

CITY OF POCA TELLO, IDAHO
CITY COUNCIL MEETING -
BUDGET DEVELOPMENT
JUNE 4, 2020

Mayor Brian Blad called the City Council meeting for budget development to order at 9:02 a.m. Council members in attendance were Heidi Adamson, Roger Bray, Rick Cheatum, Linda Leeuwrik, Claudia Ortega and Chris Stevens.

-FISCAL YEAR 2021
BUDGET DEVELOPMENT
OVERVIEW

Mayor Blad announced the Council would review various topics regarding development of the proposed Fiscal Year 2021 Budget.

Ashley Welsh, Chief Financial Officer/Treasurer, stated that information regarding budgets for City departments would be presented. Ms. Welsh gave an overview of the budget items that have been discussed thus far and material that would be discussed to determine the Fiscal Year 2021 budget. Ms. Welsh announced that revenue and employee compensation items require Council action. The approved amounts will be used by staff to further build the Fiscal Year 2021 budget. The revenue projections and compensation items are for guidance only. A final decision will be considered by Council at a later date.

PROPOSED FEE INCREASES FOR ENGINEERING SERVICES. It was noted the proposed increased fees that were discussed at a previous Budget Session will be used to off-set expenses for Engineering Services.

In response to questions from Council, it was clarified that the new fee for construction site sediment and erosion control will cover anticipated expenses at this time. Staff may consider an increase next year to help cover vehicle use, etc. once the actual expense is known.

-FISCAL YEAR 2021
REVENUE PROJECTION

Ashley Welsh, Chief Financial Officer/Treasurer gave an overview of projected revenues and gave recommendations regarding estimates for Fiscal Year 2021.

SALES TAX REVENUE

Association of Idaho Cities Fiscal Year 2021 estimate is \$4,787,816.00 (decrease of \$139,961.00).

Discussion regarding Governor Little's plan to provide funds to help off-set the decrease in sales tax revenue was held. Council may wish to remain conservative at this time due to the current COVID-19 situation.

A motion was made by Ms. Leeuwrik, seconded by Ms. Adamson, to accept the recommendation of staff and add Sales Tax Revenue in the amount of \$4,787,816.00 to determine the City's Fiscal Year 2021 budget. Upon roll call, those voting in favor were Leeuwrik, Adamson, Bray, Cheatum, Ortega and Stevens.

HIGHWAY USER REVENUE

Association of Idaho Cities Fiscal Year 2021 estimate is \$2,192,580.00 (decrease of \$396,757.00).

Discussion regarding the estimated dollar amounts and a possible decrease in revenue because less drivers are on the roads during the pandemic followed. There were also concerns that drivers may

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decrease if a second occurrence of the pandemic occurs, resulting in less revenue. Debate regarding future expectations of driver activity was held. It was noted that the Governor's office shows May highway revenue is exceeding what they initially anticipated.

A motion was made by Mr. Cheatum, seconded by Ms. Adamson, to add Highway User Revenue in the amount of \$2,100,000.00 to determine the City's Fiscal Year 2021 budget. Upon roll call, those voting in favor were Cheatum, Adamson, Bray, Leeuwrik, Ortega and Stevens.

BANNOCK COUNTY ROAD AND BRIDGE REVENUE

Fiscal Year 2021 estimate is between \$600,000.00 and \$700,000.00 (Realistic expectation).

A motion was made by Ms. Adamson, seconded by Mr. Cheatum, to add Bannock County Road and Bridge Revenue in the amount of \$600,000.00 to determine the City's Fiscal Year 2021 budget. Upon roll call, those voting in favor were Adamson, Cheatum, Bray, Leeuwrik, Ortega and Stevens.

BUILDING PERMITS REVENUE

Fiscal Year 2021 estimate is between \$700,000.00 and \$800,000.00 (2020 budget \$800,000.00).

A motion was made by Ms. Leeuwrik to add Building Permit Revenue in the amount of \$800,00.00 to determine the City's Fiscal Year 2021 budget. Ms. Leeuwrik's motion died for lack of a second.

Mrs. Ortega shared her concerns with COVID-19 "fallout". She does not feel the "fallout" has happened in Pocatello yet.

Ms. Stevens shared that ATCO is closing in Pocatello. She is concerned that other stores may potentially close and hopes it does not reflect the future for Pocatello.

Mayor Blad mentioned builders in Pocatello are very busy and having a difficult time finding enough employees. He feels this trend will continue and noted that several projects are getting ready to happen in Pocatello including the hospital construction.

