

## April 2, 2021 Budget Workshop

The City Council of the City of Idaho Falls met in Special Meeting, Friday, April 2, 2021, at the College of Eastern Idaho (CEI) Board Room, located at 600 S. 25<sup>th</sup> E. in Idaho Falls, Idaho at 8:30 a.m.

### Call to Order and Roll Call:

There were present:

Mayor Rebecca L. Noah Casper  
Council President Michelle Ziel-Dingman  
Councilor John Radford  
Councilor Thomas Hally  
Councilor Jim Freeman  
Councilor Jim Francis

Also present:

Pamela Alexander, Municipal Services Director  
Mark Hagedorn, Controller  
Josh Roos, Treasurer (via WebEx)  
Rick Cloutier, Airport Director  
Duane Nelson, Fire Chief  
Bryce Johnson, Police Chief  
Brad Cramer, Community Development Services Director  
Bear Prairie, Idaho Falls Power Director (arrived at 11:00 a.m.)  
Stephen Boorman, Idaho Falls Power Assistant Director  
Robert Wright, Library Director  
Chris Fredericksen, Public Works Director  
PJ Holm, Parks and Recreation Director  
Ryan Tew, Human Resources Director (via WebEx)  
Bud Cranor, Public Information Officer (via WebEx)  
Carla Bruington, Executive Assistant to the Mayor (via WebEx)  
Dana Briggs, Economic Development Coordinator  
Joseph Nilsson, Chief Information Technology (IT) Officer  
Lisa Burtenshaw (via WebEx)  
Randy Fife, City Attorney  
Kathy Hampton, City Clerk

### Announcements, Opening Remarks:

Mayor Casper announced the applications are available for the Association of Idaho Cities (AIC) City of Achievement awards; and a fee resolution will be forthcoming per Public Works.

### Strategic Plan Discussion:

Mayor Casper reminded directors/Councilmembers of Strategic Planning that occurred in the previous year. She indicated since that time Director Alexander, Councilor Francis, Mr. Cranor and herself had been selected to a committee for future strategic planning. Strategic Planning includes City of Idaho Falls Vision, Mission, Cultural Values, and Commitment to Community Expectations. Mayor Casper noted the previous Priority Based Budgeting (PBB) has been incorporated into the Community Expectations. The following were reviewed:

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Vision Statement – the City of Idaho Falls promotes a welcoming, attractive, safe, and diverse community. We embrace small town values, big city efficiencies, and forward-thinking approaches to provide outstanding services and sustainable economic, social, and recreational opportunities for our whole community. General discussion followed regarding who ‘we’ is; small town values; and big city efficiencies.

City of Idaho Falls Mission – the City of Idaho Falls works to provide outstanding quality of life to all our community members and be a model organization with emphasis on leadership, strategic planning and partnership, community engagement, asset and financial management and project implementation.

Cultural Values – One City, One Team; Embrace Data; People Matter; and Committed to Serve. General discussion followed on each value.

Three Primary Areas of Focus – Facilitate Community Development; Cultivate Team Capacity; and Pursue Sustainable Financial Strategies. General discussion followed on each area of focus.

Nomenclature (NOUN) – the devising or choosing of names for things, especially in a science or other discipline; the body or system of names in a particular field.

Strategic Planning Nomenclature – Vision, Mission, Values; Primary Areas of Focus; Goals and Strategies; Approaches/Aspirations; Planning; Budgeting and Resources. General comments followed.

Focus Areas: Goals and Strategies include Be a sustainable City; Provide access to culture, recreation and leisure activities; Promote connectivity and transportation; Support community-level community services and education; Foster a safe and secure community; Engage City residents and businesses; Promote consistency in City communications; Seek and cultivate partnership opportunities; Promote City strengths; Promote inter-departmental coordination; Maintain and improve facilities, assets and infrastructure; Evaluate alternative funding sources; Collaborate inter-departmentally.

Prioritization Criteria – Alignment; Evidence-based; Sequencing; Impact; Reach; Achievability; Enthusiasm.

