

CITY OF POCA TELLO, IDAHO  
CITY COUNCIL MEETING -  
BUDGET DEVELOPMENT  
JUNE 2, 2016

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Mayor Brian Blad called the City Council meeting for budget development to order at 9:00 a.m. Council members present were Roger Bray, Jim Johnston, Gary Moore and Michael L. Orr. Council member Steve Brown arrived at 10:18 a.m.

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

Joyce Stroschein, Chief Financial Officer/Treasurer, stated that information regarding budgets for City departments would be presented. She gave an overview of the material that would be discussed to determine the Fiscal Year 2017 budget and announced that department briefings would be held at this time. Ashley Linton, City Accountant, was also present.

-SANITATION DEPARTMENT  
FISCAL YEAR 2017  
BUDGET REVIEW

Arlyn Rasmussen, Sanitation Superintendent; Mike Jaglowski, Public Works Director; and Joyce Stroschein, Chief Financial Officer/Treasurer; gave an overview of the estimated Sanitation Department budget for Fiscal Year 2017.

Ms. Stroschein gave an overview of the process staff will follow to give their budget presentations. She reviewed the Sanitation Department's Fiscal Year 2017 budget requests and noted staff would be available to answer questions.

Mr. Rasmussen explained there is a large increase in the recycling expense to dispose of materials for the Sanitation budget. He noted that Bannock County Landfill and recycling costs have risen.

Mr. Jaglowski mentioned trucks used for the Yard Waste Program are older vehicles. These vehicles are being used for the Program instead of being traded-in.

Mr. Rasmussen clarified that the City can only provide the number of carts to meet the total allowed by Bannock County for distribution to the landfill. He feels by keeping older trucks for the Yard Waste Program there is a cost savings for the department. Staff is in the process of analyzing the actual cost savings.

PROPOSED – BUDGET

Rate Study Plan is a 3 percent increase in the rate.

Vehicle replacement plan for Fiscal Year 2017

- 2 commercial trucks
- 2 residential trucks
- 1 pick-up

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Vehicles for the Yard Waste Program are not programmed in the current rate study. Utilizing residential vehicles by not trading them in at replacement time and moving them into the Yard Waste Program is still being analyzed.

Training Operator “A” to Operator “B” positions  
 Eliminated need for an additional Operator “C” position.  
 In the future, department may need additional part-time dollars.

-WATER DEPARTMENT  
 FISCAL YEAR 2017  
 BUDGET REVIEW

Justin Armstrong, Water Superintendent; Mike Jaglowski, Public Works Director; and Joyce Stroschein, Chief Financial Officer/Treasurer; gave an overview of the estimated Water Department budget for Fiscal Year 2017.

Mr. Armstrong noted the largest cost savings for his department budget is the inactivation of an old water tank at the airport.

In response to questions from Council, Mr. Armstrong reviewed Professional Service costs. He noted they are almost done with the facility plan and are discontinuing the on-call services for an engineer because they have hired a staff member that can do this.

PROPOSED BUDGET -

Rate Study Plan is a 4 percent increase in the rate.

Completion of the Facility Plan Study  
 To identify system deficiencies and develop short-term and long-term growth plans

Water Mitigation Plan  
 Adoption of plan

Rebuild reserves from major project in Fiscal Year 2016  
 Airport Well and Tank project

-WATER POLLUTION CONTROL DEPARTMENT  
 FISCAL YEAR 2017  
 BUDGET REVIEW

Jon Herrick, Water Pollution Control (WPC) Superintendent; Mike Jaglowski, Public Works Director; and Joyce Stroschein, Chief Financial Officer/Treasurer; gave an overview of the estimated WPC Department budget for Fiscal Year 2017.

PROPOSED BUDGET –

Rate Study Plan is a 3 percent increase in the rate.

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Completion of the Phosphorus Project cost was reviewed. Mr. Herrick noted the new facility to process wastewater is progressing well. He mentioned there will be a decrease in chemical and electricity costs.

