MINUTES OF A CONTINUED MEETING OF THE CITY
COUNCIL OF THE CITY OF COEUR D' ALENE, IDAHO,
HELD AT THE LIBRARY COMMUNITY ROOM

July 27, 2026

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 27, 2026, at 12:00 Noon, there being present the following members:

Dan Gookin, Mayor

Kenny Gabriel	) Members of Council Present
Dan Sheckler	)
Amy Evans	)
Kiki Miller	)
Christie Wood	) (joined by phone at 12:25 p.m.)
Dan English	) Member of Council Absent

DEPARTMENT HEADS PRESENT: Michael Dominguez, City Administrator; Renata McLeod, Municipal Services Director/City Clerk; Katie Ebner, Finance Director/ City Treasurer; Ted Lantzy, Building Official; Jon Fugitt, Fire Chief; Melissa Tosi, Human Resource Director; Elizabeth Westenburg, Library Director; Adam Rouse, Parks & Recreation Director; Greg Yeager, Police Chief; Todd Feusier, Streets & Engineering Director; Randy Adams, City Attorney; Kyle Marine, Water Director; Mike Becker, Capital Programs Manager; and Sean Holm, Senior Planner.

COMPENSATION AND CLASSIFICATION STUDY: Human Resources Director Melissa Tosi introduced David Jeppson, Best Day HR Consultant. Mr. Jeppson presented the Compensation and Classification Study findings. He noted that the City of Coeur d'Alene's overall pay is competitive with the market, with an overall comparison ratio of 102% and a ranking of 3rd out of 12 peer organizations. Of the 123 positions, about 87 are within market, 29 above, and 7 notably below the market. Some positions for priority review are the HR Specialist and Street Maintenance Worker, plus a few others like Parks Superintendent, Wastewater Maintenance Mechanic, and Lead Custodian with thinner comparison data. He emphasized that the City's pay structure is working as intended. Below-market or above-market findings do not require immediate across-the-board raises or cuts, but rather targeted review and phased adjustments over several budget cycles. Over the past nine years, the City has done a strong job maintaining competitive pay through cost-of-living adjustments, targeted market-based hiring efforts, and position-specific compensation reviews. However, the current 22-grade salary structure would benefit from a comprehensive review, as several grades are unused, overlap significantly, and create ambiguity between position levels. Mr. Jeppson recommended transitioning to a streamlined 16-grade structure with clearer distinctions between levels while maintaining sufficient room for employee growth and advancement. This change would improve transparency, consistency, predictability, and internal equity across departments. He stated that structural revisions are not intended to reduce employee pay, but rather to ensure positions are appropriately classified and compensated. He also recommended annually reviewing market and cost of living adjustments and conducting a full compensation study every four to five years to keep pace with changing labor market conditions.

Mr. Jeppson also reviewed compensation compression, noting that compression occurs when positions with substantially different levels of responsibility are paid similarly. While some compression was identified, particularly among collectively bargained positions due to negotiated pay structures and tenure-related factors, no widespread systemic issues were found among non-represented employees. Recommendations included monitoring compression, prioritizing below-market positions for potential adjustment, evaluating alignment between water and wastewater roles, documenting positions that are compensated above market rates, and understanding where represented versus non-represented employee groups limit or allow compensation changes. Overall, the analysis concluded that the City remains competitive in the market, has valuable position-level compensation data to guide future decisions, and can address identified issues gradually through normal budget cycles rather than through immediate large-scale changes.

CALL TO ORDER: Mayor Gookin called the meeting to order at 12:25 p.m.

DISCUSSION: Water Director Kyle Marine asked whether the consultant had specifically compared Water and Wastewater Department positions as part of the study or if that analysis still needed to be completed. Mr. Jeppson confirmed that they did review each of the department's positions.

City Administrator Michael Dominguez asked about the ranking and the compensation gap between Coeur d'Alene and the municipalities ranked immediately above and below it in the market group comparison, given that the city was ranked third overall. Mr. Jeppson explained that Coeur d'Alene appears to pay employees at a higher level than many comparable municipalities. Overall, Coeur d'Alene was found to be well positioned compared with similar Idaho cities, ranking close to municipalities such as Boise and Meridian and above many others in the study. Mr. Jeppson also noted that Coeur d'Alene is recognized as a strong-paying employer and may even be used by other municipalities as a comparison point when conducting compensation studies. He stated that the study focused only on base pay and did not evaluate total compensation, including retirement and other benefits. If total compensation were compared to private-sector employers, the city's overall competitiveness would likely appear even stronger.

