

# MINUTES

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**McCall City Council  
Special Meeting  
Legion Hall - McCall City Hall (Lower Level)  
July 12, 2013**

## Agenda

Budget Work Session  
Adjournment

## CALL TO ORDER AND ROLL CALL

**Mayor Bailey called the special meeting of the McCall City Council to order at 9:05 a.m. Council Member Aymon, Mayor Bailey, Council Member Scott, Council Member Swanson, and Council Member Witte were present.**

City staff present was Gene Drabinski, City Manager; Linda Stokes, Treasurer; Laura Wilson, Deputy City Clerk; Dennis Coyle, Parks and Recreation Director; Traci Malvich, Human Resources Manager; and BessieJo Wagner, City Clerk

## BUDGET WORK SESSION

### **FY14 Budget Development**

Linda Stokes, City Treasurer, stated that the ultimate goal of the work session was to set the maximum amount for the budget. The FY14 Tentative Budget (as printed on July 9) included \$4,924,464 in property taxes, including the full 3% (\$136,164) and a portion of foregone (\$177,621) amount. Mrs. Stokes stated that only the maximum allowable 3% property tax increase is included, the total property taxes to be collected would be \$4,666,032. She also clarified that if neither the 3% nor the foregone amounts are included, the total property taxes to be collected would be \$4,610,679.

Mrs. Stokes further clarified that only a portion of the forgone amount was taken to balance the budget that was before the Council for consideration. Mrs. Stokes there was still \$74,000 of foregone that was not budgeted for. Mrs. Stokes also clarified that in the comparison to the FY13 budget there was a \$2,404,698 difference to the tentative proposed FY14 budget and that difference was largely due to grant revenue.

Mrs. Stokes explained what was in the 'other' category, stating that cash over and under, insurance claims, and LOT dollars to City. She also clarified that the highway user dollars come from the gas tax and \$99,000 was budgeted for FY13. Mrs. Stokes continued by explaining the analysis of property tax type, stating that why fees went down due to decreased expected revenue.

There was a brief discussion regarding the levy rate.

**Personnel costs - 2% market adjustment in FY14**

Gene Drabinski, City Manager, stated there has not been a market adjustment for City Employees in 4 years. Traci Malvich, Human Resources Manager stated that the City is doing a salary survey to determine if the pay scale is in line with other municipal employees doing like work. Once they begin the survey it can take 2 to 4 weeks to get back. Mrs. Malvich explained how the salary survey was done. Council Member Witte asked if it was just salaries. Mrs. Malvich explained that it was salary and benefits. She also stated that of all cities represented, McCall employees pay the highest premiums for dependents. Gene Drabinski described why a 2% market increase across the board needed to be budgeted.

**Up to 3% merit increase available in FY14**

Gene Drabinski said that not everyone gets 3% increase; the increase is based on performance. Mrs. Stokes explained the numbers that were used to determine the amount stating that the total amount budgeted for 2% is approximately \$72,185 and total amount budgeted for 3% is approximately \$63,202. She stated that the dollars were comparing last year numbers to this year numbers.

Council Member Witte wanted to know what the current salaries with the increase would be and what the salaries would be without the increase. She also wanted to know what was awarded from last year and what was the total amount allotted for merit increase. Mrs. Malvich explained that \$63K was the difference between this and last year budget. She also stated that the average of all increases was 2.73% for FY13.

There was much discussion about the merit increase and what that amount would be.

**Health Insurance Renewal at 18.0%**

Gene Drabinski stated that currently the health insurance rate that was reflected at an 18% increase in the proposed budget. He stated that Select Health representatives had met with the City and gave a proposal with a 9.5% increase to FY13. He stated that pharmacy and deductibles would be affected with the 9.5% proposed increase. He stated that staff chose to put 18% in budget with no changes to coverage until there was an acceptable bid. Gene Drabinski did not want the cost burden to go to the employees. It was clarified that the 18% increase in health insurance represented about \$85K. Council Member Witte asked about using some of the savings from the Health Reimbursement account being used to offset last year's increase. Mayor Bailey asked if Select Heath would cover preexisting conditions. Mr. Drabinski stated that they have to cover pre-existing conditions. Mayor Bailey asked about state health insurance exchanges.

