

CITY OF POCA TELLO, IDAHO  
CITY COUNCIL MEETING -  
BUDGET DEVELOPMENT  
MARCH 17, 2016

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Mayor Brian Blad called the City Council meeting for budget development to order at 9:05 a.m. Council members present were Roger Bray, Steve Brown, Craig Cooper, Jim Johnston, Gary Moore and Michael L. Orr.

Mayor Blad announced the Council would review various topics regarding the proposed Fiscal Year 2017 Budget Development.

Mr. Brown asked to have a comparison of connection fees presented.

Merril Quayle, Development Engineer, reviewed a spreadsheet with a comparison of rates/fees for residential service in the City of Chubbuck and City of Pocatello. Comparisons were broken down by connection fees for water and wastewater, as well as monthly volume use of water.

General discussion regarding connection fees and rates for builders and developers followed.

Kim Smith, Human Resources Director, was joined by Nicole Harms, Human Resources Consultant, to discuss health benefits for City employees. Ms. Smith explained they were present as a follow-up to the Budget Development meeting of March 10, 2016. She reminded the Council their department was tasked with researching various health benefit plans that would be more cost effective for the City.

General discussion continued regarding different types of health coverage available for employees. It was mentioned that health benefits are a part of the overall compensation package and these two pieces of the formula should be discussed in more detail. Final figures are not known at this time because there are still too many variables.

Discussion regarding asking health insurance carriers that are not part of the Mercer Marketplace to give other options followed. The benefits for employees such as Health Reimbursement Arrangement (HRA) Volunteer Employee Beneficiary Association (VEBA) and the City's costs were reviewed. It was noted there are budget guidance deadline dates that need to be met.

Human Resource staff mentioned Mercer Marketplace is an on-line system and will save staff time processing benefits. They feel additional trainings could be offered to employees if the management of health benefits could be automated.

Council discussion to move forward with selecting a health benefit program for Fiscal Year 2017 continued. It was mentioned that many employees have contacted the Mayor and Council to express their opinion regarding health benefit coverage. A majority of those who contacted the Mayor and Council feel the City's level of coverage should remain the same, but not necessarily with the same carrier. Distribution of funds toward HRA-VEBA accounts for employees and the split between the City and employees for the cost of insurance would still need to be determined.

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Ms. Harms feels the City will eventually need to modify employee health benefit coverage because the current coverage is not sustainable.

It was suggested that additional health benefit information be offered to employees throughout the year so the City may begin moving toward a different direction for health benefits. Employee concerns regarding health benefit issues would be addressed through the information provided.

Council will consider the Mercer Marketplace Letter of Intent during the March 17, 2016 Regular Council meeting.

Mayor Blad announced that Joyce Stroschein, Chief Financial Officer/Treasurer, would provide information related to developing the City's Fiscal Year 2017 budget.

Ms. Stroschein reminded Council the following two (2) positions have not been filled: Legal Department (attorney) approximately at \$136,000.00 and Marshall Public Library (circulation) at approximately \$66,000.00. She noted there is also one (1) position in the Street Department that is "on hold" at this time.

In response to questions from Council, Ms. Stroschein reviewed a list of employees that have submitted their intent to retire in Fiscal Year 2017. The City currently has \$424,000.00 in the budget for retirements. The total retirement expense for 21 positions in Fiscal Year 2017 is \$754,089.84. Ms. Stroschein suggested that funds that have been budgeted for potential retirements be moved into a designated fund. If an individual does not retire, departments will not need to continue budgeting for this potential expense.

Ms. Stroschein reviewed the small timeframe of potential savings that can be anticipated after a person retires. However, she feels adjustments are needed to improve the City's current budget position. The City will not be able to avoid a future budget shortfall without adjusting its workforce to make a more functional budget. Ms. Stroschein suggested that Council discuss potential adjustments to City services if they choose to make changes in the workforce.

It was mentioned cutting capital expenditures from the budget is discouraged. Reducing capital costs reduces the budget, but it does not solve long-term issues. These capital items will eventually need to be replaced.

#### BUDGET DEVELOPMENT DISCUSSION SCHEDULE –

April 7, 2016 Budget Development meeting will include the following:

Review the City's workforce numbers. (Salary projections and the health benefit rates should be known by this date to provide a better estimate for wage determination.)

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Review homeowner's exemption changes by the 2016 Legislature and potential property tax revenue figures from the Bannock County Property Assessor.

Council expressed their appreciation of City employees and that the adjustments being discussed at this time are not personal. They will continue looking at costs and seeking potential revenue to balance the budget. Council explained input from departments is critical to make decisions that are the most effective. These decisions will help the City to move forward and not keep looking at the same issues each budget year.

There being no further business, Mayor Blad adjourned the meeting at 11:21 a.m.

APPROVED:

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BRIAN C. BLAD, MAYOR

ATTEST:

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RUTH E. WHITWORTH, CMC, CITY CLERK