Replacement of Capital Equipment includes:

- Biosolids Truck and Trailer
- Camera Van
- 2 vehicles

Repair, maintenance and replacement of infrastructure include:

- Cure In Place Pipe (CIPP) – 2 miles for Fiscal Year 2017
- Lift Stations – Raymond Park and Indian Hills areas

-SCIENCE AND  
 ENVIRONMENT  
 DIVISION  
 FISCAL YEAR 2017  
 BUDGET OVERVIEW

Mike Jaglowski, Public Works Director; and Joyce Stroschein, Chief Financial Officer/Treasurer; gave an overview of the estimated Science and Environment Division budget for Fiscal Year 2017.

Ms. Stroschein explained Mr. Jaglowski is presenting on behalf of Hannah Sanger, Science and Environment Division Manager.

Mr. Jaglowski noted the operating line has increased due to the need of more educational materials and sample testing supplies. He explained these expenses are part of a requirement from other government entities for monitoring environmental quality issues.

In response to questions from Council, Ms. Stroschein explained the Science and Environment Division works together with Water and Water Pollution Control departments to monitor quality. She mentioned the City's utility divisions are now paying for all of the appropriate administrative costs that were not included in their budgets prior to Fiscal Year 2017. The costs are being evenly distributed between the departments.

PROPOSED BUDGET -

NPDES Stormwater permit and annual compliance requirements

- Mapping and modeling the stormwater system
- Inspections and enforcement
- Education and outreach (Environmental Fair)
- Demonstration Projects (Martin Luther King Jr. Way updates)

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Mr. Jaglowski reviewed the education and outreach opportunities. This includes information regarding stormwater and levees along the river. He mentioned the Portneuf River Visioning Project and explained staff is working with the Army Corps of Engineers to provide outreach in the community to prepare a plan for the river. Surveys are taking place and public meetings have been held to receive input from the community.

General discussion regarding the Portneuf River Visioning Project followed. Future plans for the river and community access concepts were discussed. The topics include changes to the river in order to correct flooding issues and the life expectancy of the concrete channel.

-PUBLIC WORKS DEPARTMENT  
 FISCAL YEAR 2017  
 BUDGET OVERVIEW

Mike Jaglowski, Public Works Director, and Joyce Stroschein, Chief Financial Officer/Treasurer, gave an overview of the estimated Public Works Department budget for Fiscal Year 2017.

Ms. Stroschein explained a large increase in the personnel budget is due to moving an administrative position into the Public Works Department.

Mr. Jaglowski explained the philosophy for travel and registration/training costs has changed regarding the Public Works Director position. This expense was charged across multiple Public Works departments. Mr. Jaglowski felt it was more transparent for his department to show the expense and he will share the training he receives with other departments.

It was mentioned that the utility rate study gives Council guidance and helps determine rate increases in order to keep utility departments whole. This concept could also be applied to the tax supported departments to keep them whole.

It was suggested the City's lobbyist position be identified as a separate item. The lobbyist information should be more clear and defined from other costs. As a result, Council can look at this expense and determine if it is still cost effective.

-UTILITY BILLING DEPARTMENT  
 FISCAL YEAR 2017  
 BUDGET OVERVIEW

Cindy Robbins, Director; and Joyce Stroschein, Chief Financial Officer/Treasurer; gave an overview of the estimated Utility Billing Department budget for Fiscal Year 2017.

Ms. Robbins noted their department has two trucks that need a shell installed and the utility statement/mail stuffing machine is having problems that need to be addressed. She reviewed the results of mailing delinquent account/late notices earlier than in previous years. The earlier late notice mailing process has worked well. Ms. Robbins reported an increase in the number of past-due payments being received. As a result, the revenue from late fee charges has decreased.

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Council member Steve Brown arrived at 10:18 a.m.

In response to questions from Council, Ms. Robbins reviewed software updates and new technology available to process payments and help individuals manage their accounts on-line. She noted that shortened office hours on Friday afternoons allow staff to hold meetings and/or trainings. Ms. Robbins clarified her department does not turn-off water on Friday due to the shortened hours.

-INFORMATION Chris Sorenson, Chief Information Officer; and Joyce Stroschein,  
 TECHNOLOGY Chief Financial Officer/Treasurer; gave an overview of the estimated  
 DEPARTMENT Information Technology (IT) Department budget for Fiscal Year  
 FISCAL YEAR 2017 2017.  
 BUDGET OVERVIEW

Mr. Sorenson reviewed the decreases in his budget. He explained staff is waiting longer to replace computers and monitors because quality systems are currently in place.