Mrs. Stokes stated that September 4, 2013 was the very last day to adopt the budget for FY14.

Mrs. Stokes stated that the dental insurance renewal was at a 5% increase for Delta Dental and 5.9% for Willamette. It was clarified that the City would not go out for bid on the dental coverage. It was also noted that the budget reflected that the City would pay for the FY14 benefit premium increase.

## **Department-by-Department review of the draft budget**

### **Airport:**

Mayor Bailey stated that a plan or schedule should be made to hook up all the hangars to the sewer line and get off of the septic. He also stated that the dumpster issue needs to be resolved. Nate Coyle, Airport Manager, stated that the Airport currently has a lock on the dumpster, and people were upset. He clarified that there was not a large free dumpster. Mr. Coyle did not think the idea of a dumpster was a good idea because of wildlife attraction and everyone dumping their trash.

Mrs. Stokes stated that Grant expenses and land acquisition would be included in the budget.

Council Member Aymon asked what about what the interfund transfer fund was. Mrs. Stokes clarified that costs occur from some departments that need to be paid for by other departments.

Council Member Aymon asked why landing fees would go down. Mr. Coyle explained that based on historical data of landing fees it was decided to decrease those fees.

Mayor Bailey clarified that Dennis Coyle was no longer affiliated with the airport and would no longer require any extra money from the airport fund. He also clarified that John Anderson's, Airport Consultant, contract was on retainer. Nate Coyle stated that he expected to go back to the previous version of the T-O Contract and that Mr. Anderson's services would be at an 'on call' fee.

### **Golf Course:**

Council Member Witte wanted to know what the CIP transfer was. Mrs. Stokes clarified that the transfer was for the clubhouse improvements and was taken out of the recommended foregone amount. Mayor Bailey noted that the LOT approval was not in the budget. It was clarified that it was because the council had not approved the LOT recommendations for departments to put into the budget. Mayor Bailey suggested the consideration of selling two of the City's properties around the golf course to pay for a new golf course maintenance building. Gene Drabinski noted personnel costs were down with a decrease of one fulltime employee.

### **Mayor & Council:**

Mayor Bailey noted some corrections on page 14 of the narrative, stating that the Public Works Advisory Committee and Public Art Advisory Committee need to be added. He also noted that Urban Renewal Agency is actually the McCall Redevelopment Agency. Mayor Bailey also clarified that he had been elected to a 2 year term which finished Council Member Delaney's term. He also commented that Council Member Swanson's history was incorrect.

Council Member Witte wanted to know why PERSI was only \$23. Mrs. Stokes noted it would be corrected. Council Member Aymon asked about the \$6k for the Holiday Party. Mrs. Stokes explained that it had been taken out last year and was added back in this year. She further explained that there was a decrease in employee recognition to help compensate for the Holiday Party.

**Information Systems:**

David Simmonds explained why there was an increase in the budget for computer software.

**City Clerk:**

There was a brief discussion regarding the increase in personnel. BessieJo Wagner, City Clerk, stated that due to the LOT funding for direct costs carried forward from FY13 to FY14, and the LOT funding awarded for FY14, there would be enough to completely fund a half-time employee. She stated that the intent was to make the current half-time Deputy Clerk full-time for FY14 only. Mrs. Wagner stated that the employee was well aware that the full-time position may only be funded for one year and then could go back to a part-time position.

**Community Development:**

There was a brief discussion regarding personnel and projects coming up.

**Police:**

Council discussed the decrease in personnel and the possible effects on coverage. They also discussed the need for new police vehicles and the possibility of leasing vehicles and the possible benefits leasing would have on the budget.

**Library:**

Council briefly discussed the possibility of creating a Library District.

**Recreation Fund, Parks:**

There was a brief mention of the possible move to the Museum site.

Council also reviewed the following departments' budget for FY14.

- Grants
- City Manager
- Administrative Costs
- Finance
- Streets/Public Works Fund
  - Water Fund
  - Sewer Fund

**Public Comment**

There were no comments from the public.

**FY13 Local Option Tax**

The Council made some suggestions to finalize the FY14 Local Option Tax awards.