Budget and Resource Considerations – planning and budget worksheet included Aspirational Vision; Relevant Focus Area(s) and/or Goal/Strategy; Priority/Project for Year 1: 2021-2022; Priority/Project for Year 2: 2022-2023; Priority/Project for Year 3 & 4: 2023-2025; Priority/Project for Years 5-10. General comments followed.

Back to Strategic Planning –

Implementing and monitoring the Strategic Plan: Action Planning is to be led by inter-departmental City Action Teams who will further evaluate and identify SMART (specific, measurable, achievable, responsive and timely) action steps for each top priority; Once the Action Teams have created the plans, they can be rolled out and monitored to determine if the actions steps are achieving desired results, and to point the way on how the City should calibrate and adjust as the priorities are addressed. General discussion followed regarding ongoing, year-round effort: Annually, the strategic planning team should reconvene to revisit and refresh the strategic plan and identity progress. Every three-to-five years, or in periods of significant change, the strategic planning process should be conducted anew; Collectively recognize the highest needs and goals; Commit to dedicating resources to address them; Make a game plan to achieve intended results; Clearly identify what success looks like and a method of monitoring progress; City Action Teams have yet TBD.

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### 2021/Budget Calendar; State and Federal Update; 2021 Financial Outlook:

Director Alexander reviewed the 2021/22 Budget Timeline including the Finance Team developing a balanced draft budget (June 2021); budget presentations to Mayor and Council, and adoption of the tentative budget and fees (July 2021); public hearings and adoption of final budget (August 2021); and new fiscal year to begin October 2021. Mayor Casper stated it is unknown at this time how the money (American Rescue Bill) from the Federal budget is to be used and when this money will be received. She believes this money should not be relied on for the budget. She also stated she is unsure of the State influence of Coronavirus (COVID-19) relief funds. Mayor Casper stated the State legislation will be bringing another version of a property tax bill. She briefly reviewed this proposed version. She believes this is not good policy and would not allow appropriate planning. Mr. Hagedorn concurred the Federal and State money is unknown at this time, although he indicated the capacity/contingency for this money will be included in the budget. He believes there may be conditions for the money. He also believes the property tax proposal could limit the growth and would be detrimental to the City's success. He reviewed the State's Property Tax Reduction Incentive Program and the impact to the City. He stated these small savings will have a large impact to cities. General comments followed including sales tax/online tax.

Mr. Hagedorn reviewed the following:

#### 2021/2022 City-wide Revenue Budget to Actual –

Mr. Hagedorn stated property taxes are at 68% of collections as of February 2021. He noted this is not a comparative year. He also stated Intergovernmental Revenues are slightly higher due to COVID funds, and the Interest Revenue is reduced due to market rates.

Summary: Revenue Original Budget = \$215,994,921; Year to Date Revenues = \$92,346,501.78; % of Revenue to Budget = 42.8%.

#### 2021/2022 City-wide Expenditure Budget to Actual –

Mr. Hagedorn stated Salaries and Wages include temporary staff, this will increase during the summer months; Benefits progress with wages; and Debt Service was paid early.

Summary: Expenditure Original Budget = \$282,323,233; Year to Date Expenses = \$65,899,057.37; % of Revenue to Budget = 23.3%.

#### 2021 Financial Topics –

Budget vs Cash – this includes timing of cash flow, projects not completed, and grants. Mr. Hagedorn stated budget authority does not mean the cash is always available. He indicated the Finance Team is trying to make adjustments as needed to avoid going into the negative.

Designated Cash – has been segregated for a specific purpose, approved by Council, or required by an external source. Mr. Hagedorn noted this amount is identified in the Treasurer's Report.

#### Position Control –

Mr. Hagedorn stated costs in payroll are exceeding the revenue, these should be growing together.