FISCAL YEAR 2026-2027 PRELIMINARY BUDGET: Finance Director Katie Ebner presented an overview of the FY 2027 General Fund budget, highlighting revenue and expenditure trends, annual cost increases, and the City's ongoing budget sustainability challenges. The General Fund budget includes all departmental requests and areas where Council has the most budgetary discretion. Property taxes remain the largest revenue source, followed by intergovernmental revenues, licenses and permits, and operating transfers. The proposed budget reflects a 7% increase in property tax revenue, driven by a 3% statutory increase, the use of 1% foregone taxing authority, and a potential 3% temporary increase for capital expenditures. For a home with a taxable value of $600,000, the estimated impact would be about $7.84 per month, or $94.12 annually. Ms. Ebner also noted net decrease in intergovernmental receipts of $525,771.00 largely due to highway user revenue projected to be lower than recent fiscal years. State liquor tax revenues may also decline because a portion of those funds are now being shared with the Idaho State Police, although overall alcohol sales trends also affect distributions. On a positive note, increased EMS funding is expected to offset the cost of additional EMS positions. State sales tax revenues, while still a major funding source, appear to have leveled off. Additionally, the City is phasing out its reliance on annexation fee funds, a one-time revenue source that has supported General Fund operations for several years but is nearing depletion. On expenditures, Ms. Ebner noted that personnel costs remain the largest component of the General Fund budget. Wage increases include negotiated 3.5% raises for most employee groups, while police contract negotiations have not yet been budgeted. Proposed staffing additions include positions in Legal, Building Maintenance, Fire, and Building Permitting, with some supported by dedicated funding sources. Employee benefit costs are projected to rise significantly, with health insurance premiums estimated to increase by 16%. Public safety continues to represent the largest share of City expenditures, followed by general government, public works, and culture and recreation. Regarding budget sustainability, Ms. Ebner noted several positive factors, including stable inflation, competitive employee compensation, and operational efficiencies that have allowed support departments to keep pace with growth without significant staffing increases. However, she stressed that growth does not generate enough new property tax revenue to fully offset the increased demand for City services. State-imposed property tax limitations have reduced the City's ability to capture revenue from new development, creating a growing gap between service demands and available funding. As a result, while the City continues to grow, the revenue generated from that growth has not kept pace with the costs of maintaining service levels expected by the community.

Councilmember Gabriel noted that House Bill 389 has gutted the city's ability to raise additional revenue and asked how close the city would be to the $1.94 million if prior law still applied. Mayor Gookin replied that the city would be even because the anticipated $3 million in ongoing urban renewal revenue became just $1 million when the district closed. Ms. Ebner explained that the city is now permanently constrained by the statutory 8% cap on recapturing urban renewal value as other districts close, removing a key tool the city had long used to catch up revenues.

Ms. Ebner noted that staffing levels have remained relatively flat despite rapid community growth, service demands continue to rise, and state-imposed limits on new-growth revenues have eroded budget flexibility. Assuming a 7% property tax increase, the city's projected revenues for FY27 is $58,789,686 while projected general fund expenditures is $61,869,952. The projected deficit in the general fund would be $3,080,266. Next steps are to bring Council a high-water-mark budget resolution on the August 4, 2026, Council meeting, then work with the City Administrator and Department Directors to trim requests and narrow the deficit before the final budget ordinance.

Mayor Gookin discussed the city's annual Software as a Service expenditures. He explained that instead of buying software outright like in the past, the city now pays ongoing subscription fees, which is the market trend, often with data stored in the cloud and returned only in difficult-to-use formats if the subscription ends. These fees are rising steadily and are essentially unavoidable in the short term because the systems are critical to operations. He believes that over time these escalating subscription costs could reach a point where it would be cheaper to hire a team of programmers than to continue leasing software, and his intention is to flag this as a long-term budget pressure the Council will need to monitor, even if no immediate action is being taken. Councilmember Sheckler asked if this could be coordinated with the Association of Idaho Cities (AIC) or the city would do independently. Councilmember Gabriel replied that there is currently no active AIC discussion about this issue.

DISCUSSION: Mayor Gookin stated that Council's main decision is whether to approve a 7% property tax increase, noting that many other cities are facing similar challenges. He clarified that while the city is financially stable, rising costs, inflation, and state legislative restrictions on local governments are creating budget pressures. He cautioned that not using available foregone taxes and capital expenditure options could worsen future financial flexibility.

Councilmember Gabriel stated that the city is left with no choice in order to maintain current service levels and preserve any chance to advance in the future. Councilmember Sheckler agreed, emphasizing that with so much of the budget devoted to public safety, meaningful cuts would effectively mean defunding police and fire, which he sees as unacceptable. Councilmember Wood voiced support as well and asked whether a total valuation of city assets has been undertaken. Mayor Gookin explained that Planning Director Hilary Patterson is gathering the information on city properties and Council will have a workshop on the disposition; however, any proceeds from property sales would be a one-time source of funding that would not address ongoing budget needs but could help with capital items. Councilmember Wood asked if department requests will be reviewed again and be brought back to Council with recommendations. Mr. Dominguez confirmed he will work with Ms. Ebner to look for further reductions before the final budget.

Mayor Gookin noted that the budget figures currently do not include the Police Officers Association agreement, which will be discussed by Council in the near future. He thanked staff for their work on a difficult budget and highlighted the city's limited ability to benefit from new growth, describing it as frustrating that $83 million in new growth generates only about $200,000 in revenue for the city. He pointed out that this situation is largely driven by state legislative constraints and said the city must continue to manage these challenges as effectively as possible.

ADJOURNMENT: MOTION: Motion by Gabriel, seconded by Evans, that there being no other business, this meeting be adjourned. **Motion carried.**

The meeting adjourned at 1:17 p.m.