

**MINUTES
PAYETTE CITY COUNCIL
SPECIAL MEETING
August 24, 2009**

ROLL CALL

Members Present: Mayor Henderson, Ivan Mussell, Lee Nelson, Mark Heleker, Jeff Williams

Members Absent: Georgia Hanigan, Les Cochran

Also Present: Jeff Sands, Fire Chief; Mary Cordova, City Coordinator/Clerk; Jamie Couch, Street Supervisor; Mark Clark, Police Chief

PLEDGE

Mayor Henderson led the Pledge of Allegiance.

PUBLIC HEARING

5:30 PM Proposed Comprehensive Plan Map-

Clerk Cordova stated that the reason we are having this public hearing tonight is to get input and feedback from our citizens on what they would like to see changed or not changed with the comprehensive plan map. Then we will submit it to the County for their input. We will have another meeting after that. We have to have an approved comprehensive plan map before the County will consider expansion of our impact area. So basically this is taking care of some unfinished business from 2005 and submitting to the county an expanded impact area.

Councilor Williams asked Clerk Cordova that the map looks like it is projected where the city limits will be when the annexation takes place on January 1, 2010. Clerk Cordova stated yes. Councilor Williams asked if we have a transition zone. Clerk Cordova stated yes we do it's in Chapter 17 of our City Code. Councilor Mussell asked Clerk Cordova what a transitional zone is. Utility Clerk Howell stated that the purpose of the T Transitional District is to protect a country type lifestyle while the area is transitioning from agricultural to urban type uses.

Councilor Williams asked Clerk Cordova what the blue commercial zone is on North 6th Street. Clerk Cordova stated that it is Payette Mobile Complex. Clerk Cordova stated that she is not sure how they got zoned that way but that is what they are zoned.

Clerk Cordova stated that we will not take any action on this until the county has thoroughly reviewed this, and once they have reviewed it we will bring it before you again for a final approval. Councilor Williams stated that at one time I remember we had a public hearing and we were going to expand our impact area further towards Washoe Road. Clerk Cordova stated that it was kicked back to us because of this reason right here. Chief Clark asked if Newman Storage is B-Residential. Clerk Cordova stated that she will check on that. Chief Sands stated that I thought it butted up to B-Residential, but that it was commercial.

Public Hearing on the Proposed Comprehensive Plan ended at 5:45 PM

Clerk Cordova stated that the highlights of this year's budget are, that it comes in \$8,378,699 and that does include the clarifier project. Without the clarifier the budget comes in at \$7,043,699 which is a decrease from FY09 and an even bigger decrease from FY08, so we are trending down with some big projects. We are relying heavily on property taxes in our general fund. Intergovernmental revenue has shrunk this year, which is your revenue sharing, sales tax, and local revenue as well. So there is a big chunk of property taxes going into the general fund this year.

Mayor Henderson asked Clerk Cordova to briefly go over the changes from the last tentative budget. Clerk Cordova stated that the most significant change was that our health insurance is probably going to be 17%, and we still don't have final figures but 17% is a safe number. So what that does with this budget is gives us some money. In here we also have a 1% wage increase for the employees, we have taken less out of the general fund, and we have lowered the mill rate to the lowest mill rate since 1981.

Councilor Nelson asked what the dollar amount was on the health insurance. Clerk Cordova stated that we budgeted for 20, but it was 48 something. Councilor Mussell asked what the 1% increase entailed of. Clerk Cordova stated that was about \$20,000 or a little less. Councilor Williams stated that a while ago there was a spreadsheet that showed at the end of FY2010 our Street Department would have the largest unencumbered funds projected than any other department. So with that it looks like you took \$66,000 out of property taxes in the general fund and I didn't track where all of it went, but \$39,000 of it went into the street. What is your logic there? Clerk Cordova stated that in the past Ed Franek has always been in the general fund, and this year we moved him completely out of the general fund and into the street fund which was about \$40,000. We compensated that by reducing property taxes from the general fund and adding that into the street fund. Councilor Williams stated that basically you just shuffled them. Clerk Cordova stated yes.

Clerk Cordova stated that in the street fund on the revenue side we did not change the unencumbered funds, because most of that is going to support the new sweeper, so they can accommodate it. Also, in the unencumbered funds we took down that number \$48,000, so we are only taking out \$82,000 and personally I feel a lot better doing. We are still expending out of our reserves; if we were relying heavily on property taxes we wouldn't be lowering the mill levy. We are taking funds out of the general fund think this is very prudent and we are being fiscally conservative, with our general fund and we have spent down our general fund reserves significantly in the past few years.