#### 2021/22 Budget Commitments –

Aquatics Center (re-budget) - \$1M committed

Law Enforcement Complex - \$2M committed annual payment for the next 19 years

Airport Minimum Revenue Guarantee Funding Scenarios - \$450,000 (maximum) pending

Police Crisis Intervention Officer (full year) - \$40,000 committed

Step and Grade/Compensation Plan (May 10) - \$350,000 committed, \$630,00 pending

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2020/21 Department Operating Budget Restoration - \$545,000 pending  
Labor Negotiations (ongoing) - TBD pending  
Health Insurance (May 10) - TBD pending

### Strategic Priorities – Enterprise Funds:

Director Wright stated the Library is looking at staffing issues as the current model is unsustainable. He indicated there is not the level of service for the public if staff is absent. He also indicated the Library is looking at hiring, volunteers, and/or realigning staff. There is also re-focus on the Library collection and the use of Library materials which will include a public awareness campaign. Director Wright stated progress of the building expansion will be discussed in the near future, this project may be delayed for several years. He reviewed other projects and anticipated costs. Councilor Francis believes discussion may need to occur regarding the Library Levy. Councilor Radford believes, due to the pressure, there should be a response to the Library needs on the east side of town. He believes a funding source is critical. Per Council President Dingman, Director Wright stated contract discussion with the Library Board and Bonneville County will occur in the future. Brief discussion followed regarding the Library Levy. Mayor Casper noted a presentation from the Library Board will occur at the April 19 Council Work Session.

Assistant Director Boorman stated one (1) of the big projects in Idaho Falls Power (IFP) will include continued Idaho Falls Fiber (IFF) installation to the community. He noted projects can be affected by material availability and pricing. Director Prairie stated IFP wants to ensure system interfacing continues, realizing this can affect other departments/support services. Per Councilor Freeman, Director Prairie stated the City is not under any Federal Communications Commission (FCC) regulations to increase power rates and, the City's fee resolution sets the IFP rates. Brief discussion followed regarding other power sources and line clearance of trees. Per Ms. Burtenshaw, Director Fredericksen explained the street trees trimming process, and Director Holm explained the private-owner tree trimming process.

Director Cloutier stated the Idaho Falls Regional Airport (IDA) received approximately 80% of passengers during 2020 as compared to approximately 40% of national airports; is currently at 90% as compared to the first quarter in 2019; General Aviation operations have increased; and two (2) new airlines will begin this summer with 50% more flights and an increase of seats for these flights. He noted the average fares are 30% less than in 2019. He also stated new incentives include an advertising campaign for new service and non-stop destinations. Director Cloutier indicated IDA is starting on a new master plan for the next ten (10) years. He also indicated the Capital Improvement Plan (CIP) is approved each year for five (5) years, which is then submitted to the Federal Aviation Administration (FAA) for budget and grants. IDA is looking at \$7M in grant funding, and FAA will pay all grant funding for the next three (3) years. Director Cloutier reviewed future purchases and projects, upcoming operational issues, revenue sources, parking issues, and fees. He indicated an extra officer may be needed at IDA. Council President Dingman expressed her appreciation to Director Cloutier and to the Council for investing in air service development. She agreed there are parking issues that need to be addressed. Brief comments followed including hangar lease agreements and parking.

Director Fredericksen reviewed the Public Works divisions. Sanitation – this is the first year of an electric vehicle for sanitation, funding sources are being reviewed as this vehicle is more costly than the current fleet vehicles. Wastewater – the dewatering project is anticipated to be the largest project in this division which is anticipated to cost \$11-12M. This project will eliminate the trucking side of the process. There will also be a Request for Proposal (RFP) for co-generation of methane generated at the Wastewater Treatment Plant (WWTP). Water – the water rate and connection fee studies are being reviewed. The largest project and cost in this division will be the new water tower. Smaller projects include 100 residential meters to be studied for actual usage for long-term metering.

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Councilor Freeman stated negotiations are currently occurring with the Iona Bonneville Sewer District (IBSD). He indicated these negotiations are not going well and he believes this contract may be discontinued in the next several years. Director Fredericksen believes services outside of City limits should not be subsidized. He indicated a future Work Session discussion/presentation may include IBSD. General discussion followed regarding growth of cities and non-municipal entities, and water concerns/issues.

### 2021/22 General/Special Revenue Funds Transitioning to Five-year Plans:

Director Alexander reviewed 2020/21 General Fund Overview –

Public Safety = 59%; Parks and Recreation = 17%; Community Development and Public Works = 12%; Administration = 12%. Total General Fund = \$50,322,082.

