

CITY OF POCA TELLO, IDAHO  
CITY COUNCIL MEETING -  
BUDGET DEVELOPMENT  
APRIL 21, 2016

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Mayor Brian Blad called the City Council meeting for budget development to order at 9:03 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 development of the proposed Fiscal Year 2017 Budget.

COMPENSATION SYSTEMS - Kim Smith, Human Resources Director, was joined by Heather Buchannan, Human Resources Consultant, to discuss employee compensation systems. Ms. Smith gave a breakdown of comparisons for the City's Grade and Step System and a Market Based system.

General discussion regarding the compensation process and costs to redefine staff positions as necessary were reviewed. The City's current system is based upon 29 pay grades. The market system is based upon 19 pay grades. The Police and Fire classification and rank structure was studied and discussed.

Ms. Smith shared ideas to phase-in the Market Based system. She provided detailed steps by 1, 2 and 3 year breakdowns to implement the system. Actual dollar figures to implement the Market Based system were not available but an estimate was calculated. Ms. Smith clarified the proposed system is a pay for performance system.

Mr. Orr feels that performance reviews are very subjective. He shared his concerns with the proposed format.

Ms. Smith explained there is a team made up of City staff that is evaluating the performance review system.

Mr. Brown stated he understands there is currently a pay discrepancy among some employees. He wondered if the discrepancy can be solved with the current system so the City does not have this issue again.

Ms. Smith feels it would be very difficult to correct the discrepancy as described with the current pay plan.

Mr. Orr feels the discrepancy can be corrected by using both compensation systems based upon the information available. He has reservations regarding the proposed performance concept.

Mr. Brown feels the current system is protective of employees. However, there needs to be a balance between protection and accountability. He likes the concept of employees having an incentive to perform better and receive an increase in pay as a result.

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Ms. Smith explained the performance system is based upon development verses reprimand. She noted the system will require supervisors to be more involved with employees.

Mr. Bray feels the Market Based system will provide a guideline for employees that excel in their positions and those who are more lax in their performance. Employees will have an opportunity to increase their wages by the measure in which they perform.

Mayor Blad asked for clarification from the Council regarding the Market Based System. He was under the impression that Council decided they were not interested in moving forward with the Market System.

Council discussion followed regarding a previous meeting to freeze a Cost of Living Adjustment (COLA) for employees in Fiscal Year 2017. It was clarified a COLA is not the compensation plan being discussed. Cost information was shared regarding the Market Based System, step moves, longevity and rank advancements.

Mayor Blad announced departments are building their Fiscal Year 2017 budgets based upon no COLA increase and it does not include changes to the employee compensation plan. It was clarified the cost for employee step moves within each department are included in their proposed budget.

Council discussion regarding various changes to the City's wage structure, costs to implement changes to the wage structure and how to implement the change with the City's software system followed.

Mayor Blad suggested looking at the new pay plan for employees for Fiscal Year 2018. Police Union negotiations have started and he feels more time is needed to implement a new system.

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

#### DEPARTMENT REDUCTIONS/REVENUE

FINANCE – Total reduction \$21,388.00

Ms. Stroschein gave an overview of the following proposed reductions: restructure to decrease the pay grade of an open position in their department prior to filling and the removal of specific education benefits.

VIDEO SERVICES – total reduction \$17,618.00

Ms. Stroschein gave an overview that includes: eliminating the Government Production Assistant Position.

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In response to questions from Council, Logan McDougall, Video Services Director, explained by eliminating the position, staff will not be available to assist other employees “on demand” because they will have a tighter schedule.

ENGINEERING – total reduction \$70,023.00

Ms. Stroschein gave an overview of reductions that include: moving Engineering Administrative Assistant position to the Public Works Director’s budget, office supplies, vehicle repair, and eliminating survey annex building utilities.

One time money – sale of City Annex Building appraised value \$98,000.00. (It was clarified that City property must go to public auction.)

STREET DEPARTMENT – total reduction \$68,000.00

Ms. Stroschein gave an overview of reductions that include: eliminate Hydrologic Engineering studies \$45,000.00 and defer replacement of used equipment \$23,000.00.

POLICE DEPARTMENT – REVENUE/REDUCTIONS

Ms. Stroschein gave an overview of Revenue/Reductions for the Police Department.

Revenue – School Resource Officers partial funding from School District No. 25 - \$160,000.00.

Reductions – reduce staff position levels in Dispatch and Steno - \$45,677.00.

PARKS AND RECREATION – REVENUE/REDUCTIONS

Ms. Stroschein gave an overview of Revenue/Reductions for Parks and Recreation.

REVENUE – approximately \$21,000.00 in revenue by increasing fees for Outdoor Recreation Programs, Team Sports Programs, Community Recreation Center, non-profit concession permits and shelter pavilions.