In response to questions from Council, Richard Bigelow, Building Official, reported staff is seeing an increase in construction activity. Residential housing – last 3 days there has been 4 house permits. Multi-family complexes are coming and he feels the revenue numbers are good.

Ms. Stevens shared her concerns with revenue going into the general fund and not being designated for a specific purpose or project. She would like the fund to be earmarked for projects.

Ms. Adamson shared what the City's budgeting practice has been for reserves. She explained there is a minimum reserve that is mandatory. Beyond that, City needs are identified as they are requested.

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A motion was made by Mrs. Ortega, seconded by Mr. Cheatum, to add Building Permit Revenue in the amount of \$750,000.00 to determine the City's Fiscal Year 2021 budget. Upon roll call, those voting in favor were Ortega, Cheatum, Adamson, Bray, Leeuwrik and Stevens.

NATURAL GAS FRANCHISE REVENUE

Fiscal Year 2021 estimate is \$300,000.00 (2020 budget \$325,000.00).

A motion was made by Ms. Adamson, seconded by Mr. Cheatum, to accept the recommendation of staff and add Natural Gas Franchise Revenue in the amount of \$300,000.00 to determine the City's Fiscal Year 2021 budget. Upon roll call, those voting in favor were Adamson, Cheatum, Bray, Leeuwrik, Ortega and Stevens.

STATE LIQUOR TAX REVENUE

Fiscal Year 2021 recommended estimate is \$625,000.00 (Prior 12 months)

A motion was made by Mr. Cheatum, seconded by Ms. Leeuwrik, to accept the recommendation of staff and add State Liquor Tax Revenue in the amount of \$625,000.00 to determine the City's Fiscal Year 2021 budget. Upon roll call, those voting in favor were Cheatum, Leeuwrik, Adamson, Bray, Ortega and Stevens.

GENERAL FUND INTEREST REVENUE

Fiscal Year 2021 recommended estimate is \$600,000.00 (Prior 12 months) to \$650,000.00 (Fiscal Year 2019 actual).

A motion was made by Ms. Adamson, seconded by Ms. Stevens, to accept the recommendation of staff and add Interest Revenue (Earnings for invested cash) in the amount of \$600,000.00 to determine the City's Fiscal Year 2021 budget. Upon roll call, those voting in favor were Adamson, Stevens, Bray, Leeuwrik and Ortega. Mr. Cheatum voted in opposition to the motion. The motion passed.

CABLE FRANCHISE REVENUE

Fiscal Year 2021 estimate is \$160,000.00 to \$185,000.00. (Last four quarterly payments have averaged around \$46,500.00.)

In response to questions from Council, Chris Sorensen, Chief Information Officer, reported that he met with City of Ammon representatives regarding how they provide fiber for their city. Ammon City's IT department is using much of their manpower to take care of the fiber service. Mr. Sorensen feels the City would be taking business away from other entities such as Syringa Wireless, etc. and recommended staying away from the idea of providing fiber services to citizens. He does not feel it would be cost effective to move forward with the idea.

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A motion was made by Ms. Stevens, seconded by Mr. Cheatum, to accept the recommendation of staff and add Cable Franchise Revenue in the amount of \$160,000.00 to determine the City's Fiscal Year 2021 budget. Upon roll call, those voting in favor were Stevens, Cheatum, Adamson, Bray, Leeuwrik and Ortega.

MAGISTRATE COURT REVENUE

Fiscal Year 2021 recommended estimate is \$150,000.00 to \$175,000.00.

Collection of fees have decreased over the last year. It is hard to predict due to Bannock County collection issues and number of citations being written.

A motion was made by Ms. Adamson, seconded by Mr. Cheatum, to accept the recommendation of staff and add Magistrate Court Fees Revenue in the amount of \$150,000.00 to determine the City's Fiscal Year 2021 budget. Upon roll call, those voting in favor were Adamson, Cheatum, Bray, Leeuwrik, Ortega and Stevens.

ELECTRIC FRANCHISE REVENUE

Fiscal Year 2021 estimate is \$430,000.00 to \$440,000.00 (prior 12 months). Revenues have remained consistent over the last 5 years.

A motion was made by Mrs. Ortega, seconded by Ms. Stevens, to accept the recommendation of staff and add Electric Franchise Revenue in the amount of \$430,000.00 to determine the City's Fiscal Year 2021 budget. Upon roll call, those voting in favor were Ortega, Stevens, Adamson, Bray, Cheatum and Leeuwrik.