### 2020/21 General Fund Budget Highlights –

<u>Budget Item</u>	<u>2020/21 Budget</u>
Salaries and Wages	\$28,455,648
Benefits	13,754,829
Operating, Capital, Depreciation, Other	19,773,758
Aquatic Center	1,018,000
Law Enforcement Complex	1,000,000
Airport Operations/Minimum Revenue Guarantee (MRG)	545,426
City Employee Health Plan	335,262
Redevelopment Agency	200,000
Mid-year Crisis Intervention Officer	40,000
Funland Renovation	39,000

Mr. Hagedorn reviewed the following:

### 2021/2022 General Fund Revenue Budget to Actual –

Mr. Hagedorn stated the budget does not match the revenue due to snow removal.

Summary: Revenue Original Budget = \$49,287,797; Year to Date Revenues = \$29,934,383.04; % of Revenue to Budget = 60.7%.

### 2021/2022 General Fund Expenditure Budget to Actual –

Mr. Hagedorn stated the benefit plan may be higher or lower due to the timing of passage of the plan versus open enrollment in fall. These amounts will increase during the summer months. Brief comments followed regarding the effects of COVID and vaccinations. Mr. Hagedorn believes the revenue may be a challenge in the coming year.

Summary: Expenditure Original Budget = \$50,322,082; Year to Date Expenses = \$18,635,421.03; % of Revenue to Budget = 37.0%.

Mr. Roos reviewed the Negative Cash Balance Policy. He stated there are approximately \$2-3M in negative cash balances. He reviewed negative cash balance funds not-to-exceed 12 months and negative cash balance funds exceeding 12 months. Those exceeding 12 months are considered long-term and should be transitioned into a long-term direct loan. All long-term direct loans will be subject to a market-based interest rate. Mr. Roos indicated those departments that fall into the negative cash balance funds exceeding 12 months should be planning for a direct loan/repayment process. Discussion following regarding the repayment process presentation of direct loans, the effect of departments that go under their budget, and inter-fund transfers. Per Ms. Burtenshaw, Mr. Hagedorn stated the negative cash balance is an on-going issue and has been occurring for several years. It was noted the negative cash balance in the Ambulance Fund is improving.

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Mr. Hagedorn stated property taxes and State-shared revenue make up 90% of City revenue. He reviewed assumptions for property tax calculation for \$200,000, \$250,000, \$300,000, and \$350,000 residential as well as \$500,000, \$2M, and \$10M business. It was noted the stagnant of the home owners exemption causes a higher percentage of change in taxable value to residential versus business, especially the lower amount of residential.

Mr. Hagedorn reviewed the property tax calculation and cost per month of 1%, 3%, and 3% plus \$1M forgone for \$120,000, \$175,000, \$230,000, and \$285,000 residential as well as \$550,000, \$2.2M, and \$11M business. He noted any increase in the property tax amount will be in addition to the Governor's Public Safety Grant Initiative (GPSGI) from the previous year. Mr. Hagedorn reviewed the amounts for (approximate) Growth, Statutory, Forgone. He believes growth money should always be taken. He also believes what the State might do should be factored into what the City should do.

2021/22 General Fund Recommendations – use of data to substantiate challenges; move to a five-year plan; negative cash plans; and position control.

### Department Overview and Q&A; Strategic Priorities – General Fund:

Director Tew stated Human Resources (HR) is not goal-driven as the department is reactive in nature. He also stated upcoming items include transitioning to a new compensation structure including the market component/salary data. This will be on-going for the City. Director Tew stated HR is moving to self-insured, this is anticipated for October 1, 2022. He briefly reviewed the requirement steps to become self-insured. He also stated HR is anticipating to continue training for managers and supervisors, including compliance training. Council President Dingman believes HR has taken on multi-year projects, which she sees as goals as HR is planning ahead for the future. Brief discussion followed regarding software and TimeClock Plus.

