

CITY OF POCA TELLO, IDAHO
CITY COUNCIL MEETING -
BUDGET DEVELOPMENT
APRIL 14, 2016

Mayor Brian Blad called the City Council meeting for budget development to order at 11:12 a.m. Council members present were Roger Bray, Steve Brown, Craig Cooper, Gary Moore and Michael L. Orr. Council member Jim Johnston arrived at 11:53 a.m.

Mayor Blad announced the Council would review various topics regarding the proposed Fiscal Year 2017 Budget Development, Health Insurance Distribution Options and suggested reductions by Departments. He mentioned that no decisions regarding department budgets will be made at this time.

HEALTH INSURANCE - Kim Smith, Human Resources Director, was joined by Nicole Harms, Human Resources Consultant, to discuss health insurance distribution options regarding Aetna. Ms. Smith explained staff is seeking direction from the Council regarding the percentage breakdown for the City's portion and the employee's portion of health benefit costs through Aetna.

Ms. Harms gave a summary of Aetna's 5-tier plan offer for employees; 2-tier adjustments of co-pays; and three-tier pharmacy plan. She reviewed the total monthly premium rates (without Fire employees) broken down by employee only, employee child, etc. Distribution options showing the City/Employee share were reviewed.

DISTRIBUTION PERCENTAGES – Percentages are based on Finance's estimate of number of employees in each tier (subject to change). Fire Department employee rates have not been received and are not included in the projection. However, the estimated Fire Department rates from 2015 are \$1,014,720.12.

Ms. Harms reviewed the distribution percentages using Aetna's health insurance plan as presented.

Human Resource recommendation is to keep the current distribution amounts. They are: Employee Only (94%/6%), Employee plus One (92%/8%), Employee plus Two or more (90%/10%). Based upon current distribution this would be a 2.18% increase \$5,404,173.72.

General discussion continued regarding employee benefits and federal regulations that may penalize the City for providing the degree of health benefits being considered. It was noted that the City would have to average the dollars and any amount that goes over the limit set by the federal government would be considered as excessive.

A majority of the Council supported the recommendation of Human Resources staff to continue the current distribution regarding City/Employee health benefits.

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

DEPARTMENT REDUCTIONS –

MAYOR AND COUNCIL DEPARTMENT – total reduction \$13,925.00

Ms. Stroschein reviewed the items list which included training, travel and other reductions.

CITY HALL DEPARTMENT – total reduction \$3,434.00

Ms. Stroschein reviewed the items list which included reductions to providing repairs and maintenance for the Pocatello Free Clinic.

BUILDING DEPARTMENT – total reduction \$5,000.00

Replace Building Inspector position (Grade 19 Step 10) with a new employee (Grade 19 Step 1). (\$5,000 savings has been reflected in current year) Mr. Transtrum has delayed hiring the position.

PLANNING DEPARTMENT – total reduction \$21,955.00 (3.32%)

Ms. Stroschein reviewed the items list which included: training and registrations; travel and meals; dues and memberships; software and other items.

LEGAL DEPARTMENT – total reduction \$17,424.00

Ms. Stroschein reviewed the discontinuation of Westlaw subscription – legal research database in the amount of \$17,424.00.

Mr. Moore noted a major reduction has already taken place in the Legal Department. He feels it is important to keep track of departments that have already had cutbacks when making final decisions regarding the budget.

FIRE DEPARTMENT – REVENUE/REDUCTION OPTIONS

Ms. Stroschein reviewed suggested options: REVENUE - Motor vehicle collision spill clean-up; Fire response fee; confined space permit fee; business license fee. REDUCTIONS - birthday parties \$1,600.00; City parades \$1,207.00; Department Open House \$4,600.00; Idaho Fire Chiefs Association interaction (reduce to one participant) \$4,500.00; In-house captain's promotional \$15,000.00; utilization of the \$500.00 Wellness Benefit to offset the cost of Annual Physicals \$40,000.00; suspend the Urban Search and Rescue Team \$52,500.00.

Mayor Blad commented on the suggested revenue ideas. He mentioned insurance companies have stated that the cost of providing some of these services is a covered expense. Mayor Blad noted the creation of a General Business license has been discussed for several years. Implementation of the license fee would provide revenue for the City.

In response to questions from Council, David Gates, Fire Chief, explained business licenses are listed under Fire because his staff performs inspections of facilities, businesses. He supports the implementation of a business license so Fire staff is aware a business is operating in Pocatello. Mr. Gates gave a brief history of past issues with a business that opened in an older building. If a business license is required, staff can notify new owners of City Codes. Mr. Gates explained if the Urban Search and Rescue Team is no longer funded Fire staff cannot assist in a confined space emergency (such as a trench) and Idaho Falls or Boise would need to be called in. As a result, the City of Pocatello would be billed for this service.

Mr. Johnston joined the meeting at this time.

General discussion regarding Fire Department functions and expenses continued.

ANIMAL CONTROL REVENUE/REDUCTION OPTIONS –

Ms. Stroschein reviewed the suggested options. REVENUE - Dangerous Dog Registry Fee initial \$100.00 renewal \$50.00; Breeder's Permit annual \$100.00; Cat License \$15.00 each renewal \$5.00.

