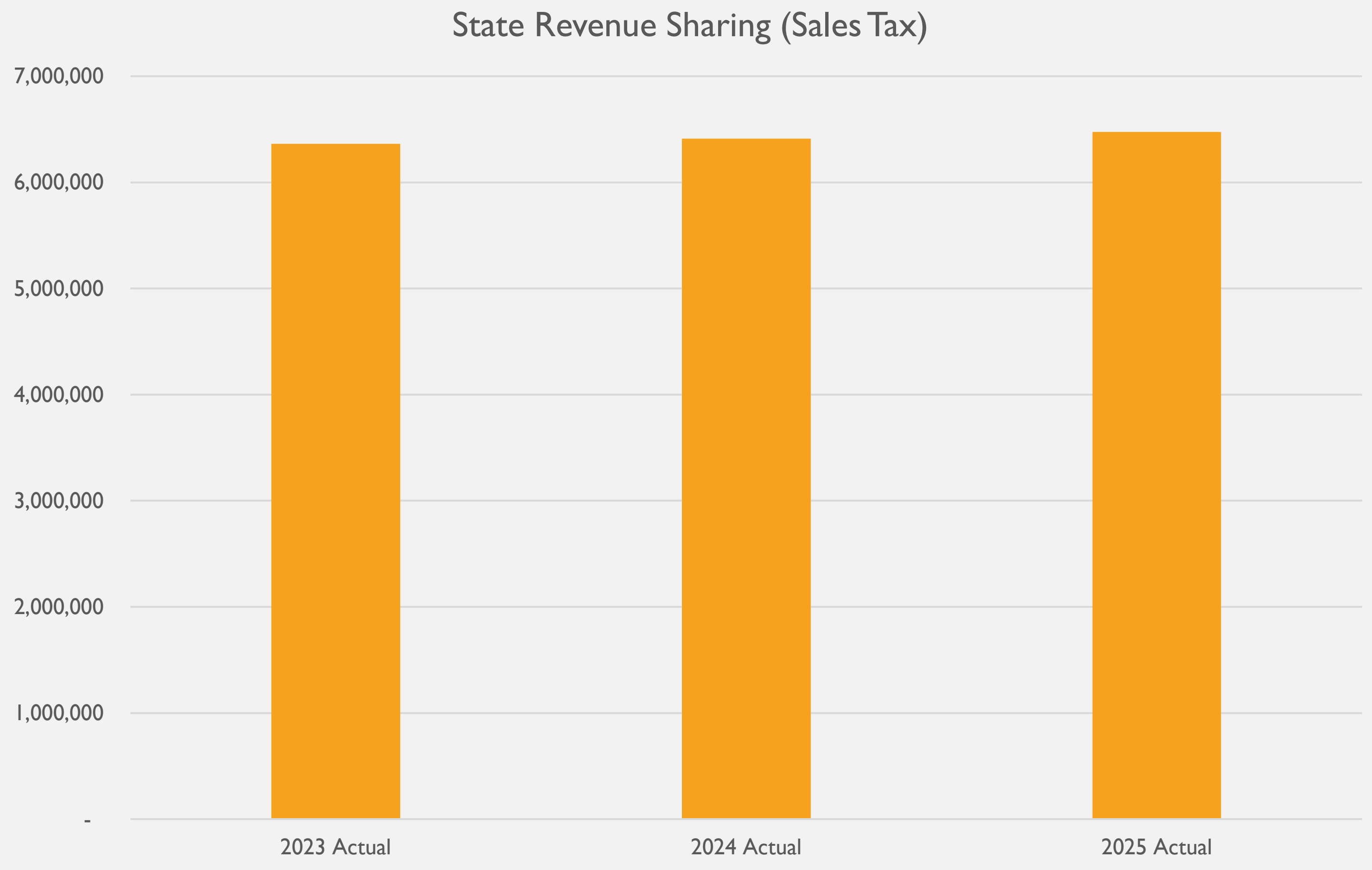
MAJOR CHANGES IN REVENUE

- Intergovernmental Receipts- Mainly lower due to highway user revenue projected to be lower than recent fiscal years.