Mr. Fife stated the Attorney's Office has two (2) focuses - general legal services and prosecution. He noted the prosecution staff has been reduced to one (1) prosecutor. He also noted general legal services is providing internal support to staff. He believes this benefits the community. He also believes the trend is to transition Idaho Falls as a smaller town to a regional hub that provides several services. Mr. Fife stated the Attorney's Office continues to tweak City Code for consistency and ease of use; they prefer written agreements; and there may be property issues, property acquisition issues, and zoning issues. He noted the Attorney's Office is willing to help resolve issues. He also noted the court liabilities will be reduced as it is shifted from the City to the State. Reduction is scheduled for this year plus two (2) more years. Brief discussion followed. Councilor Hally believes any reduction in the Attorney's Office is for good reason.

Director Cramer stated the Planning Division is doing well although he believes there may be an influx in grants due to the Brownfield Grant and Community Development Block Grant (CDBG) monies. He also stated using contracted inspectors for the Building Division did not go well. He noted a position has been advertised, this position was included in the budget. He also noted the TRAKiT software system in the Building Division is not working as intended, which may be an issue. He indicated discussion for a software system upgrade versus a new software system has occurred, although the costs of each are unknown at this point. Director Cramer stated the goal is not to replace the system. Councilor Radford believes the software system is critical, he is favor of the upgrade if it will work. He is also in favor of the position. Councilor Francis believes software is long-term and the department should do what is best. He also believes the Lomax/1<sup>st</sup> Street corridor should stay as a priority, as he believes the potential to change these neighborhoods is long-term. Discussion followed regarding using Community Development Services for community outreach services and grant writing.

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Director Fredericksen stated Public Works (PW) administration is paid by the three (3) Enterprise Funds, and the Geographic Information System (GIS) position is paid by the three (3) Enterprise Funds as well as IFP. He also stated there is \$1M budgeted annually for snow removal with anticipated revenue of \$525,000 annually, which would be released back to General Fund. He indicated dialogue will be requested to remove the General Fund component, although the extent is to be determined. Director Fredericksen stated the previous year was an average snow removal year, and approximately \$120,000 was spent on contract work. He also stated Public Works is trying to leverage equipment purchases as able (although the initial investment is costly), and use staff as able. He noted construction is lacking help each year, and the department has been using interns. He believes there is a need to leverage additional manpower/labor for construction although this could be difficult in the winter months. Discussion followed regarding the purchase of a tow truck. Director Fredericksen noted Assistant Public Works Director Chris Canfield is very busy in the spring writing grants. He believes \$80,000 for an additional full-time employee (FTE) would be wisely spent. He also stated snow removal discussion will be forthcoming at a Council Work Session. Councilor Radford stated there is an Americans with Disabilities Act (ADA) compliance issue with snow removal on 17<sup>th</sup> Street. He questioned the use of Parks and Recreation staff as similar to the snow removal process on Sunnyside.

Director Alexander stated Municipal Services (MS) is mainly a support department and strives for exceptional customer service. She indicated MS currently has two (2) vacancies in finance, and one (1) vacancy in IT. She also stated MS is preferring to create a Building Equipment Replacement Fund (BERF), including an elevator for City Hall; working to memorialize and update old agreements; discussing the use of the Civic Center, completing City-wide ADA projects, forming an Information Technology Coordination Team (ITCT) (using best practices with software issues); and implementing a safety coordinator (not a General Fund expense). Discussion followed regarding a safety coordinator and a building reserve fund.

Director Holm stated goals for the Parks and Recreation (P&R) Department include being good partners (canal trails and School District 91), regaining consumer confidence, create new revenue (right-sizing the Rec Fund with new revenue sources), mitigate Land and Water Conservation Fund issues, and ensure staff and patron safety at parks facilities (staff restroom at Pinecrest Golf Course). Challenges include minimum wage for seasonal staff, breaking even at the golf courses, the dehumidification project closing the Aquatic Center for four (4) months, Rec Fund deficit, program growth with limited staff in the Rec Fund, retaining staff, user groups lacking adequate facilities, outdated infrastructure and lighting infrastructure, the Point of Sales (POS) system at the zoo, Funland restoration and opening, and creating a better guest experience at the zoo (Island Adventure). Councilor Francis believes a priority for the upcoming budget should be to increase the Rec Levy, and resolve the Land and Water Conservation Fund issues which could allow several pocket parks and grant compliance. Director Holm is hopeful to resolve this issue by next year. Councilor Francis also believes a community center should be considered. He briefly reviewed projects at Heritage Park. Per Councilor Freeman, Director Holm stated the Tautphaus Park Zoological Society (TPZS) is building a new gift shop for the zoo, all proceeds will go to the zoo/City. Councilor Radford agrees a next priority should be a community center, as well as the Land and Water Conservation Fund issues. He expressed his appreciation for Heritage Park.

