

CITY OF POCA TELLO, IDAHO
CITY COUNCIL MEETING -
BUDGET DEVELOPMENT
MARCH 9, 2017

Mayor Brian Blad called the City Council meeting for budget development to order at 3:13 p.m. Council members present were Heidi Adamson, Roger Bray, Steve Brown, Jim Johnston and Gary Moore. Council member Michael L. Orr arrived at 3:38 p.m.

Joyce Stroschein, Chief Financial Officer/Treasurer gave an overview Fiscal Year 2018 Budget Strategy items.

RESERVE REVIEW -

Summary of Tax Funds – Excess Reserves available for use on one time capital needs were reviewed. Street (\$1,025,542.00), Cemetery (\$93,004.00), Airport (\$68,552.00), Library (\$167,664.00) Video Services (\$109,883.00), Liability Insurance (\$362,770.00), Public Works (\$32,558.00), Environmental Science (\$119,697.00) and Property Abatement for abatement issues and demolition (\$78,582.00).

Funds needing to build reserves - General Fund (improved from 60% of goal to 80% of goal) \$1,700,262.00; Recreation Fund (25% rate reflects Zoo move to Recreation) Improved but had to absorb additional requirement. \$319,874.00; Worker's Insurance Fund (Proposal to transfer from Fund 002 \$350,000.00) \$775,035.00.

INTER-FUND FUEL RATES FOR BUDGETING –

Comparisons from Fiscal Year 2017 were given and proposed rates for Fiscal Year 2018 were reviewed. It was noted that rates have recently increased. It would be prudent to maintain current rates based on the US Energy Information Administration forecast for 2018.

Tom Kirkman joined staff and provided updated information regarding fuel costs.

100% FEE SUPPORTED FUNDS (UTILITY RATE STUDY) –

Raftelis Financial Consultants, Inc. completed a five-year budget plan for the Utility Funds in the fall of 2013. A 5 year budget plan for fiscal years 2015 through 2019 was created.

Scheduled fee increases for Fiscal Year 2018 are: Sanitation 3%; Water 4%; and Water Pollution Control 3%. The increase in expenditures will be budgeted to complete expected capital projects and to meet customer demands for service.

Council member Orr joined the meeting at this time.

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PROPERTY TAX REVIEW –

Total non-exempt funds (no bond levy amount included) \$27,298,988.00; Property Tax replacement dollars \$353,411.00; Total Non-exempt plus Replacement total \$27,652,399.00.

FOREGONE TAX FOR FISCAL YEAR 2018 DEVELOPMENT

Ms. Stroschein explained there is a limitation on the percentage the City can levy of certain funds and the funds were reviewed. She cautioned Council about “capping out” on the funds.

ONE-TIME CAPITAL CONTINGENCY FUNDS -

These funds include: General Funds for Police \$263,000.00, Fire \$254,700.00 and Non-Department \$619,187.00. Other funds are: Street Fund \$18,748.00, Recreation Fund \$7,574.00, Cemetery Fund \$2,451.00, Airport Fund \$4,326.00 and Library Fund \$8,286.00.

Ms. Stroschein announced the next Budget Development meeting will be held March 16, 2017.

35.47

EMPLOYEE PAY PLAN UPDATE -

Heather Buchanan, Human Resources Director; and Lynette Sampson, Human Resources Consultant; gave a brief overview of Compensation and Benefits for City employees. Ms. Buchanan mentioned the presentation is based upon Council’s direction given at the March 2, 2017 Budget Development meeting.

The proposed new Pay Plan Chart was reviewed. It was noted that a Pay Grade Distribution Chart is necessary to move forward with the proposed pay plans.

PAY PLAN OPTIONS –

Wage Based move to Hybrid Plan (No. 4)

Based on current employee headcount: Fiscal Year 2019 - 210 employees would still be in steps; Fiscal Year 2020 - 173 employees would still be in steps. Employee moving through steps would see an increase of 3.5% through step 5. After step 5 the employee would move to market and be on a “pay for performance” system. Steps 6 – 36 are set up in ½% increments to allow managers flexibility and to deal more efficiently with budget limitations. All new hires will be at step 1 and would move a step each year. After 5 steps they will be at “market” and move to a “pay for performance” system at Step 6. Cost of the wage based plan was reviewed.

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General discussion followed regarding how the costs moving forward with the proposed plan would be broken down. The change would make employee wages more competitive with the market.

Phased in 90% Hybrid Plan –

Staff feels this approach is not a viable option. It causes compression by moving most employees to a step 4.

Police Sworn Officers and management were reviewed. Management positions - 11 and Sworn Officer positions – 77. It was noted the City will enter into negotiations with the Police Union on April 3, 2017. Anticipate moving officers to step 2 of 3 to bring them to market. Police Civilian costs must be considered and approved with Union negotiations.

Ms. Stroschein mentioned it is difficult to measure the actual costs for the plan. There are many differentials to take into consideration before an actual amount can be known.

General discussion continued and Council asked staff to provide a breakdown of costs for the proposed hybrid plans and a “status quo” plan.

Clarification of the current pay plan, costs and breakdown of the proposed plan were shared. It was noted that Finance staff will measure where costs are at this time. It was mentioned that several employee retirements are possible in the near future. As a result, this cost has increased from the previous year.

BENEFIT CONTRIBUTION PERCENTAGES –

Nicole Harms, Benefit Coordinator, gave an update on known costs for benefits. Ms. Harms gave a breakdown of current the medical cost distribution. Medical cost averages around the state were reviewed. The review showed that 24 of 63 cities and counties surveyed offered 100% paid employee plans; only 11 of the 63 cities and counties surveyed paid more than 90% of the family plans.

Benefit Options for Fiscal Year 2018 -

Option 1: no change to distribution amount; Option 2: increase 2+ party plans; Option 3; decrease employee only increase 2+ party plans; and Option 4: increase 2+ party plans and employee only covered 100%. City impact of each plan based on Fiscal Years 2017 numbers are: Option 1 - 0% change; Option 2 - 1.84% decrease; Option 3 - 4.51% decrease; and Option 4 - 8.49% decrease.

Employee impact was reviewed. (Does not include those covered under the Fire Collective Bargaining Agreement or Fire Management). This included the dollar amount and number of employees in the plans.

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General discussion regarding wages and benefits continued. Suggestions were made to provide different types of incentives for health care benefits. It was mentioned that the City is losing 84 employees from the current insurance pool. Based upon these changes, there is the potential of an increased cost in premiums.

Human Resources staff suggested Council consider Option 3 (decrease employee, increase 2+ party plan.) Staff is seeking Council guidance in order to move forward with a benefit option.

A majority of the Council supported Options 2 and 3. As a result, staff will bring more information on these two options at a future meeting.

There being no further business, Mayor Blad adjourned the meeting at 5:15 p.m.

APPROVED:

BRIAN C. BLAD, MAYOR

ATTEST:

RUTH E. WHITWORTH, CMC, CITY CLERK