Councilor Williams stated that on the general fund it looks like you took out \$66,000 and \$48,000 for a total of \$114,000 and I start seeing you added \$40,000 to the streets and what was the other add backs. Clerk Cordova stated that we reduced the unencumbered funds for the library by \$1,500 dollars, lowered the unencumbered funds for the recreation fund by \$350 and everything else stayed about the same. I will tell you where we got a little more of that revenue and that was an oversight. When we budgeted the 20% in the Police Department for the health benefits, we increase 20% on all benefits, so there was a little bit of cash and that was an error we caught after our last meeting. So there was a little bit of extra money there to play with and that is why we are lowering the mill levy, unless you want to put it all back into reserves.

Councilor Heleker stated that when we did the survey on the new insurance for it to come in considerably lower are we still receiving comparable benefits? Clerk Cordova stated that we don't have any big changes as of yet. On our medical insurance the rates quoted by the carriers are going to be the same for every broker that presents us a plan. Now the plans that the brokers present us might be able to save us some additional money. They might say if you if you take a higher deductible

you might be able to save this or if the employee pays this amount you might be able to save this amount. So that's what we are looking to get from the brokers. The carrier Blue Cross will be the same for every broker, so the 17% is safe. I think and I anticipate that we will have more of a savings off of that in the future when it gets more firm closer to the October 1st renewal date.

Councilor Williams stated that he has two different health insurance people tell him about the way the City provides health insurance. If the employee is covered and the city also covers the dependents or spouse and he or she is covered elsewhere in their job there might be other ways to structure that to overall save money not any more out of the pocket of the employee, but to the way the City structures that. Clerk Cordova stated that is a very small piece of the many pieces that we are going to consider when we look at the pie. Councilor Williams state that is what you are talking about. Clerk Cordova stated yes.

Councilor Williams stated that when you go through that who is going to be the decision makers on that, and I don't know anything about health insurance other than I hate paying it, but is that going to be yourself, a committee, what? Clerk Cordova stated that we have a committee of councilmember's that we would like to sit in on the interviews with the health insurance presenters. Of course all recommendations, will be presented to the council, but we would like to meet with the employees, so we know what they want and present it from there. So, we want to see what the broker's have to say first and then we as administration will take that to the employees and see what they have to say. If they say happy days we will bring that to the Council for approval.

Councilor Nelson stated that going back on the unencumbered funds, usually our auditor's recommendations well I think our new guy is a little more conservative than what Jo was with her recommendations, but it seems like our percent of unencumbered was going down each department. Where do you think we stand with this latest budget? Clerk Cordova stated that I think we are fine in all funds except the airport and general. Jo always told us spend, spend, spend, so we spent, spent, spent. Councilor Nelson stated that she wanted us to get that lower because she thought we had too much. Clerk Cordova stated that when Tim came and gave his presentation he told us that we need to stop spending. So, that is where we are trying to find a happy medium, especially with the general fund.

Councilor Mussell asked if the general fund will be under the 30%. Clerk Cordova stated of yeah, definitely. It will probably be under 10% by the end of FY2010. Councilor Mussell asked if that includes the carry over. Clerk Cordova that depending on what the carry over is, and if we spend it like we are planning to this year and next year we will be under 8% and that scares me. So I am trying to be conservative, and yeah we will have some carry over and will we actually be under 8? If we spend like we are planning then yes, it's a possibility.

Councilor Williams stated that with that, and it would be glorious to be down to 1981's levy rate, but should we maybe instead of reducing the property taxes the full \$66,000 maybe half of that and put \$33,000 back in unencumbered funds. Mayor Henderson stated that both options are on the table. Councilor Williams stated that we don't want to set ourselves up for a wreck down the road. Clerk Cordova stated that we have done that in the past, and I feel comfortable with where we are.

Councilor Nelson asked if they are such projects that if we saw that the State cuts us down even more than what we are anticipating, and our property taxes don't come in that we could post pone a project. Clerk Cordova stated we don't have anything in the general fund for projects this year. We have just basic operating, and the only big thing in there is \$30,000 for a new police car. We have some money about \$15,000 for the greenbelt, and Tony has \$15,000 for a new mule or mower, but those are the only big items. We donate \$7,500 to economic development, and \$15,000 to Snake River Transit, but we really don't have any big capital outlay this year. The Fire Department doesn't

have any. Councilor Mussell stated that he thought we had put some in there. Clerk Cordova stated that we put that in Capital Improvements in the amount of \$10,000. In this budget we are continuing to support public safety so we have 1 new police vehicle, and fully staffing our fire department. We are looking to the future for a new fire station and keeping our fingers crossed. Chief Sands stated that we are in a very good position on that. We haven't got an ok and we don't have a no, but we have a great opportunity within the next few weeks with that grant. We have been on the phone with them for the past few weeks. We are one of a 100 they are reviewing and that is how many they want to build.