There was much discussion regarding the Snowmobilers and the recommended funding of \$37,500. Council Member Aymon was not on board with funding at this level, stating that the funding should be only \$25000; Council Member Witte agreed. Mayor Bailey stated that the snowmobilers contribute to putting "heads in beds" so the recommended amount should remain \$37,500. Council Member Swanson stated that it was important to maintain the reputation in order to keep people coming here for snowmobiling. There was continued discussion on the

merits and controversy of snowmobilers. Council Member Swanson stated that the snowmobilers are critical to McCall's Economic health in the winter. Council Member Aymon and Council Member Witte felt that it should not be more than \$25,000. Mayor Bailey was in favor of fully funding the snowmobilers and Council Member Scott stated that they are a major contributor to the economics of the City and was in support of full funding

There was some discussion regarding the Chamber fireworks request. Council Member Aymon commented that she was not sure if \$7,000 was the right amount.

Council Member Witte suggested that the amount for the Steelheads be brought down to \$5,000 from the recommended \$10,000.

Council Member Witte would like for more of the LOT funding to go to sidewalks and infrastructure. She would like the Public Works project to go to the top of the contingency list.

Council Member Aymon would like to fund the McCall Music Society, Council Member Scott agreed.

Council Member Scott suggested that the snowmobilers be reduced by \$2,875 reduce and that money go to the McCall Music Society.

There was much discussion regarding sidewalks.

Mayor Bailey and Council Member Swanson suggested that the Council leave the rest of the LOT recommendations as is.

Council Member Aymon and Council Member Witte would like to move the sidewalk project to #1 on the contingency list.

### **Review Capital Improvement Plan (CIP)**

There was a brief discussion regarding the need to finalize the FY14 CIP projects. It was clarified that \$84,755 of 3% tax increase was dedicated to the CIP as well as \$183,621 of the foregone amount.

### **Property Taxes**

Linda Stokes explained that in order to estimate the impact of the tax increase on the levy rate or on specific properties, the net market value of all properties in McCall must be known. At this point, that value was not known. She stated that to estimate the impact of taking the 3% Property Tax Increase and \$177,621 of the Foregone Amount staff used the net market value for 2012 of \$760,703,958.

Based on the assumption above, the additional \$313,785 in the current FY14 Budget draft shows the estimated levy rate would be 0.006473562. The estimated impact of the additional \$313,785 is \$69.71 per \$100,000 of assessed, taxable value. The levy rate with only the 3% increase (\$136,164) would be 0.006240066. The estimated impact of the additional \$131,454 was \$17.90 per \$100,000 valuation.

Mrs. Stokes further explained that the Idaho State Tax Commission recalculates the Homeowners Exemption every year, according to a formula defined by the Legislature. The Homeowners Exemption decreased by \$2,794 to \$81,000 for tax year 2013.

**City Council Deliberation**

The Council engaged in deliberations regarding the FY14 budget. It was clarified that once the Council adopted the Tentative Budget, they could not adopt a final budget that reflected a larger dollar amount; however they could adopt a budget with a lesser amount.

**Mayor Bailey moved to adopt the FY14 Tentative Budget in the amount of \$17,046,469. Council Member Aymon seconded the motion. In a voice vote all members voted aye and the motion carried.**

**FY14 Budget Development Next Steps**

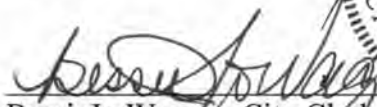
Linda Stokes stated that the FY14 Budget Public Hearing would be on August 8, at 6:00 pm and the FY14 Budget Adoption is scheduled for August 22, at 6:00 pm.

Mayor Bailey stated that he would like the staff to consider what it would take to do a 5 year budget.

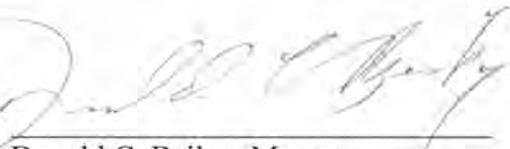
**ADJOURNMENT**

**Without further business, Mayor Bailey adjourned the meeting at 3:21 p.m.**

**ATTEST:**

  
BessieJo Wagner, City Clerk



  
Donald C. Bailey, Mayor