

**July 20, 2021 Budget Session**

The City Council of the City of Idaho Falls met in Council Budget Session, Tuesday, July 20, 2021, at the City Council Chambers in the City Annex Building located at 680 Park Avenue in Idaho Falls, Idaho at 8:30 a.m.

There were present:

- Mayor Rebecca L. Noah Casper
- Council President Michelle Ziel-Dingman
- Councilor Thomas Hally
- Councilor Jim Freeman
- Councilor Jim Francis
- Councilor Lisa Burtenshaw
- Councilor John Radford (arrived at 8:54 a.m.)

Also present:

- Chris Fredericksen, Public Works Director
- Pamela Alexander, Municipal Services Director
- Mark Hagedorn, Controller
- Josh Roos, Treasurer
- PJ Holm, Parks and Recreation Director
- Bill Squires, Police Captain
- Duane Nelson, Fire Chief
- Randy Fife, City Attorney
- Kathy Hampton, City Clerk

**Opening Remarks, Announcements:**

Per Mayor Casper's request, Director Fredericksen provided an overview of chip sealing in the downtown area. He noted arterial streets and the downtown streets are focused on Sundays due to the least amount of traffic. He stated, per discussion with the contractor, HK Contractors, all of downtown including Memorial Drive will be chip sealed over the course of two (2) Sundays. He also stated after the initial chip sealing application, sweeping will occur, followed by fog coating. Director Fredericksen noted seal coating was also performed in the Stonebrook subdivision, and a public outreach presentation has been included on the city's website.

**Introductory Remarks as Needed:**

There were no remarks.

**Property Tax Review and Discussion:**

Mr. Hagedorn stated a new process was just recently passed by the state legislators. The process includes a hypothetical levy amount as follows:

Determination of Growth and Annexation:

Estimate tax amount	
Previous Year Levy	38,392,442.00
3% Statutory	<u>1,151,773.26</u>
Theoretical Levy Amount	39,544,215.26
Total valuation	
Previous Year Valuation	4,766,436,340
12% increase	5,338,408,701
Preliminary levy rate	0.007407491

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Mr. Hagedorn stated the 12% increase was used as a comparison from 2020. He also stated the preliminary levy rate, which is the levy amount divided by full valuation, is applied to new construction and annexation.

Mr. Hagedorn stated the estimate growth amount based on building permit types (residential and non-residential) indicates a \$36M difference. He indicated this may be a timing issue as some permits begin in one (1) year and are finalized in a different year. He also indicated discussion will occur with the county regarding this difference. He believes 90% of new construction for 2020 will amount to approximately \$195,205,794.75 (plus or minus the \$36M difference).

Calculated amount for growth and annexation

90% of New Construction	\$195,205,794.75
Preliminary Levy Rate	0.007407491
Growth and Annexation	\$1,445,985.20

Mr. Hagedorn stated if the increase is greater than 12%, the levy rate decreases and the growth number decreases. If the increase is less than 12%, this increases the levy rate. The ceiling on the levy rate is 8%, which is based by fund and levy type. Mr. Hagedorn stated valuation will have the largest impact on the growth and annexation levy amount as well as the total value of the new construction. He noted the city is waiting to hear from the county on these numbers.

Consideration of Levy Amount:

Amounts possible to levy

Growth and Annexation	– \$1,445,985
Statutory allowable increase	– up to \$1,151,773 (will fluctuate)
Forgone	– 1%=\$383,924, 3% (capital)=\$1,151,773, total forgone=\$6.5M

Per Councilor Hally, Mr. Hagedorn stated this does not include any federal money. Mayor Casper stated committees for the federal money will begin meeting this fall. Mr. Hagedorn noted there is \$20M in contingency (which includes \$10M for federal money (which is intended to last for five (5) years), \$3M for encumbrances, and \$7M for other revenue guarantees). Per Councilor Francis, Mr. Hagedorn stated the growth and annexation sample amount was included in budget presentations. He also stated the largest factor would be the county numbers, noting the county increased their valuation in the previous year by 11%. Per Councilor Hally, Mr. Hagedorn stated valuation is done at the time of annexation. He also stated the previous process for growth and annexation was to take last year's levy rate and apply it to this year's new construction. He indicated under that method, it would bring in \$1.2M, therefore this method will be better in the current year. He also indicated he took a more conservative amount from the governor's plan, he is unsure what the county is doing. He reiterated as valuations increase, levy rates decrease.