Chief Johnson stated the goal of the Idaho Falls Police Department (IFPD) is to protect and serve the community. He indicated the Connecting Us, Sustaining Progress (CUSP) Committee survey indicated IFPD is one (1) of most trusted in the community. Chief Johnson stated the IFPD is in year three (3) of year five (5) of the strategic plan; the Idaho Falls Police Foundation is up and running; the policy implementation overhaul is almost completed; and he expressed his appreciation for equipment. Chief Johnson stated, because the IFPD is in the people business, challenges include staffing (this is the major issue), retention, and recruitment. He also stated dispatch serves

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120,000 individuals, he reviewed the number of calls, stating the number of calls are increasing each year. Chief Johnson compared the number of officers and calls with the City of Pocatello. He indicated, by comparison, the City of Idaho Falls should have 110 sworn officers, which is currently at 96, and is 13% understaffed. Chief Johnson indicated the following services have been reduced: traffic accidents on private property (the State requires investigation of traffic accidents on public streets), retail thefts, mental illness calls (the State is responding to some of these calls), neighborhood officer program, gang enforcement, and cold case investigations. He indicated extra patrol may be needed in parks. Chief Johnson believes an extra officer at IDA will require discussion as this takes an officer away from normal duties, which would be difficult, and response calls could be delayed. He believes priority calls need to be maintained. Chief Johnson also noted legal fees will need to be included in the upcoming budget. Councilor Francis believes dispatch staffing is a high-priority. He questioned the Community Oriented Policing Services (COPS) grant. Chief Johnson stated the COPS grant has been written (he noted the grant cannot be used for patrol officers) although the grant is not open at this time. Councilor Freeman stated he is disheartened to hear of reduced services. He recognized the difficulty of hiring officers. General comments and discussion followed including dispatch and incarcerations.

Chief Nelson stated challenges for the Idaho Falls Fire Department (IFFD) include the aging infrastructure of facilities (he believes a BERF would help with this), increased call volume (increase of approximately 10%), the FTE count of 125 (Fire personnel are doing okay, Emergency Medical Services (EMS) staff are stretched – conversation will need to occur with Bonneville County), and lack of comprehensive planning (IFFD has been relying on other entities). Chief Nelson stated goals include implement sustainable growth plans, and a public safety training facility. Councilor Hally indicated the current training facility is not usable. He believes, as the City grows, there is a need for an additional fire station to the north. He also believes the funding received from the Fire District may not be enough. He commended Chief Nelson’s analyzing of costs.

Mayor Casper believes the Lomax/1<sup>st</sup> Street project should be considered during the upcoming budget discussion. She also mentioned impact fees, software, and a Chief of Staff position in the Mayor’s Office. Councilor Radford supports the Chief of Staff position. Council President Dingman agreed as she believes the current model is unsustainable. She also believes there should be a plan to explore a Recreation Center. Councilor Francis also agreed with the Chief of Staff position. He believes priorities include the compensation plan; the City’s contribution; more money into the Greater Idaho Falls Transit (GIFT); suspend partnership grants for another year; and holding the Sister Cities budget line item. Councilor Hally stated he is in favor of a Chief of Staff. Councilor Freeman agreed with the Chief of Staff position. He also stated his priority is for a Cost of Living Adjustment (COLA) increase, and he requested the Council consider taking Forgone. Councilor Radford believes Forgone money should be considered, although this would not be a popular decision; the Lomax/1<sup>st</sup> Street project should be considered; he agrees with the Recreation Center; and he requested the Library not be forgotten.

There being no further business, the meeting adjourned at 4:30 p.m.

s/ Kathy Hampton \_\_\_\_\_  
Kathy Hampton, City Clerk

s/ Rebecca L. Noah Casper \_\_\_\_\_  
Rebecca L. Noah Casper, Mayor