FY27 Requested - Intergovernmental Receipts

General Fund Revenue Category	FY26 Adopted Budget	FY27 - Prelminary	Increase (Decrease)
State Grant	$ 90,000	$ 161,453	$ 71,453
Federal Grant	145,000	145,000	-
FEMA Reimbursements	-	-	-
State Liquor Tax	1,300,000	1,232,318	(67,682)
Highway User Tax	4,709,427	3,543,847	(1,165,580)
State Revenue Sharing (Sales Tax)	6,648,691	6,753,979	105,288
Highway District (Thru County)	500,000	500,000	-
Kootenai County EMSS	2,563,104	3,059,801	496,697
Other Income (Thru County)	40,000	40,000	-
Reimb - Cost of Prosecution	16,000	16,000	-
School Resource Officer	681,051	715,104	34,053
Total Intergovernmental Receipts	**$ 16,693,273**	**$ 16,167,502**	**$ (525,771)**

THE CITY'S LARGEST STATE REVENUE CATEGORY - SALES TAX REVENUE HAS REMAINED FLAT



MAJOR CHANGES IN REVENUE

- Interfund transfers do not include a transfer from Annexation Fees because these one-time revenues are declining and should not be relied upon to sustain ongoing operations.

FY27 Requested - Interfund Transfers

Description	2026 Adopted	FY27 - Prelminary	Increase (Decrease)
Street Division Services	$ 109,337	$ 112,617	$ 3,280
Reimbursement for Street Wear	505,833	521,008	15,175
Interfund Overhead Transfer	2,368,371	2,429,409	61,038
Interfund Overhd Trf - Operations Tech	118,987	118,987	-
Transfer in from Parking Fund	410,000	410,000	-
Transfer in from ARPA Funds	-	-	-
Transfer in from Sanitation Fund	-	19,232	19,232
Transfer from Impact Fees	-	-	-
Trf from Annexation Fee Fund	580,000	-	(580,000)
	$ 4,092,528	**$ 3,611,253**	**$ (481,275)**

GENERAL FUND EXPENDITURE OVERVIEW

EXPENDITURE CHANGES

All General fund Expenditures

Description		2026 Adopted	FY27 - Prelminary		Increase (Decrease)	% Difference
Mayor/Council	$	286,809	284,394	$	(2,415)	-0.8%
Administration		259,679	255,770		(3,909)	-1.5%
Finance Department		1,913,677	2,075,382		161,705	8.4%
Municipal Services		3,073,761	3,114,643		40,882	1.3%
Human Resources		548,119	542,261		(5,858)	-1.1%
Legal Department		1,447,251	1,641,193		193,942	13.4%
Planning Dept		814,380	911,597		97,217	11.9%
Building Maintenance		928,993	1,271,351		342,358	36.9%
Police Department		21,465,565	21,667,563		201,998	0.9%
Police Dept Grants		567,458	575,474		8,016	1.4%
Fire Department		15,043,792	15,922,112		878,320	5.8%
Streets/Engineering		7,015,993	7,612,473		596,480	8.5%
Parks Department		3,258,893	3,331,246		72,353	2.2%
Recreation Dept.		838,839	846,116		7,277	0.9%
Building Inspection		1,180,048	1,496,167		316,119	26.8%
General Government		70,810	226,885		156,075	220.4%
Total Expenditures	**$**	**58,714,067**	**$ 61,774,626**	**$**	**3,060,559**	**5.2%**