Budget Request List Review and Discussion:

Mayor Casper stated the assumption would be that growth and annexation would cover the difference between the income and operating expenses. Additional funding (0-3% increase and/or forgone) would be required for the request list. The request list was reviewed as followed:

Enterprise Fund Requests (these requests are not affected by property taxes) –

Airport – Council President Dingman believes these requests are justified. It was noted the sergeant at the airport is funded through the airport operating budget to the Idaho Falls Police Department (IFPD) as an interfund transfer. Discussion followed regarding the custodians' request. Per Councilor Radford, Mr. Hagedorn stated the allocation

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for the revenue guarantee is not considered a pay-back. Future discussion (after year two (2)) will be required regarding this funding.

Water – the full-time employee (FTE) was requested in the budget presentation. Per Councilor Burtenshaw, Director Fredericksen stated mitigation for the water tower will be paid by the Water Division. He noted the water tower is a multi-year project that has been budgeted in one (1) year, and funding is available to address the mitigation. Discussion followed regarding the Land and Water Conservation Fund (LWCF) mitigation and resources. Mr. Fife noted a committee is meeting monthly to address the LWCF. Per Councilor Francis, Director Fredericksen indicated the water tower project would begin in late 2021/early 2022.

Sanitation – an FTE and additional equipment have been requested. These requests will be covered by fees.

Wastewater – includes the \$6M dewatering project.

Streets – Director Fredericksen expressed his appreciation to the Council for previous equipment purchases as this has provided efficiency for snow removal. It was noted this is not a request for new revenue, this is included in cash balance. Per Councilor Radford, Director Fredericksen explained the snow removal funding shift from the General Fund to the Street Division. Councilor Burtenshaw questioned if the \$80,000 request included in the Parks and Recreation (P&R) budget could be moved to the Streets budget to allow the Sunnyside Park irrigation project. Director Fredericksen noted this project is part of the pathway system through the P&R Department although he indicated he would be willing to budget a portion of the funding if needed. Discussion followed regarding the Pancheri sidewalk widening project. Director Holm believes the Transportation Alternatives Program (TAP) Grant could be applied to either budget. He indicated these grants are typically for mobility, pedestrian and/or bicycle transportation. He indicated the project is slated for 2023 and while the grant is 93% reimbursable (\$80,000), it wouldn't be reimbursable until that time. Director Holm believes this project would improve the overall trail system although the project would require other P&R cuts. Councilor Burtenshaw clarified this potential budget movement was suggested by the liaisons, not the director. Director Fredericksen noted additional TAP projects have been programmed for Parks as alternative transportation projects. Per Councilor Freeman, Director Holm stated this project is estimated to cost \$500,000, and TAP grants are limited to \$500,000. He also stated spending authority would be required knowing the reimbursement is coming back. Following additional discussion, Mr. Hagedorn believes this funding should be included in P&R.

Power – no information was provided.

### Special Revenue Funds:

Golf – Director Holm stated the requests would come out of the Capital Improvement Fund (CIF) accounts. Mr. Hagedorn stated the Rec Fund tax levy increase was previously approved.

Risk Management – new FTE requested by finance, Human Resources (HR), and Legal. Mr. Hagedorn stated this request would be funded from the Risk Management Fund (funded through wages) and would be administered by HR. Director Alexander noted this position has been previously discussed. Mr. Fife indicated this individual would be a resource for safety and training. Per Councilor Francis, Mr. Hagedorn is unsure if the position would be ready October 1. He stated the Risk Management Fund is typically overbudgeted which allows the capacity in cash balance. Mr. Roos indicated the cash balance is currently at \$3.8M. Per Council President Dingman, Mr. Hagedorn and Mr. Young believe this would be a 40-hour position as a pro-active approach versus a re-active approach. Additional comments and discussed followed.

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### General Fund:

Chief of Staff – Councilor Radford stated he is in favor of this position although he cannot support eliminating the Community Support Grants as he believes the city needs to support the non-profit organizations. Council President Dingman stated she cannot support the current process for Community Support Grants. She believes this a challenge for the third-party committee. Councilor Francis stated he is reluctant to move forward with the grants as he believes the process has not worked well. He believes there are other ways to show support. Mayor Casper indicated many of these organizations also receive money from the Community Development Block Grant (CDBG). Per Councilor Freeman, Mayor Casper does not believe another position, such as the Public Information Officer (PIO), could be eliminated to fund the Chief of Staff. She believes the \$90,000 previously allocated for court costs (for the next two (2) years) could help pay for the Chief of Staff and/or Community Support Grants. Mr. Hagedorn stated the \$90,000 for this year has already been reallocated although these costs could assist with the Community Support Grants in the following year. He also stated the grant funding was previously included in non-departmental funds. Councilor Francis noted, per previous discussion, it was stated any amount less than \$130,000 for these grants is not worth staff time. He believes, due to other funding received by the non-profit organizations during COVID, this funding should be suspended for a year and readdressed in the following year.