CEMETERY CHARGES REVENUE

Fiscal Year 2021 estimate range is \$360,000.00 (prior 12 months) to \$370,000.00 (Fiscal Year 2019 actual). Impacted by rates, internments, and plot vs. ash choices.

A motion was made by Ms. Adamson, seconded by Ms. Stevens, to accept the recommendation of staff and add Cemetery Charges Revenue in the amount of \$360,000.00 to determine the City's Fiscal Year 2021 budget. Upon roll call, those voting in favor were Adamson, Stevens, Bray, Cheatum, Leeuwrik and Ortega.

PROPERTY TAX

Valuation for Fiscal Year 2020 is 20.43% higher than the previous year.

Estimated additional Property Tax Authority total \$3,215,559.00, which includes foregone property taxes.

It was suggested that an article be placed in the Mayor's newsletter letting the public know if they see a 3% increase in property taxes being published by the City, it is a formality to setting the actual

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budget. Communication regarding the predicted assessments and how the City budgeting process works continued. Perhaps a town hall meeting (as COVID guidelines will allow) could be held to get the budget/property tax information out to the public.

Alternative ways to provide services and still remain competitive with other cities by limiting the use of property taxes were shared.

Ms. Welsh gave a breakdown of what the City of Pocatello Levy Rate includes. It includes the following: Airport, Animal Shelter facility bond, Capital improvement, Cemetery, General Fund, Library, Recreation, Street and Liability Insurance.

Exempt properties within city limits and the challenges faced to create a listing of the properties was reviewed. An evaluation of exempt property values is not readily available and would be difficult to determine. Council discussion regarding property taxes and working toward determining the needs of the City and citizens continued.

Mayor Blad called for a recess at 10:52 a.m.

Mayor Blad reconvened the meeting at 11:10 a.m.

EMPLOYEE COMPENSATION BUDGET REVIEW	Heather Buchanan, Human Resources Director; and Ashley Welsh, Chief Financial Officer/Treasurer; were in attendance to give a presentation regarding City Employee Fiscal Year 2021 compensation.
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It was noted that employee compensation items listed today are not a final decision. However, the decisions are necessary guidance in order to move forward with determining the City's budget overall.

Collective Bargaining Agreement Committed costs: Sworn Police Union and Fire Union costs are currently committed expenses with Tentative Agreements signed between the City and each Union. The final decision on both tentative agreements comes in the form of a Memorandum Of Understanding (MOU) and approval of the final City budget. The City Budget is currently being built from what was agreed upon between the Unions and City Negotiation Team.

Fire Management – Fire Management's pay scale is based off the old paygrade chart for Fiscal Year 2016 (which was part of the City Scale). However, Fire Management was not moved on the hybrid scale at adoption in Fiscal Year 2017. Fire Management was moved to an extension of the Fire Union Scale and has received the same increases as the Fire Union since Fiscal Year 2017.

Police Management Costs – (Action Item 1) This pay scale is built off the Sworn official pay scale, and the scale increases by the same amount as the Sworn official scale. Human resource staff recommends Option 2: 1 step-movement.

Hybrid Pay Grade Step Movement – (Action Item 2) A brief history of the City employee compensation hybrid scale was reviewed. The Hybrid was built in 2014 by BDPA. Adjusted by

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1.9% for implementation in Fiscal Year 2017. Human Resource staff designed the current scale to have step movement 1–5; 6 midpoint/market; and 7–37 pay for performance. It was mentioned that Pay for Performance steps have never been implemented. Human Resource staff recommends Option 2: 1 step movement.

Employee All Tables Market Adjustment – (Action Item No. 3) Staff explained what they call a Market Increase is a percentage applied to the whole table. A Market Increase is a raise that is based on a multitude of considerations, a Cost Of Living Allowance (COLA) is straight from the Consumer Price Index (CPI) increases. The City does not have a history of adopting CPI every year. It is however, always a measurement point discussed. Options are: 1) 0.00%; 2) 1.00%; 3) 1.80% (CPI 10/2019); 4) 2.50% and 5) 3.9% (CPI Behind).

Breakdown of the pay grades was given. General discussion regarding the different pay grades followed. Human Resource staff recommended 1 step movement and 1% market increase to the Hybrid Plan. The increase would apply to all employees except seasonal.

Hybrid Pay Grade Table Adjustment – (Action Item No. 4) Human Resource staff is supportive of the elimination of the pay for performance steps 7 – 37 and compressing the chart to a fewer number of steps. However, if Council decides to eliminate the steps, staff recommends staying with the current chart for Fiscal Year 2021. Waiting until Fiscal Year 2022 to change the chart will allow time to re-work the plan and educate employees.

