

## February 24, 2020

The City Council of the City of Idaho Falls met in Council Work Session, Monday, February 24, 2020, in the Council Chambers in the City Annex Building located at 680 Park Avenue in Idaho Falls, Idaho at 3:00 p.m.

### Call to Order and Roll Call:

There were present:

Councilmember Michelle Ziel-Dingman  
Councilmember Jim Francis  
Councilmember Thomas Hally  
Councilmember Shelly Smede  
Councilmember Jim Freeman

Absent:

Mayor Rebecca L. Noah Casper  
Councilmember John Radford

Also present:

Bryce Johnson, Police Chief  
Jeremy Galbreath, Police Captain  
Pamela Alexander, Municipal Services Director  
Josh Roos, Treasurer  
Mark Hagedorn, Controller  
Scott Grimmatt, Fire Marshal  
Randy Fife, City Attorney  
Kathy Hampton, City Clerk

Mayor Pro Tem Dingman called the meeting to order at 3:00 p.m. with the following items:

### Calendars, Announcements and Reports:

February 27, Idaho Falls Power (IFP) Board Meeting; and, City Council Meeting

### Liaison Reports and Council Concerns:

Councilmember Hally stated a legislative call will be held on February 27. He briefly reviewed the pending legislative item regarding property taxes. He also stated a ribbon cutting will be held at Jackson Hole Junction on February 27; and, the Idaho Falls Fire Department (IFFD) awards banquet will be held on February 28.

Councilmember Smede reminded the Council of the upcoming budget season.

Councilmember Freeman stated IFP Night at the Museum will be held on February 28.

Councilmember Francis stated City Club will be held on February 28 regarding the Small Modular Reactor (SMR) project at the Idaho National Laboratory (INL); Public Works and Parks and Recreation (P&R) departments are working on water management at the zoo; and, the Request for Qualifications (RFQ) is out for the splash pad.

### Acceptance and/or Receipt of Minutes:

There were no minutes to accept.

### Idaho Shelter Coalition Memorandum of Understanding (MOU) Discussion:

Councilmember Francis stated this is an aspirational document which will take the Idaho Falls Animal Shelter (IFAS) to a no-kill status for non-adoptable animals due to health reasons. This MOU will be linked to 25 additional State shelters and the City of Idaho Falls will be the model for the other shelters. Councilmember Francis briefly reviewed several other cities participating in the MOU. Chief Johnson stated as the mission of shelters has evolved this allows shared resources. He also stated the ultimate goal is to not kill animals for lack of space. Councilmember Francis stated this MOU is consistent with the additional person previously approved in the budget. Chief Johnson commended the IFAS. Mayor Pro Tem Dingman noted the only cost in the MOU will be approximately \$500 in travel costs. This item will be included on a future Council Meeting agenda.

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Quarterly Finance Presentation:

Mr. Hagedorn reviewed the following with general discussion throughout:  
Fiscal Year 2019/20 Budget to Actual Revenue Reporting:

Total Revenues and Reserves:

2019/20 Budget = \$236,185,823

Year to Date = \$36,507,128

Percentage Received = 15.46%

Mr. Hagedorn stated the City at a whole is at 15% of projected revenues. There is not a flat-line revenue stream due to non-winter construction costs. The amount projected is expected. Mr. Hagedorn stated collection of property taxes is approximately 60%-40% distribution with more payments received in January. He also noted the close-out of the Idaho Falls Redevelopment Agency (IFRdA) district amount was received in October, this amount is included in the property tax revenue. Intergovernmental Revenue is also where to be expected. Charges for Services are mainly received in the warmer months. The Fund Balance is a placeholder to balance the budget.

Fiscal Year 2019/20 Budget to Actual Expenditures:

2019/20 Budget = \$236,185,823

Year to Date = \$32,559,573

Percentage Expended = 13.8%

Mr. Hagedorn stated there are currently more revenues than expenditures. Wages and Benefits will increase in the warmer months for seasonal employees. Interfund Transfers were higher than expected due to more activity/work being completed.

10-Year Historical Actual Revenue to Expenditures (line chart):

Mr. Hagedorn reiterated costs will be accelerated in the later months although, for the most part, the City is breaking even. Director Alexander stated this is related to forecasting and trends. Mr. Hagedorn stated the auditors have noted the City does not have a lot of debt as compared to other cities.

10-Year Historical Actual Revenue to Expenditures (bar chart):

Mr. Hagedorn stated this compares costs from December to year-end.

Fiscal Year 2019/20 General Fund Budget to Actual Revenue Reporting:

2019/20 Budget = \$48,972,711

Year to Date = \$6,421,251

Percentage Expended = 13.11%

Mr. Hagedorn stated it takes five (5) years to collect on property taxes. To the response of Councilmember Smede, Mr. Hagedorn stated fines and forfeitures revenues are received from the County.

Fiscal Year 2019/20 General Fund Budget to Actual Expenditures:

2019/20 Budget = \$50,343,720

Year to Date = \$11,037,072

Percentage Expended = 21.9%

Mr. Hagedorn stated there is \$5M more in expenditures than revenue, which shows a disconnect as revenues are not annualized and are received when received. This relates to the timing of tax collections from the County. The City is currently in the window (around 25%) where expected. Capital Outlay is slightly higher due to purchase of vehicles.

10-Year Historical General Fund Actual Revenue to Expenditures (line chart):

Mr. Hagedorn stated historically the revenue calculation of taxes was annualized, which did not fall within practice. A change was made to a cash-basis to recognize the revenue when received which will assist with forecasting and predicting trends. Therefore, the slight variance was expected. By closing the gap, this will make predicting the revenue stream in the next year more important. Mr. Hagedorn stated the increase in expense is due to change in personnel and wildland deployment recording. He noted over the course of the previous year the IFFD has been trying to collect wildland deployment invoices monthly. The special revenue fund will make this more transparent.