Municipal Services – Director Alexander believes the requested FTE could be mid-year. Mr. Hagedorn stated the FTE request would be partially funded by the Enterprise Funds. Director Alexander believes the lease accounting software (as a one-time cost) is a higher priority than the request for professional services (which has been cut from the previous funding request).

Discussion followed regarding the 1% forgone, 3% forgone and the American Rescue Plan Act (ARPA) monies. Mr. Hagedorn is fairly confident ARPA money cannot be used for a Fire Station payment. Mayor Casper believes there is funding source to purchase the Fire Station in the current year. She noted additional discussion regarding this funding will occur at the July 26 Council Work Session.

Human Resources – Juneteenth holiday. Mr. Hagedorn stated these costs will be for overtime costs.

Police – Captain Squires is unsure of the funding of the crossing guards with the school district. He also stated the current Tasers will no longer be serviceable, he believes this will be an on-going cost. It was noted there is no other company that provides these Tasers. Discussion followed regarding alternative tools and circumstances for policing. Captain Squires believes the lethal launcher request, including the ammo, is for approximately 25 launchers. Personnel requests include a replacement sergeant for the airport, and the four (4) Community Oriented Policing Services (COPS) Grant officers (split funding of 25-75%, 50-50%, 75-25%, 100-0% over the course of four (4) years). Discussion followed including scheduled vacancies and the need/want for additional officers, and position control. Mayor Casper believes some ARPA money could be used to fund officers. Per Councilor Francis, Captain Squires believes the priority would be officer(s) before Tasers. Mr. Hagedorn stated the authorization for the COPS grant is a future year cost as it would be fully funded in this year. He believes there should be a study for public safety staffing model including supervisor and leadership levels. Councilor Burtenshaw believes services would have to be cut to fund future officers. Per Mayor Casper, Mr. Hagedorn emphasized universally more staff does not decrease overtime. Chief Nelson stated more staff requires an operational change. He indicated the Idaho Falls Fire Department (IFFD) reduced their overtime costs due to changing the staffing of vehicles, however, he also indicated overworking of staff increases injuries and increases additional time off. He stated this model will continue with the IFFD until the city can afford additional staff, possibly through the allocation of ARPA money or grants. Chief Nelson stated his model to pay IFFD staff moving forward is different than the IFPD, and he believes by adding officers through the COPS Grant will jeopardize all departments in the General Fund. He indicated the dollars to the IFPD in

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year four (4) will impact public safety as well as other services. Brief comments followed regarding the overworking of staff and the quality of services being offered. Captain Squires indicated additional positions have been requested to the IFPD for numerous years. He believes the IFPD is not opposed to a study although a study should have occurred ten (10) years ago. He also believes the COPS Grant is a great opportunity to add positions and split the cost. Per Council President Dingman, Captain Squires stated only one (1) designated vacancy would be hired if the COPS Grant was not received. Mr. Hagedorn believes more officers are needed, however, something would need to be cut from the General Fund in year four (4) as the increase in salaries every year is greater than the ability to levy. He also believes the entire General Fund needs to be reviewed on what services are being offered, which is the purpose of Priority Based Budgeting. Discussion followed regarding the scheduled vacancy, the COPS grant, and a conditional study. Councilor Burtenshaw believes additional officers will be needed. Councilor Radford believes there are not many options to grow as there will be limited resources in the future. Mayor Casper believes House Bill 389 will require additional conversation with the state legislators. Councilor Radford believes some forgone should be taken to assist with this issue in the future. Discussion followed regarding the reclassification of the Records Manager, the Ramen analyzer (Captain Squires believes a grant may be available), range improvements (this is early in the process with other law enforcement agencies, grant funding may be available), laptops (would be replaced by need), and the crematorium (Captain Squires believes this is needed sooner than later, Director Alexander believes this may be a multi-departmental item). Council President Dingman believes the crematorium should be prioritized before range improvements. Councilor Francis and Captain Squires agreed.

Per Mayor Casper, Council President Dingman reviewed the priority list per discussion as follows: Chief of Staff (\$130,000 would come from Community Support Grants), lease accounting software (\$20,000), Juneteenth holiday (\$30,000), and IFPD to include less lethal launchers (\$50,000), less lethal ammo (\$4,500), NARCAN (\$3,000), Records Manager salary and benefits (\$1,248), and the crematorium (\$43,250) for a total of \$151,998.

Mayor Casper stated Fire and P&R requests discussion will occur at the July 26, 2021 City Council Budget/Work Session.

There being no further business, the meeting adjourned at 12:08 p.m.

s/ Kathy Hampton  
Kathy Hampton, City Clerk

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