Seasonal/Variable Hour Pay Scale – (Action Item No. 5) An adjustment to the Seasonable/Variable hour pay scale does not affect salary projections. If a change is made, it affects the season/variable hour line item of department budgets. Human Resource staff is not recommending a pay grade change for Fiscal Year 2021. Options are: 1) 0.00%; 2) 1.00%; 3) 1.80% (CPI 10/2019); 4) 2.50% and 5) 3.9% (CPI Behind).

HYBRID PAY GRADE TABLE ADJUSTMENT – Action No. 4

A motion was made by Ms. Adamson, seconded by Ms. Leeuwrik, to accept the recommendation of staff and eliminate pay for performance steps 7–37 from the Hybrid Pay Grade Table for City employees to determine the City's Fiscal Year 2021 budget. Upon roll call, those voting in favor were Adamson, Leeuwrik, Bray, Cheatum, Ortega and Stevens.

SEASONAL/VARIABLE HOUR PAY SCALE – Action No. 5

A motion was made by Mr. Cheatum, seconded by Ms. Stevens, to accept the recommendation of staff (Option 1) to add 0.00% increase to the Season/Variable Hour Pay Scale for City employees to determine the City's Fiscal Year 2021 budget. Upon roll call, those voting in favor were Cheatum, Stevens, Adamson, Bray, Leeuwrik and Ortega.

CITY EMPLOYEE ALL TABLES MARKET ADJUSTMENT – Action Item No. 3 (FIRST

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MOTION)

A motion was made by Ms. Leeuwrik, seconded by Mr. Cheatum, to accept the recommendation of staff (Option 2) to add 1.0% increase to the City Employee All Tables Market Adjustment to determine the City's Fiscal Year 2021 budget

Council discussion regarding past compensation and efforts to balance the budget followed. Representing the taxpayers as part of a team and moving forward was discussed. Keeping uniformity of increasing steps and future costs were reviewed. Debate regarding best practices for employees, wages, benefits and keeping taxpayer needs in the forefront was held.

Ms. Leeuwrik's motion was voted upon at this time. Upon roll call, those voting in favor were Leeuwrik and Cheatum. Those voting in opposition were Adamson, Bray, Ortega and Stevens. The motion failed.

POLICE MANAGEMENT STEP PAY AND HYBIRD CHART STEP MOVEMENT – Action Items No. 1 and No. 2

A motion was made by Ms. Adamson, seconded by Mr. Bray, to accept the recommendation of staff to increase Police Management Step Pay by 1 step (Action Item No. 1) and a 1-step Hybrid Chart movement for City employees (Action Item No. 2) to determine the City's Fiscal Year 2021 budget. Upon roll call, those voting in favor were Adamson, Bray, Cheatum, Leeuwrik, Ortega and Stevens.

CITY EMPLOYEE ALL TABLES MARKET ADJUSTMENT – Action Item No. 3 (SECOND MOTION)

A motion was made by Mrs. Ortega, seconded by Ms. Stevens, to approve (Option 1) a zero percent increase to the Market Adjustment for City employees to determine the City's Fiscal Year 2021 budget. Upon roll call, those voting in favor were Ortega, Stevens, Adamson and Bray. Cheatum and Leeuwrik voted in opposition to the motion. The motion passed.

Mayor Blad called for a recess at 12:13 p.m.

Mayor Blad reconvened the meeting at 1:58 p.m.

-BUDGET TAX SOLUTION DISCUSSION	Ashley Welsh, Chief Financial Officer/Treasurer, presented the Fiscal Year 2021 Tax Funds Solution Spreadsheet to assist Council while they determine the City's annual budget.
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Ms. Welsh gave an overview of the proposed Fiscal Year 2021 budget and items were reviewed on the Fund Solution Ideas spreadsheet. Ms. Welsh explained she is seeking Council guidance in order to publish notification of the budget hearing to be held on August 6, 2020.

Council began the budgeting process and reviewed the spreadsheet line by line. Various expenses were added and probable solutions to balance the budget were taken into consideration.

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The Fiscal Year Tax Funds Solutions Ideas Spreadsheet is attached as a permanent part of the minutes (see Attachment “A”).

Ms. Welsh announced the next Budget Development meeting to discuss Budget Tax Solution is scheduled for June 18, 2020.

There being no further business, Mayor Blad adjourned the meeting at 4:32 p.m.

APPROVED:

BRIAN C. BLAD, MAYOR

ATTEST AND PREPARED BY:

RUTH NEWSOM, CITY CLERK. C. C.