

CITY OF POCA TELLO, IDAHO  
CITY COUNCIL MEETING -  
BUDGET DEVELOPMENT  
MARCH 8, 2018

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Mayor Brian Blad called the City Council meeting for budget development to order at 10:24 a.m. Council members present were Heidi Adamson, Roger Bray, Rick Cheatum and Jim Johnston. Council member Linda Leeuwrik was excused.

#### EMPLOYEE HEALTH BENEFITS PRESENTATION

Heather Buchanan, Human Resources Director, and AJ Argyle, Leavitt Group representative; gave an overview of Employee Health Care benefit items to be presented. Ms. Buchanan reported there is a double digit increase in health benefit premiums for Fiscal Year 2019.

Mr. Argyle explained the information that was taken into account to develop the current premium rate. He noted the initial increase was 29% and staff was able to get the rate down to 11.97%. He explained an added benefit in the prescription the plan is to allow a Leavitt Group physician look at pharmacy claims and make recommendations for lower cost prescriptions. Mr. Argyle clarified that employees are not required to take the physician's recommendation.

1) HEALTH INSURANCE CARRIER RECOMMENDATION – Blue Cross of Idaho is the recommendation of Human Resources (HR) staff for the City's health insurance carrier in Fiscal Year 2019. HR staff noted that Blue Cross of Idaho is able to leverage bigger discounts with local medical providers and is the most cost effective choice. HR staff worked with the Leavitt Group to make some changes to the City's current medical plan to keep costs as low as possible and still meet the needs of employees.

2) HEALTH PLAN DESIGN - General discussion followed and it was mentioned that a City employee survey revealed that 68% of employees do not want a high deductible policy. The proposed Blue Cross plan design is for the following: \$2,500.00/\$5,000.00, \$250.00 emergency room visit, 6 tier prescription plan with a prescription maximum out of pocket.

In response to questions from Council, Ms. Buchanan gave an overview of an informational meeting with staff where concerns regarding health care providers were shared. City employees that attended the meeting were supportive of changing to another provider. Ms. Buchanan explained Aetna's presence in the area has not increased. As a result, Blue Cross will be more cost effective for employees. The changing of medical providers always causes employee concerns and the proposed change is not done lightly.

3) PROPOSED CHANGES TO PLAN STRUCTURE FOR RETIREES. Ms. Buchanan recommended City retirees stay with the benefit pool to receive a better premium rate. However, she suggested that retirees help cover rising monthly reporting costs. She noted that 36 individuals are on the plan and the reporting costs are \$1000.00 per month. Individual costs will increase by \$28.00 per month. It was noted that reporting requirements in the Finance Department has increased and this proposed change will help cover the expense.

4) VEBA BENEFIT – Human Resources Recommendation is as follows: 1) move to per paycheck contribution, 2) \$700.00 Wellness Exam, and 3) all benefit eligible employees receive the monthly VEBA.

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Ms. Buchanan gave an overview of the distribution plan over the fiscal year instead of a one-lump sum payment. She noted that have many City retirements happen in the fall of each year. As a result, VEBA is paid out for the retiree and must be budgeted again for a new employee. Ms. Buchanan shared that employees like to know their full VEBA dollars are available in case there is an emergency situation. Some employees shared their concern with large medical costs and feel changing to monthly payments is not sufficient to help with the costs.

The following VEBA topics were discussed by Council: 1) Lump Sum change to pay check; 2) Wellness increase from \$500.00 to \$700.00; and 3) Offer to all benefit eligible employees.

Mr. Bray was supportive of options 2 and 3 but not supportive of option 1.

Ms. Adamson was supportive of options 1 and 2 but had concerns with option 3.

Mr. Cheatum and Mr. Johnston were supportive of all 3 options

Mayor Blad was supportive of options 2 and 3. However, he did not fully support option 1.

Ms. Buchanan announced she will provide more information about the VEBA options and retirees being in their own pool.

Joyce Stroschein, Chief Financial Officer/Treasurer; and Ashley Linton, Senior Accountant, gave an overview of Fiscal Year 2019 Budget Strategy items.

-FUND 955 CDR LOAN TRUST

Funds were generated by old housing loan repayments and Idaho State University Research Park repayments.

Council has the discretion to determine how these funds are spent.

The intent by the Planning Department was to use these monies should the Community Development Block Grant (CDBG) program not receive federal funding. Their program year goes from April 1 to March 31. (\$94,290.00 balance as of September 30, 2017)

-FUND 962 FAÇADE LOAN TRUST

This fund was established after the closeout of the State administered CDBG grant.