Ms. Stroschein explained the IT Department provides support to every department in the City. As a result, they receive funding from tax supported and fee supported departments.

In response to questions from Council, Mr. Sorenson reviewed the equipment their department maintains for the City. He gave a brief overview of software available to replace manual time sheets. Mr. Sorenson will present his findings to the Council at the July 14, 2016 Study Session. He mentioned the initial analysis shows an annual savings of \$40,000.00 to \$300,000.00 per year. The proposed software system will capture actual hours and not rounded hours for employees.

-WORKERS Kirk Bybee, Civil Attorney/Risk Manager; Lynette Sampson, Deputy Risk  
 COMPENSATION Manager; and Joyce Stroschein, Chief Finance Officer/Treasurer; gave an  
 LIABILITY/RISK overview of the estimated Workers Compensation and Liability/Risk  
 DIVISION Management fund.  
 FISCAL YEAR 2017  
 BUDGET REVIEW

LIABILITY/RISK DIVISION -

Ms. Sampson mentioned the Intermountain Claims contract will increase by \$2,400.00 for Fiscal Year 2017. She explained the City pays a flat fee and the charge it is not based upon the number of claims received.

Mr. Bybee feels having a local Intermountain Claims office/representative to assist with claims is a benefit for the City.

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Overall reserves for the Liability fund were reviewed. Ms. Stroschein reported there is \$911,664.00 in the reserve fund for Liability expenses. She suggested moving \$300,000.00 from the Liability fund to Workers Compensation fund through proposed June Budget Amendments.

Mr. Moore suggested moving \$500,000.00 to the Workers Compensation fund to bring the fund closer to the required amount. (It was later clarified this can be accomplished in two separate budget amendments.)

WORKERS COMPENSATION –

Ms. Stroschein gave a brief history of the fund and noted the City's experience rating is at 59.6 percent. She noted there is a proposed June Budget amendment to move \$300,000.00 from the Liability Fund to the Worker's Compensation Fund to build reserves. An additional \$200,000.00 could be moved as part of the September Budget amendments.

Council discussion regarding reserves in the Liability fund and needed reserves in the Workers Compensation Fund followed. It was suggested an additional budget amendment in the amount of \$200,000.00 be considered in September to move funds from the Liability budget to the Workers Compensation budget.

In response to a question from Council, Mr. Bybee explained he does not have a current comparison regarding the total number and type of claims received in other cities. He noted that sewer back-up claims are the highest number of liability claims received by the City.

In response to questions from Council, Anne Butler, Safety and Wellness Coordinator, explained Workers Compensation claims in Idaho Falls are similar to Pocatello's. She noted the City's average claim amount for last year was \$7,200.00. However, most claims were approximately \$250.00. Ms. Butler clarified duplicate injuries reported by an employee are monitored and steps are taken to provide additional training for the employee.

Mr. Bybee noted repetitive injuries usually happen during training exercises. He was informed by Department heads these exercises are necessary for staff to perform their jobs. Unfortunately, injuries can occur.

Mayor Blad called a recess at 11:03 a.m.

Mayor Blad reconvened the meeting at 11:19 a.m.

FISCAL YEAR 2017 REVENUE ESTIMATES AND SELECTED OTHER TOPICS –

Ms. Stroschein stated that information regarding revenue estimates would be presented. The revenue sources that will be discussed are Sales Tax, Highway User, Bannock County Road and Bridge, Building Permits, Natural Gas Franchise, Liquor Tax, General Fund Interest, Cable

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Franchise, Magistrate Court, Electric Franchise and Cemetery charges. Property Tax estimates will also be discussed. Ms. Stroschein stated throughout the meeting she would be seeking decisions from the Council on what revenue figures to include in the proposed budget. She provided background information on the different revenues to be discussed.

Council proceeded to review the information provided by Ms. Stroschein and make suggestions for the revenue estimates to be used in the Fiscal Year 2017 Budget.

**SALES TAX REVENUE** - During the discussion, it was noted that the projected Sales Tax revenue for Fiscal Year 2017 is estimated at \$4,434,779.00.

Council Guidance for 2017 Sales Tax Revenue is \$4,400,000.00.

**HIGHWAY USER REVENUE** - The Highway User revenue has started to increase for Pocatello. The 2017 estimate includes a 1% increase. The 2017 estimate is \$2,375,222.00.