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10-Year Historical General Fund Actual Revenue to Expenditures (bar chart):

Mr. Hagedorn stated expenses are up and down with a slight increase over time.

General Fund Recommendations:

- Hold on use of all payroll related budget savings  
Mr. Hagedorn stated directors like to repurpose these budget savings on other items, this is not recommended. There is recommendation not to repurpose without discussion.
- Hold on reallocation of significant budget savings  
Mr. Hagedorn stated any amount above \$10K should be held. This would give directors use of budget savings in other areas without spending a significant amount of savings. This will also allow to narrow the gap of expenses and revenues.
- Mid-year analysis of possible budget reduction based on forecasted revenues  
Mr. Hagedorn stated expenses should not be spent without the revenues. The budgeted amount could be decreased with Council approval. Director Alexander stated this would benefit the City as a whole as this savings would be applied back to the General Fund. Mayor Pro Tem Dingman is in support of this pending the legislation. It was noted \$10K savings or less could be decided by the director, \$10K savings or more would require Council approval.

General Fund Cash Flow 2017-2019 for previous three (3) years of General Fund:

Mr. Roos reiterated January and July are the highest months due to tax payments received.

Mr. Roos compared December 2018 Treasurer's Report with December 2019 Treasurer's Report:

- Total Cash and Investment
  - 2018: \$108M
  - 2019: \$109M
- General Fund
  - 2018: -\$1.1M
  - 2019: \$400K (increase mainly from close-out of the IFRdA district)
- Airport
  - 2018: \$1.7M
  - 2019: \$223K (shortage mainly due to grants)
- Ambulance
  - 2018: \$1.5M
  - 2019: \$2.7M (-\$1.2M shortage from Wildland Fund transfer, payback to General Fund, and, pending payments from Bonneville County)

Director Alexander stated quarterly meetings occur with the ambulance collection agency. A campaign during tax season will address collection of older accounts.

- Power
  - 2018: \$46M
  - 2019: \$49M

Mr. Roos stated there are many factors and variables with Power including fiber, inventory, projects, and, power purchases.

Banking Relationships:

- Bank of Idaho: five (5) active accounts – all sweep accounts except for payroll; Positive Pay and ACH protection; Earnings Credit (don't pay fees); Money Market 1<sup>st</sup> quarter interest 1.55% - \$23,226 (since April 30, 2019)
- Wells Fargo: four (4) active accounts – all sweep accounts; Positive Pay and ACH protection; Sweep Account 1<sup>st</sup> quarter interest 1.45% - \$6,430 (since May 31, 2019); Money Market 1<sup>st</sup> quarter interest 1.51% - \$57,679 (since March 31, 2019)

Mr. Roos stated, due to the Earnings Credit, the Bank of Idaho or Wells Fargo can invest on cash in the City accounts. He also stated this is continually being watched.

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Treasurer's Report – Investments:

Total = \$98,332,700.64

City investment types include Agency, Bonds, CD's, Money Market, and, Treasury. September 2019 Cash and Investment = \$106,124,019.42, December 2019 = \$96,787,191.33.

Total City Portfolio Investments Date of Maturity:

Mr. Roos stated, per the investment portfolio, more than 25% of the total investments should not be beyond the 2-year mark. This will allow a cash revenue flow each month. Mr. Roos briefly reviewed cash flow invested each month. Director Alexander stated this is best practice.

Investment Activity for the First Quarter:

Ending September 2019 = \$106M

Ending December 2019 = \$97M

Matured Investments = \$11.2M

Purchased Investments = \$13.5M

Interest Earned = \$637K

Brief discussion followed regarding the Golf Fund and the Ambulance Fund. Fire Marshal Grimmatt stated the IFFD is aggressively looking at ways to close the gap between the Medicaid/Medicare costs. He also stated extra revenue funds are received by wildland fires. Mr. Hagedorn commended Fire Chief Duane Nelson for his efforts. Mayor Pro Tem Dingman recognized the coordination with the finance team and the IFFD. She indicated this issue will be discussed in the upcoming budget sessions.

Mr. Hagedorn reviewed current financial process and projects with general discussion throughout including NaviLine (brief demonstrated followed), Time Clock Plus (digital time sheets), payroll related processes (will be uniform with timekeeping), cash receipt and miscellaneous accounts receivable module (current systems do not communicate well, this will also assist with checks and balances), Stone Orchard cemetery module (current system is home-grown), COGNOS reporting interface (current system is difficult to retrieve data), Full-time Employee (FTE) Control (will determine each departments positions), Fleet module (will give a department portal for each unit), and, point of sale redundancy (current system is hosted on the cloud which could go down with a power outage - mainly for facilities that are paying for services on a daily basis (the zoo, aquatic center, ice rink, recreation center, etc)).

Mr. Hagedorn reviewed proposed financial processes and projects with general discussion throughout including asset migration and module update (one (1) system versus the current three (3) systems), purchasing/accounting payable process review (getting away from the paper process and checks), budgeting module (this system has not previously been used), work order process review (Water Division not able to use due to addressing), digital pay stubs (currently printed and stuffed into envelopes), document management system (moving toward paperless system), online payment portal for miscellaneous receipts (the goal is to take more payments online), and, merchant processing review (will be offering more payment options and will be easier to use, one (1) merchant versus the current five (5) merchants). Mr. Hagedorn believes these projects will be a better process for efficiency.

There being no further business, the meeting adjourned at 4:34 p.m.

s/ Kathy Hampton  
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CITY CLERK

s/ Rebecca L. Noah Casper  
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MAYOR