Wages

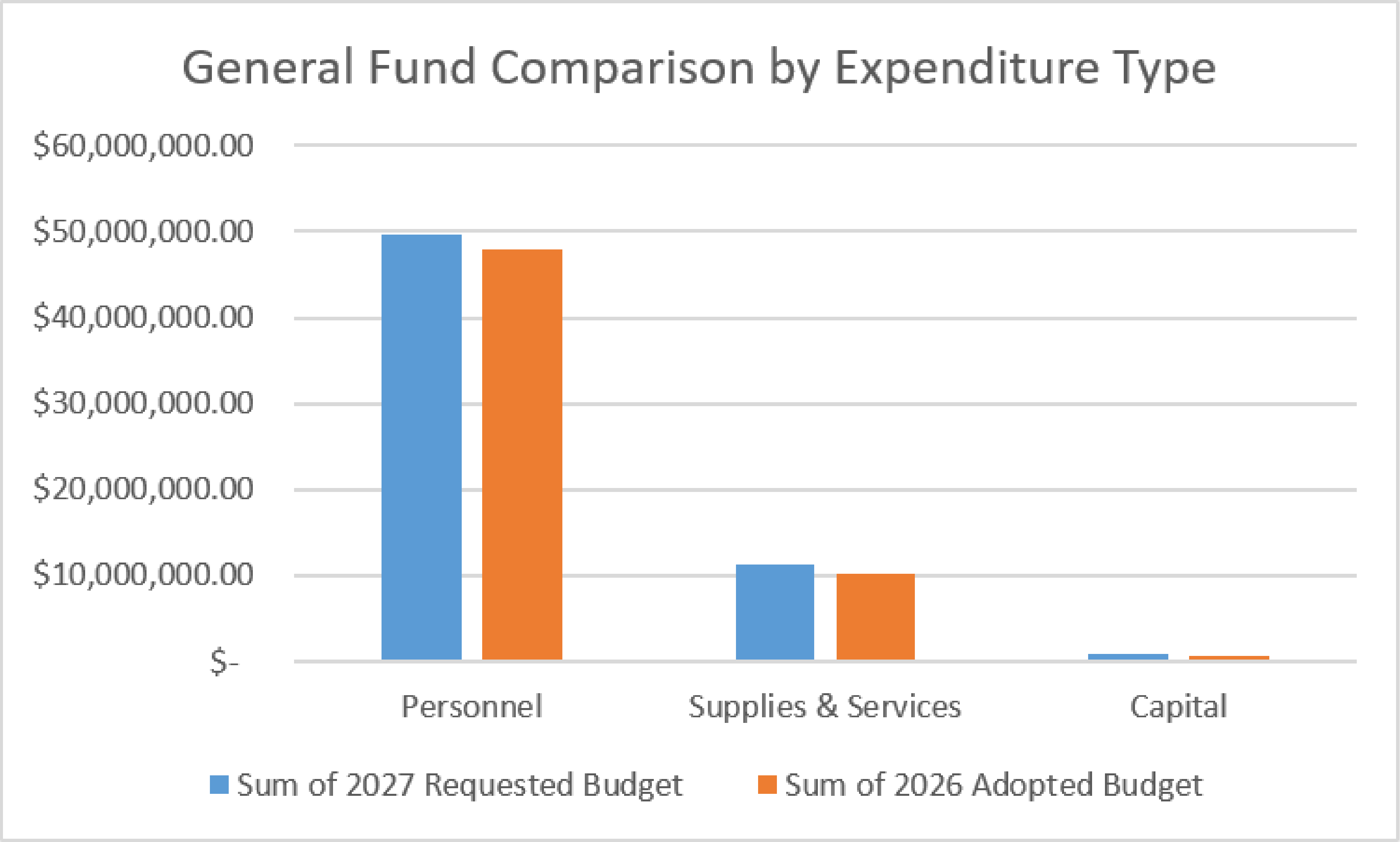
Description	2026 Adopted	FY27 - Prelminary	Increase (Decrease)
Mayor/Council	$ 132,852	135,314	$ 2,462
Administration	204,983	190,026	(14,957)
Finance Department	601,480	650,509	49,029
Municipal Services	1,318,096	1,391,722	73,626
Human Resources	279,987	292,460	12,473
Legal Department	967,945	1,082,744	114,799
Planning Dept	535,594	569,504	33,910
Building Maintenance	392,689	517,111	124,422
Police Department	13,190,286	13,212,410	22,124
Police Grants	384,606	389,065	4,459
Fire Department	9,560,301	9,878,245	317,944
Streets/Engineering	2,379,540	2,540,341	160,801
Parks Department	1,563,726	1,484,949	(78,777)
Recreation Dept.	487,451	444,901	(42,550)
Building Inspection	762,326	828,884	66,558
			-
Total Expenditures	**$ 32,761,862**	**$ 33,608,185**	**$ 846,323**

- Changes in wages:
  - LCEA/Exempt staff have a negotiated wage increase of 3.5%.
  - Fire (IAF) staff have a negotiated wage increase of 3.5%.
  - Police (POA) negotiations will begin in August, and any associated increases will be budgeted.
- Changes in FTE:
  - **Legal** – Addition of 0.5 City Attorney to reflect hiring a part time attorney, but keeping full position vacant.
  - **Building Maintenance** – 2.0 FTE to reflect 1 custodian added in FY26 and request for an HVAC technician.
  - **Fire** – 4.0 FTE to reflect 3 Firefighter/EMT positions funded by KCEMSS and additional Fire Marshall position.
  - **Building Permitting** – 1.0 additional Inspector/Plan Examiner