Council Guidance for 2017 Highway User Fee Revenue is \$ 2,350,000.00.

**BANNOCK COUNTY ROAD AND BRIDGE** - Bannock County Road and Bridge revenue is remitted to the City through the Bannock County Property Tax remittance.

Council Guidance for 2017 Bannock County Road and Bridge is \$690,000.00.

**BUILDING PERMITS** - Ms. Stroschein noted that Building Permits fluctuate a great deal and are based on construction within the City. She noted that staff is starting to see a modest increase in the residential and commercial construction compared to 2011.

Council Guidance for 2017 Building Permit Revenue is \$675,000.00.

**NATURAL GAS FRANCHISE FEES** - It was noted that Natural Gas Franchise revenue is influenced by commodity prices, severity of the winter season and fees for use of public right-of-way.

Council Guidance for 2017 Natural Gas Franchise Revenue is \$365,000.00.

**STATE LIQUOR TAX** - Ms. Stroschein explained the State Liquor Tax formula. The State of Idaho has increased its "take" each year and has now achieved 50% of the distribution. Association of Idaho Cities does not make an estimate for Fiscal Year 2017 revenue.

Council Guidance for 2017 State Liquor Tax Revenues is \$575,000.00.

**GENERAL FUND INTEREST** - Ms. Stroschein reviewed General Fund Interest for the City which includes earnings from invested cash such as the state pool or bank money market funds. These rates have remained low and the capacity fee lawsuit of 2013 prompted an allocation change. As a result, utility interest income will go to the General Fund.

Council Guidance for 2017 General Fund Interest Revenue is \$204,000.00.

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CABLE FRANCHISE FEES - Ms. Stroschein reviewed Cable Franchise Fees. She noted the last three quarterly payments have averaged between \$60,000.00 and \$65,000.00. Ms. Stroschein recommended a range of \$240,000.00 to \$260,000.00.

Council Guidance for 2017 Cable Franchise Fees is \$240,000.00.

MAGISTRATE COURT - Magistrate Court revenues for Fiscal Year 2013 were \$249,337.68. Ms. Stroschein stated that the amount for 2013 is the lowest amount received since Fiscal Year 1998. She noted the collection process at Bannock County has changed and the number of citations has decreased.

Council Guidance for 2017 Magistrate Revenue is \$294,000.00.

ELECTRIC FRANCHISE FEES - Ms. Stroschein explained that Electric Franchise Fee revenue is also impacted by rates and rates are impacted by snow pack. She noted that revenues have remained consistent since Fiscal Year 2014.

Council Guidance for 2017 Electric Franchise Fee Revenue is \$428,000.00.

CEMETERY FEES - Cemetery revenue is based upon charges for open/close funeral services and plot sales. Differences in revenue are impacted by rates, interments and the choice of purchasing a standard cemetery plot verses an ash burial.

Council guidance for 2017 Cemetery Fee Revenue is \$296,000.00.

PROPERTY TAX - Property Tax estimates were discussed and it was noted the valuation is estimated at a three percent increase.

In response to questions from Council, Ms. Stroschein explained the process for the City's portion of the levy rate and how it is set in the county. She reviewed additional property tax authority such as new construction allowance and annexation allowance. More information will be available in early July or August to obtain a better estimate of property tax revenue.

Additional Property Tax Authority –	
Prior Year “Foregone”	\$1,460,725.00
3% Allowance	\$ 807,000.00
New Construction	\$ 222,262.00
Annexation Allowance	\$ none

Total \$ 2,267,751.00 (\$2,487,987.00)

Ms. Stroschein reviewed the potential revenue and City expenses for Fiscal Year 2017. She explained anticipated water lease revenue was not included in the proposed totals. It was noted that most of the expenses currently identified can be met with the Fiscal Year 2017 revenue predictions. Ms. Stroschein reviewed the dates for upcoming Budget Decision Sessions.

There being no further business, Mayor Blad adjourned the meeting at 12:01 p.m.

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**A consensus of the Council on the Fiscal Year 2017 Revenue Estimates & Selected Other Topics is attached as a permanent part of the minutes (see Attachment "A").**

APPROVED:

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BRIAN C. BLAD, MAYOR

PREPARED BY AND ATTEST:

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RUTH E. WHITWORTH, CMC, CITY CLERK