In response to questions from Council, Mr. Stewart clarified the criteria of a "dangerous dog" would be determined by the Court system. He mentioned that the fees being suggested are currently charged in the community he moved from.

REDUCTIONS – total \$15,420.00 Discontinue refunds; reduce training budget; discontinue AlSCO contract (rugs); discontinue ARMS Software; Plumbing Supplies budget; Shelter Uniforms; Reduce part-time position hours by closing shelter an additional day.

AIRPORT REDUCTIONS – total \$24,500.00

Ms. Stroschein reviewed the item reductions list and possible impacts.

General services reductions are: 1) Consulting Services; 2) Training Registration; 3) Advertising; and 4) travel and meals. Possible impacts of these reductions are a decline in the number of passengers, which could lead to loss of service and revenue.

Facility maintenance reductions are: 1) repair and maintenance supplies; and 2) repairs and maintenance. Possible impacts of these reductions are a decline in appearance which could lead to a passenger decline and loss of service and revenue.

INFORMATION TECHNOLOGY REDUCTIONS – total \$11,793.00

Ms. Stroschein reviewed the items list which included: Supplies hardware/software; clothing and accessories; Capital hardware/software; training registration; and printing.

Mayor Blad announced the remaining City department reductions/revenue suggestions will be given at the April 21, 2016 budget meeting.

COUNCIL EXPECTATIONS AND GUIDELINES FOR BUDGET DISCUSSIONS -

Mr. Brown shared his frustration regarding the information being presented. His expectation was that discussion regarding specific items would be held and feels the topics just presented have been discussed in detail before.

Mayor Blad explained the information presented included specific items that department heads identified and researched to reduce their expenses and generate possible revenue.

Council discussion continued. It was mentioned they may need to reduce services to get to a \$1.5 million solution. This may require a whole different look at the budget such as reorganization in departments and/or duties. Other comments were: a) need to look at bigger changes to the budget; b) not sure if appropriate to cut back every department; c) perhaps look at eliminating specific services so every department is not affected; d) retirements (if they happen) should look at restructuring the department; e) changes to departments could take place over a few years; f) need to know the challenge and solution figures; g) the 2.5% cutback from departments is not going to solve the problem as presented.

Mr. Moore shared a discussion he had with family members regarding a similar budget issue in Los Angeles County. The County did not eliminate positions, but left them vacant until revenues met the expense. Two fire stations were closed. Officials are now looking at opening one of the stations and plans are being made to open the second station in a few years. As the economy turns around the positions are re-evaluated. He feels this is helpful information to address the budget situation the City is facing for Fiscal Year 2017.

Mr. Brown stressed that he appreciates the work gone into creating today's presentation. However, he feels Council needs to look at the City's labor force and the market analysis to rebuild departments to meet the needs of the future.

Mr. Cooper feels the suggested reductions are small cuts that will wound the departments. He suggested making larger cuts in order to keep other departments whole.

Mr. Orr referred to discussions from the April 7, 2016 Budget meeting regarding reductions in staff. He reiterated that Council be very careful to keep track of reductions that have already been done.

Mr. Bray would like the Compensation Study to be considered in the budget process. He feels longevity pay and step pay should also be addressed. Mr. Bray noted the Council needs to have a comprehensive approach so they are not looking at increasing the property tax levy.

Mr. Moore would like the City to get to a point in the next couple of years to focus on employees, capital needs and property tax rates during the budget meetings. He feels Council needs to make decisions now to have a more functional budget in the future.

In response to questions from Council, Ms. Stroschein feels implementing components of the Compensation Study should take place over a period of time.

Mr. Johnston feels Council should look at the proper role of government. Are there things the City is doing that it should not be doing? Identify these items/services and eliminate them.

Council discussion regarding the Compensation Study and the Market Value System continued. Longevity pay and the percentage of employees below and above the market rate followed. Various options to freeze wages and longevity were debated in length.

In response to questions from Council, Kim Smith, Human Resources Director, clarified that the current wage system is based upon a different criteria than the market rate. The Compensation Study being discussed is a whole new system. Staff needs direction from Council if they are choosing to go toward the market value system.

NEXT MEETING SCHEDULED FOR APRIL 21, 2016.

Staff was given direction from the Council to provide the following information for the April 21, 2016 Budget Development meeting: a) continue discussion regarding department suggested reductions that have already been submitted; b) put figures together to find out what the challenge is in order to calculate changes from that point; c) changes to the market value of property and property taxes; d) longevity pay, step pay, freezing wages/longevity options; e) number of employees that are at 80%, 100% and 100+% of market, how much money is needed to bring employees up to market and what is the total dollar amount of employees over 100% of market; f) explain compensation study as a whole new pay structure. Address wage disparity between employees. g) discuss promotion/rank moves; h) discuss retirement/early retirements; and i) share revenue generating ideas.

There being no further business, Mayor Blad adjourned the meeting at 12:52 p.m.

APPROVED:

BRIAN C. BLAD, MAYOR

ATTEST:

RUTH E. WHITWORTH, CMC, CITY CLERK