The Council has the discretion to determine how these monies are spent.

The Façade Loan Fund was created for property owners in the Business Improvement District and Warehouse Historic District to assist with improvements to the exterior of their buildings.

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Melanie Gygli, Planning and Development Services Director, explained when the fund was originally created the façade of buildings was a growing concern and there was a lot of activity within the fund. She noted the loaned funds have been re-paid and there are no current activities in the fund. (\$72,682.00 balance as of September 30, 2017)

VIDEO SERVICES CABLE FRANCHISE FEE REVENUE -

Ms. Stroschein gave a brief overview of Cable Franchise fee revenue.

The Cable Franchise Fee revenue was established by State Code 50-3003 and 50-3007.

The franchise revenue received by the City is for right-of-way access for the cable lines.

The Council has the discretion to determine how these funds are spent. There are no longer any requirements that the funds must be allocated for public programming needs.

INTER-FUND FUEL RATES FOR BUDGETING –

Ms. Stroschein gave an overview of projected fuel rates for the Fiscal Year 2019 budget.

Fuel Rates for Fiscal Year 2018

Diesel \$2.50 per gallon

Unleaded \$2.80 per gallon

Fuel Rates for Fiscal Year 2019

Diesel \$2.70 per gallon

Unleaded \$2.80 per gallon

In response to questions from Council, Tom Kirkman, Street Operations Superintendent, reviewed the costs and distribution process for employees utilizing the fueling site. He noted fuel costs are low because of the high volume of fuel purchased by the City. Mr. Kirkman explained the City is not required to pay taxes for diesel because trucks are driven within city limits and not on the state highway. He also noted that plans to relocate the City's fuel site and make it more accessible are being considered. Mr. Kirkman mentioned there are other fuel sources that can be looked at as well.

COUNCIL GUIDANCE WAS TO MOVE FORWARD WITH PROPOSED FUEL RATES FOR FISCAL YEAR 2019.

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100% FEE SUPPORTED FUNDS (UTILITY RATE STUDY) –

Raftelis Financial Consultants, Inc. completed a five-year budget plan for the Utility Funds in the fall of 2013. A 5-year budget plan for fiscal years 2015 through 2019 was created.

Scheduled fee increases for Fiscal Year 2019 are: Sanitation 3%; Water 4%; and Water Pollution Control 3%. The increase in expenditures will be budgeted to complete expected capital projects and to meet customer demands for service.

Public Works and Finance Department staff will be requesting a new rate study in the spring of 2018. The process takes a number of months to facilitate the development of new utility rates.

In response to questions from Council, Ms. Stroschein explained the rate study predicts a certain amount of revenue. It evaluates the expenses and needed revenue to meet the actual cost to provide services. If Council is concerned the rate study period is too long to determine the City is still meeting the goal, a shorter period of time can be considered. However, Ms. Stroschein does not recommend changing the rate mid-way or drastically limiting the number of plan years. If fee increases are not meeting the need, staff may need to contact Raftelis to have them modify the plan.

COUNCIL GUIDANCE WAS TO MOVE FORWARD WITH PROPOSED UTILITY FEE INCREASES.

EMPLOYEE COMPENSATION AND BENEFITS PROJECTED

Hybrid Plan and Police Plan	1 Step Move	\$ 621,252.00
Fire and Ambulance	1% COLA	\$ 84,955.00
Part Time Pay Scale	1.5% Increase	\$ 30,729.00
Medical Insurance (exclude Fire)	11.97% increase	\$ 663,237.00
TOTAL PROJECTED INCREASE		\$1,400,173.00

It was noted that Fire Department medical costs are not budgeted within the projections and will be evaluated separately. The Hybrid Plan, Police Plan, Fire/Ambulance plan projections include the required rank/certification increases. Worker's compensation rates are not available yet so there is a potential increase due to a change in rates. Public Employee Retirement System of Idaho (PERSI) increases are still possible for Fiscal Year 2019. The information for PERSI is not currently available.

Ms. Stroschein announced the next Budget Development meeting is scheduled for April 6, 2018 at 9:00 a.m.

There being no further business, Mayor Blad adjourned the meeting at 12:09 p.m.

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APPROVED:

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BRIAN C. BLAD, MAYOR

ATTEST AND PREPARED BY:

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RUTH E. WHITWORTH, CMC, CITY CLERK