Benefits

Description	2026 Adopted	FY27 - Prelminary	Increase (Decrease)
Mayor/Council	$ 144,807	140,380	$ (4,427)
Administration	52,106	62,944	10,838
Finance Department	281,094	314,322	33,228
Municipal Services	579,378	601,701	22,323
Human Resources	126,727	132,101	5,374
Legal Department	403,306	484,349	81,043
Planning Dept	235,586	251,693	16,107
Building Maintenance	254,354	287,074	32,720
Police Department	5,803,454	6,067,357	263,903
Police Grants	182,852	202,304	19,452
Fire Department	4,324,151	4,595,475	271,324
Streets/Engineering	1,392,103	1,549,426	157,323
Parks Department	728,817	751,447	22,630
Recreation Dept.	191,138	201,215	10,077
Building Inspection	362,186	430,555	68,369
Total Expenditures	**$ 15,062,059**	**$ 16,072,343**	**$ 1,010,284**

- Health benefit premiums increased by 16%.
  - This increase reflects a broader trend, as many employers are experiencing significant premium increases following several years of relative stability.
  - Additional FTEs discussed in previous slide will also add to overall benefit cost increases.
  - Costs fluctuate year-over-year based on staff benefit selections.



General Fund Comparison by Expenditure Type
$60,000,000.00
$50,000,000.00
$40,000,000.00
$30,000,000.00
$20,000,000.00
$10,000,000.00
$-
Personnel
Supplies & Services
Capital
Sum of 2027 Requested Budget
Sum of 2026 Adopted Budget

WHERE DOES A TAX DOLLAR GO?

BUDGET SUSTAINABILITY

POSITIVES FOR THE CITY'S FINANCES

COMMUNITY AND ECONOMIC FACTORS

- Inflation remains relatively stable.
- Assessed values have stabilized.
- The City's compensation package remains competitive.