In response to a question from Council, John Banks, Parks and Recreation Director; explained there are only a dozen or so concession agreements in the Parks Department so the annual revenue from this source is minimal.

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REDUCTIONS –

Parks total reduction \$71,225.00 - Conversion of land lines to cellphones, eliminate yearly rental fees for portable restrooms at Caldwell Park by constructing a stand-alone restroom; Sanitation and Library Departments will reimburse Parks Department for grounds maintenance; 40% reduction of one seasonal laborer, elimination of one seasonal hand mower position; suspend subsidy of Senior Activity Center utilities.

Recreation total reduction \$29,018.00 Outdoor recreation – reduce Nordic Center maintenance, Team Sports - reduce sports field maintenance staffing levels, Ross Park Aquatic Complex - reduce operating hours, Community Recreation Center – reduce operating hours Monday thru Saturday close at 9:00 p.m. instead of 10:00 p.m., permanent reduction in CRC electricity costs with lighting upgrade, Fort Hall Replica – reduce operating hours Monday thru Saturday close at 5:00 p.m. instead of 6:00 p.m., Summer Productions – reduce number of Municipal Band concerts from 6 to 5,

Cemetery – total reduction \$4,876.00

Decrease part-time seasonal staffing levels and allowable full-time staff overtime hours.

TRANSIT DEPARTMENT – revenue total \$ 26,000.00

Ms. Stroschein gave an overview of revenues for Transit.

Support received from the City of Chubbuck will increase by \$26,000.00.

BANNOCK COUNTY FAIRGROUNDS – WATER RATES

In response to questions from Council, Justin Armstrong, Water Department Superintendent, reported a proposed rate plan, similar to what is charged area schools, has been discussed as the water rate for Bannock County Fairgrounds. He noted a letter was mailed to Bannock County regarding the proposed rate. However, the new rate has not been implemented. Mr. Armstrong clarified the adjustment is still being discussed. He noted that Idaho State University and School District No. 25 are charged a commercial rate for water.

Mr. Moore shared information regarding costs for Transit services. He feels since 20% of riders utilizing Transit services are from Chubbuck, the support offered should be based upon the percentage of riders.

Mayor Bald called a recess at 10:49 a.m. Mr. Cooper was excused from the meeting at this time.

Mayor Blad reconvened the meeting at 11:07 a.m.

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Mayor Blad read a letter received from a local second grade student that expressed their support for Pocatello and offered suggestions to increase the number of City Parks.

Ms. Stroschein announced there was an additional reduction submitted by Parks and Recreation.

Zoo Division – reduction \$34,370.00.

Elimination of one full-time Zoo Keeper position and replace with a variable hour position at a decrease in paygrade. (Ramification: negative impact on consistency and expertise of exhibit maintenance and animal husbandry.)

Ms. Stroschein reviewed the following items that impact City funds:

FISCAL YEAR 2017 BUDGET CHALLENGE AMOUNT \$1,386,495.00

A breakdown of major expenses creating the Fiscal Year 2017 budget challenge are: Aetna Medical with status quo for distribution (Fire Department staff is included at the Aetna rates), Delta Dental rates with a 5% increase; updated rates for workers compensation without a change to the experience rating of 59%; and a Police Union 2016 negotiated final increase to social security replacement (equal to Fire Union's plan).

CHANGES TO MARKET VALUE OF PROPERTY -

Bannock County is not able to provide information regarding property values at this time. They still need to complete assessments and enter data into the reporting system; Board of Equalization will review appeals by the 4<sup>th</sup> Monday in June; Final market valuation information will be available to taxing districts July 11 through 18, 2016; homeowners exemption will be \$94,745.00 for the majority of homes. Ms. Stroschein gave a brief history of homeowner exemptions for Pocatello. She noted it is difficult to predict the exemption amounts because the figures fluctuate greatly from year to year.

HOUSE BILL 474 FOREGONE TAX –

House Bill 474 is effective July 1, 2016. The recovery of foregone tax increases from prior years has changed. A new 4-step process is in place. Ms. Stroschein reviewed the new process.

LONGEVITY PAY ANALYSIS - Total Costs \$115,815.000

Finance staff reviewed the detail of each employee scheduled to receive longevity pay in the salary projection for Fiscal Year 2017. Tax Supported Funds - \$89,961.00; Fee Supported Funds - \$25,854.00.

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STEP MOVES WAGE ANALYSIS – Total Costs \$278,613.00

Tax Supported Funds - \$173,810.00; Fee Supported Funds - \$104,803.00. Total of 159 Employees are moving through steps. Eleven employees are Department Heads moving through steps; and ten employees are over market (at 100%), but still moving through steps.

