

CITY OF POCA TELLO, IDAHO
CITY COUNCIL MEETING -
BUDGET DEVELOPMENT
FEBRUARY 25, 2016

Mayor Brian Blad called the City Council meeting for budget development to order at 9:03 a.m. Council members present were Roger Bray, Craig Cooper, Gary Moore and Michael L. Orr. Council member Jim Johnston arrived at 9:48 a.m. Council member Steve Brown was excused.

Mayor Blad announced that Joyce Stroschein, Chief Financial Officer/Treasurer would provide statistical information related to the City's budget.

Ms. Stroschein was joined by Ashley Linton, City Accountant, and stated that information showing the City's limitations regarding the property tax levy would be presented. She reviewed the property tax summary and reminded the Council that one-time monies and department reserves were used to balance the City's Fiscal Year 2016 budget.

Ms. Stroschein presented a Property Tax Forecast with the following proposed changes: 1) One Time Revenues Fiscal Year 2016 - replaced one-time monies taken in General Fund, Cemetery Fund, Airport Fund, Library Fund and Video Services with additional property tax dollars; 2) Electric Franchise Fee Revenue - Moved Electric Franchise Fee revenue from the Street Fund to the General Fund; 3) Zoo Division of General Fund - Moved the Zoo Division of the General Fund to the Recreation Fund; 4) Liability Insurance - Moved General Fund Liability Insurance revenue from the General Fund to the Liability Insurance Fund to levy for the property tax direct; 5) Legal Support Interfund – Eliminated the Legal Department Interfund revenue charge to the Utility Funds. It is now billed as part of the Administrative Support charge; and 6) Administrative Support changes – Include Legal Division of General Fund, include Mayor/Council Division of General Fund, add Non-Departmental changes in the amount of \$211,987.00.

It was mentioned that staff will need to verify if the utility departments can pay the additional administrative costs based upon the current rate study.

General discussion regarding options if Council chooses not to raise property taxes followed. It was suggested that Council may need to implement reductions in order to balance the budget.

Council discussion regarding new construction funding and an increase in the homeowner's exemption followed. It was noted that annual Highway User funds have increased. However, these funds have already been dedicated to making payments for the South Valley Road construction over the next 8 year period. It was mentioned that other funds have also been dedicated to various projects.

General discussion followed regarding the challenge to keep budgets flat and not being in control of increases for fixed costs that cannot be avoided. Department heads were asked to provide anticipated increases for fixed costs and report back to Council.

Ms. Stroschein reminded Council the budget problem is within the tax supported funds and not the utility fee supported funds.

Salary projections – It was recommended that departments should not plan on an increase to the number of staff at this time. Council is not able to determine how to move forward until more information regarding employee health benefit costs and other payroll expenses are known.

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Council discussion continued. Determining what the fixed costs are for each department is an important factor to know the direction Council should go. Once Council understands the costs moving forward and the tax monies available, they can begin the steps to help fix the budget problem.

The Council made general comments regarding the possibility of reducing services. The Council is meeting regularly in order to thoroughly research the best way to solve the budget problem. It was noted the process may include multiple changes to accomplish the goal.

It was suggested that Kim Smith, Human Resources Director, work with Information Technology staff to create an employee survey for placement on the employee intranet. The survey could include questions regarding health insurance, wages, staffing levels and asking City employees what is important to them. (IT WAS LATER DECIDED NOT TO DO THE SURVEY.)

Council member Johnston arrived at 9:48 a.m.

Ms. Smith shared her concerns with creating an employee survey. She did not feel it would be an effective method to glean information from employees.

Ms. Stroschein reviewed the list of information necessary to begin the Fiscal Year 2017 budget meetings. She mentioned the limitations of available revenue while creating a budget may eliminate the possibility of wage increases and other potential expenses. Ms. Stroschein cautioned that an increase in health insurance and fixed costs may engulf a large portion of the property tax funds that are available.

It was clarified that 70% to 75% of the City's costs is for employee labor. As a result, services may need to be reduced while making sure the City can still function. It was mentioned that additional property tax may need to be taken if services are not reduced.

It was determined that under the current timeline there was not enough time to create and receive feedback from an employee survey. City employees were encouraged to contact Council members directly to share their thoughts and opinions regarding changes to their benefits and/or wages.

Discussion regarding the Workers Compensation fund and how to grow the balance followed. Growing the balance slowly over a longer period of time was suggested.

General discussion continued regarding the following:

1. Employee compensation and health benefits.
2. Need to decide future revenue estimates and costs. The decision may be "no new taxes", "maximum increase in taxes", or a combination of both.
3. Be aware of the outcome and costs for individuals that are struggling to meet their expenses.
4. Look at decisions in the long term and not simply to meet another budget year.

Ms. Stroschein feels if changes are not made during this budget cycle, it may place the City in a difficult situation to try and meet future expenses. She mentioned that legislation allowing more property exemptions eventually cause a decrease in services at the City level.

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FEDERAL FINANCIAL ASSISTANCE REPORT

A Federal Financial Assistance report showing a ten year overview of Fiscal Year 2006 through 2015 as of February 23, 2016 was presented by Ms. Stroschein. She explained the report was itemized by Capital and Operating categories for each department.

Mayor Blad asked Council for clarification regarding holding a special budget meeting each Thursday of the month. Council determined the budget meetings would be held on the 1st, 2nd, and 3rd Thursday of the month through April 2016.

There being no further business, Mayor Blad adjourned the meeting at 10:34 a.m.

APPROVED:

BRIAN C. BLAD, MAYOR

ATTEST:

RUTH E. WHITWORTH, CMC, CITY CLERK