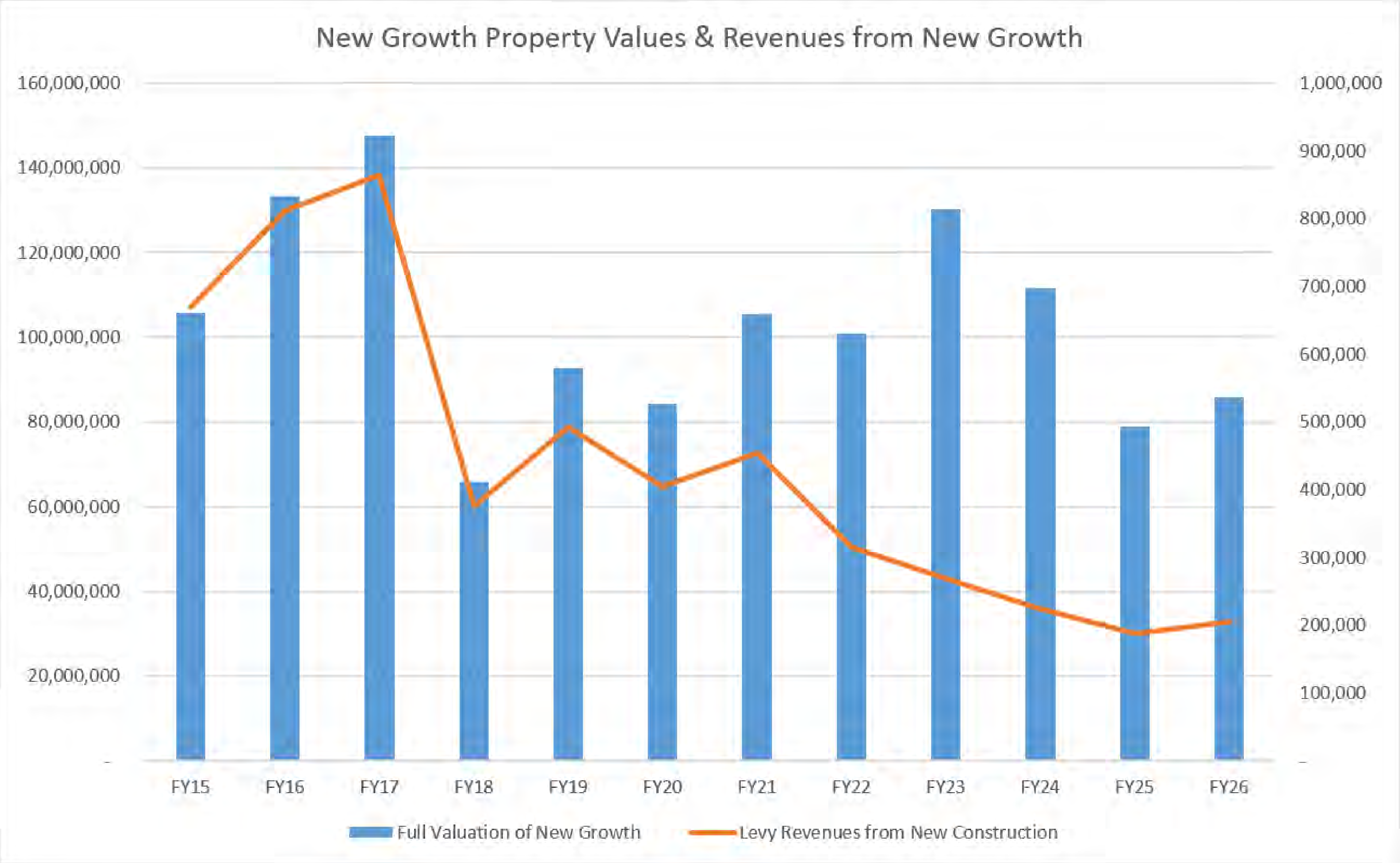
OPERATIONAL EFFICIENCIES

- Despite rapid growth, City staffing levels have remained steady, with no reduction in service delivery.

CHALLENGES FOR THE CITY'S FINANCES

Growth Does Not Equal Revenue

- There is a common misconception that the City's growth generates substantial new revenue — **this is not the case.**
  - Last year, the City received only $201,000 in new construction revenue despite $84 million in new construction value.
  - Due to state-imposed formula limitations, property tax revenue from new construction remains minimal, even though growth continues at a steady pace.
  - The City is still required to serve this new growth — with no equivalent increase in resources.



Full valuation is in 100s

CHALLENGES FOR THE CITY'S FINANCES

Expenditure increases

- The City's staffing levels have remained relatively flat despite rapid community growth. The additional FTEs included in the proposed budget are necessary to maintain service levels and meet increasing operational demands.
- Health benefit increases resulted in just over $717,000 in new costs for FY27.
- Contractual agreements with LCEA and Fire bargaining groups increased personnel costs for FY27 by roughly $740,000.

CITY'S PROJECTED DEFICIT

Revenue Changes	Amount
Projected decrease in Highway User Tax revenue	(1,165,580)
End of on-going Annexation Fee Transfer	(580,000)
Increase in Property Taxes	2,176,289
Preliminary calculation of licenses and permits revenue increase	696,200
Increase in budgeted Kootenai County EMSS revenue	496,697
Net impact of minor changes across revenue categories	317,871
Total identified FY27 revenue changes	**1,941,477**

Cost Changes	Amount
All General Fund - Wages and benefits	
Estimated City share of the 16% health insurance premium increase	(717,280)
3.5% negotiated increase for Lake City Employee Assoc.	(429,562)
3.5% negotiated wage increase for IAFF-represented Fire Department employees	(310,045)
Subtotal	(1,456,887)
FTE Requests	
All other general fund department FTE requests	(485,184)
Externally funded firefighter positions	(316,000)
Subtotal	(801,184)
Supplies and Service Increases	(1,044,529)
Capital Increases	(170,000)
Net impact of minor changes across expenditure categories (savings)	316,715
Total identified FY27 expenditure increases	**(3,155,885)**
Prior year ongoing general fund deficit	**(1,865,857)**
Projected FY27 Deficit	**(3,080,266)**

Revenues

Projected FY27 General Fund Revenues	58,789,686

Expenditures

Projected FY27 General Fund Expenditures	61,869,952

Ongoing deficit in general fund	**$ (3,080,266)**

Assumptions for this calculation:

Revenues include a 7% property tax increase.

Expenditures include full budget requests from departments.

BUDGET SUSTAINABILITY

Next Steps

- Recommendation: approve a 7% property tax increase for FY27
- Evaluate strategic position holds throughout FY27 to generate savings while minimizing immediate impacts on core services. Historically, normal turnover and vacancies result in personnel savings of approximately 2% annually, which could produce close to $1 million in FY27 savings.
- Analyze the FY27 budget additions to determine whether department directors support any reductions in those areas.

ANALYSIS REQUESTED BY MAYOR GOOKIN

This slide summarizes the City's annual SaaS expenditures.

Estimated SaaS Software Expenditures

General Fund

Muni Svc	296,868
Police	303,557
Fire	27,359
Bldg	6,195
HR	13,088
Planning	748
Legal	14,810
Parks	5,945
	668,570

Other Funds

Water	24,971
Library	36,333
WW	54,559
	115,863

COUNCIL
Q&A / DISCUSSION