COMPENSATION PLAN IMPLEMENTATION COSTS –

To get to full implementation of the proposed Market Compensation Plan the estimated costs are: Tax supported Funds \$603,825.00; Tax and Fee Supported funds \$46,346.00; Fee Supported funds \$181,245.00. Total cost for Fiscal Year 2017 is \$831,416.00. It was mentioned once the Plan is implemented the City would need to continue moving people through the ranges individually.

Compensation Percentages related to the Market-

Employee compensation over market (100%) equals 146

Employee compensation under market (100%) equals 375

Employee compensation under minimum (80%) equals 58

PROMOTION/RANK MOVES

Total cost of Promotion/Rank and Class Certification moves is \$164,851.00 - 30 employees

Tax Supported funds (Fire and Police sworn personnel) \$147,372.00

Fee Supported funds (Sanitation, Water and Water Pollution Control) \$17,479.00

RETIREMENTS/EARLY RETIREMENTS

Intent to retire - 29 employees have filed an “intent to retire” in Fiscal Year 2017. The total payoff for vacation, sick leave, and comp time is \$795,837.00. It was noted that \$270,898.00 is available in fund 952 to support these retirements. (This figure is included in the challenge number mentioned earlier.)

Early Retirement of employees - 41 employees are eligible to retire early under the following criteria; must have at least 25 years of service and are PERSI eligible. It was noted that some of these employees have also met the rule of 80/90 combined service years and age. (It was later clarified by Ms. Smith if an officer/employee has met the rule of 80/90, they would not qualify as a candidate for early retirement.)

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Total compensation value of employees eligible is \$3,673,097.00. Total payoff required without benefits or potential incentives \$1,178,742.00.

Mr. Moore shared his concerns regarding a buyout of positions that are going to be refilled. He feels the City needs to look at the reorganization of departments if this option is chosen in order to make this cost effective.

Mr. Bray suggested an application process should be created if the Council chooses the early retirement option.

Mayor Blad clarified if Council chooses the early retirement option Human Resources will oversee the process because there are certain guidelines that must be met.

General discussion regarding employee Step Moves and Market guidelines continued.

Ms. Stroschein announced staff has been directed to keep their presentations for the Fiscal Year 2017 budget "flat." She is seeking Council direction in order to proceed from this point.

Mr. Moore would like to move forward under the current pay plan. However, as soon as Council completes the budget process, he suggested conversations regarding longevity and optional pay plans begin.

Mr. Bray disagreed and feels the City will spend more money to stay at the status quo. He would like to "get the ball rolling" on the compensation issue.

Mr. Johnston also felt Council should make the decision now and not wait until next year. He agreed that longevity pay is a difficult issue and suggested the City should either roll it into employee wages or eliminate it.

Mr. Brown agreed with Mr. Johnston. However, he feels it is too large of an issue for the Council to decide at this time.

Mr. Orr agrees with Mr. Brown and Mr. Moore. He would like to freeze the longevity pay to help correct inequity among staff wages and allow employees to move through steps. He also feels longevity is such a big issue that more time is needed to make a decision.

It was mentioned that although Mr. Cooper was not in attendance for this portion of the meeting he had stated earlier that he would like to move forward with changing the pay structure.

Mayor Blad shared that he was comfortable staying with the current pay plan and continue the discussion to change the process. There are negotiable items with the Unions that need to be addressed as part of this process.

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Council acknowledged the Mayor's comments.

Council discussion regarding the proposed budget revenue/reductions presented by City Departments and analyzing City services followed. It was noted that revenue predictions need to be realistic. The information presented by departments will be documented and made available to Council for review.

PROPERTY TAXES – SUMMARY AND HISTORY

Ms. Stroschein reviewed property taxes taken in the amount of \$26,495,490.00 that were applied to the Fiscal Year 2016 budget. She provided estimated amounts that could be taken to apply to the Fiscal Year 2017 budget.

Tax funds available to impact the City's budget were debated. Topics such as: making needed upgrades, funding workers compensation, and meeting capital/maintenance needs that have been postponed for many years were discussed.

Mr. Johnston feels the Council should be united behind Mayor Blad to proclaim the City has not discriminated against any citizen. Staff was instructed to prepare a document declaring the City's position against discrimination. It was mentioned the City is participating in a city-wide event on April 30, 2016 and a proclamation has been prepared.

Mr. Orr asked that the Fire Department find another \$325,000.00 in reductions and noted it cannot come from capital accounts.

There being no further business, Mayor Blad adjourned the meeting at 12:13 p.m.

APPROVED:

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BRIAN C. BLAD, MAYOR

ATTEST:

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RUTH E. WHITWORTH, CMC, CITY CLERK