

Mr. Tymesen presented a proposal for balancing the budget. He suggested that the City eliminate funding from the PD staffing budget since they have not been 100% fully staffed for several years. He commented that we could lean on revenues but does not prefer this approach. He noted that the urbanized COLA is at 1.7% and therefore he is hopeful that the 3% projected COLA would be reduced. He would recommend that in combination with the proposed budget reductions and a 2% property tax, the City would be balanced.

Councilman Goodlander noted that the self-insurance fund is down substantially than in the past and so what would our savings if we contracted with ICRMP. Mr. Tymesen responded that the cost for ICRMP premium is approximately \$650,000 per year.

Mayor Bloem asked about the high-water mark that would be set today, could we add to the budget for revenue changes if grants were to be received. Mr. Tymesen noted that the budget established can be amended during the fiscal year.

In conclusion Mr. Tymesen noted that the city needs revenue to operate and good stewards of public funds can be measured by foregone taxes. Another important factor is having enterprise funds. He explained how he arrived at the new growth figure in the proposed budget.

Councilman Adams asked about pay grade projections. He asked if the top 20% of employees took a pay reduction. Mr. Tymesen explained that to adjust pay grade would disrupt the scale by which positions are paid. Councilman Adams recommended that staff not be given the COLA and reduce employee wages as he believes that good leadership comes through sacrifice. Councilman Adams also noted that pledged he will never approve any property tax increase and he is standing by that pledge.

Councilman Kennedy recommends we take 3% property tax increase. He noted that we have more citizens with fewer employees and a greater demand on the remaining staff.

Councilman Edinger commented that he would support a 2% property tax increase. Mr. Tymesen noted that a big issue for not just the City but the state of Idaho is stormwater utility. Councilman Edinger believes that as the Finance Director believes that together with the 2% property tax that staff would be able to balance the budget. Councilman Goodlander believes that has a community we need to look at the long-term effect of not taking property tax increases today. Councilman Edinger believes that since Council took no increase last year that a 3% increase would be too big of a jump. He believes that by combining the 2% increase and staff reducing their budgets, we can balance the budget. He also noted that the City is also looking at a wastewater rate increase and water rate increase which also affects citizens. Councilman McEvers commented that times have gotten tough and he does not want to lean on taxpayers; however, city staff has sacrificed as well, so if employees are willing to step up he would be willing to compromise at a 2% tax increase. Councilman Kennedy believes that he can go with 2% and believes that difficult and painful decisions have been made and that by prudent leadership you cannot cut or slash your way out of a recession. He believes when you cut staff it adversely affects businesses in the community. He also noted that he won't take a pledge of any sort that locks you in, such as "you will never" do anything, and believes that when you make such a pledge that you do not have an open mind. Councilman Gookin believes that you do

need to look at the possibilities and when you make a pledge to not do something you remove yourself from the discussions and possible options. He also would not cut pay but he would consider a freeze on pay. He noted that by statute the City is bound by a 3% property tax increase and new growth for increasing the budget and foresees a problem if wages/salaries exceed that allowable increase. He would also like to see the VEBA account stop for employees and along with the life insurance since these perks could save more than \$700,000. He also believes that LCDC radically affects the City's budget in that if the City had the increment received by LCDC, the City would get approximately at a \$2,000,000 boost to the City's budget. He also noted that the City has real property assets and believes the city should not be a landlord and thus would like to see the City liquidate some of these assets. He also sees a lot of expenditures in the budget that could be postponed.

Motion by Edinger, seconded by Kennedy to set the proposed budget with a 2% increase in property tax. ROLL CALL: Kennedy, Aye; Gookin, No; Goodlander, Aye; McEvers, Aye; Adams, No; Edinger, Aye. Motion carried.

Mayor Bloem expressed her appreciation for staff's efforts on trying to balance the budget. Wendy Gabriel and all members present applauded Vonnie Jensen for the tremendous work she has done in these trying times for the Finance Department.

RECESS: Motion by Kennedy, seconded by Goodlander, to recess to July 31, 2012 at 12:00 noon in the City Hall former Council Chambers. Motion carried.

The meeting recessed at 1:10 p.m.

Sandi Bloem, Mayor

ATTEST:

Susan K. Weathers, CMC
City Clerk