Clerk Cordova stated that a \$100,000 home will pay \$12.00 less per year. It's hard when you reduce the levy rate and you say you are going to save \$12, but try and raise it \$12 they start stirring. We cannot take our 3%, but ideally what we want is a balanced budget. A balanced budget is not taking any out of your reserve. This year we are only taking \$80,000 in just the general fund. Councilor Williams stated that I have been the one, who said we need to get this down, but that 10% or less scares of me. Clerk Cordova stated yes, especially in these economic times. Councilor Heleker stated that especially when you look at what it needs to fund. Councilor Mussell asked if we know what the rollover will be and when. Clerk Cordova stated that not until October, probably closer to November. Councilor Nelson stated that I like the idea of telling people that we are going to lower their taxes, but I just hate to see this be to short sighted and down the road we need funds when our town is growing. Councilor Williams stated that people won't remember that were the same levy rate as 80' whatever, but they will remember that they had \$12 less in property taxes. I would be inclining in splitting the difference in saying it is \$6.00 less in property taxes. Mayor Henderson stated that we can do that, we can bring it back; we can adjust it before it comes before final approval.

Councilor Heleker stated that hearing you say that it will be 8% scares me very badly, and again we know there is some play we just don't know what it will be. Jeff states that he has always been the one saying bring it down, bring it down. I have always been the opposite of Jeff, but I have been a little more cautious and I have always said I like reserves I don't want to have to go out and bond for things. I just in general to be under 20% seems scary to me, and I would be in favor of going the same way as Jeff.

Mayor Henderson stated that remembering things, we failed to remember that Mary sat right there last year and told us this is where we would be this year. Councilor Mussell stated that we get that every year and the rollover is more than what we thought it would be. They were telling us three years ago that we would be out by the next year, and we are spending the tax payer's money and people are having a tough time paying their bills. I like what she has on paper and I think if we had the general population in here, you would hear more people saying keep it like it is. Mayor Henderson stated that keep in mind this is the public hearing when we actually go to approve the budget we can make the adjustments we need to make.

Clerk Cordova stated that all the changes on here have been made since the last tentative budget, and I was tickled pink because originally we had approximately budgeted \$140,000 to come out of unencumbered funds. Of course \$10,000 of that is coming out of capital, so \$130,000 and I was tickled pink to submit it at \$80,000. Mayor Henderson stated that is \$40,000 less than what we approved. Clerk Cordova stated that eventually you want to have a balanced budget without having to use any of your reserves, unless you are doing some big projects and we are not doing any. Mayor Henderson stated that this was a tough year and hopefully this time next year we will be talking about the economy and revenue being up and State revenues being better for us.

Councilor Williams stated that I understand what you are saying, but with the \$12.00 break is that going to be easier to swallow or next year we take back the \$12.00 plus another \$12.00. Councilor Mussell stated that I think is easier to swallow when times are good. Councilor Williams stated that we don't know if times will get better. Councilor Mussell stated that if times get better and it seems

like it cycles and it is easier to swallow when times are better. Councilor Williams asked Councilor Mussell what if it's not next year. Councilor Mussell stated that I think we can run another bad year. Councilor Williams stated that it doesn't look like the general fund can. Councilor Mussell stated that it will be able to and we will find out in October or November, but I bet it will be able to and I think we don't want to run it too tight. Mayor Henderson stated that he thinks Councilor Williams is right, the general public is not going to notice we took \$12 off their taxes, but next year when we go and add the \$12 back even if we are just putting it back to where it was this year you know what we will hear from that.

Councilor Nelson stated that we are talking the general fund, but overall if our budget gets tight we don't want to be laying off employees or anything like that. Councilor Williams stated that is why I would support for this to come back splitting the changes, I'm pretty comfortable with all the funds except the general. Councilor Mussell asked if that 8% something that you know. Clerk Cordova stated that yes; I have looked at it a lot. Mayor Henderson stated that she never stops looking at it. Clerk Cordova stated that now that I have said that I need to double check that, that was with the \$140,000 coming out. Councilor Mussell stated that we have never even been under 20% before. Clerk Cordova stated that we have tightened our belt this year. Mayor Henderson stated that years ago we put all kinds of extra stuff in our budget and within the last couple of years we have had some lean budgets that just don't have the extra in it. Councilor Mussell stated that we keep saying that with these lean budgets we are not going to have any rollover and it always comes back 20-25%. Clerk Cordova stated that we can put more into reserves. Councilor Heleker stated that he would really like to see that. Councilor Williams stated that you said you were unclear with whether it was 8 or 10% and maybe add half of it back and we can look at that. Councilor Mussell stated that he would be the only dissenting vote on that.

Clerk Cordova stated that this is how we compare with last year, we are spending less. The only place where we are higher is the capital improvement and that is because we put the \$300,000 in there for the possibility of the new fire station. Mayor Henderson stated that is not spendable that is a shift. Clerk Cordova stated that everyone is trending down. Even the street department and they are doing Iowa Avenue, the sidewalks for 95, and we are doing some great projects for next year. I am happy to announce that we have received a grant for \$267,000 for and overlay on Center Avenue. Councilor Mussell asked if there is anything on the books for Iowa from Center to Hughes Drive. Clerk Cordova stated no. Councilor Mussell stated that is a terrible road. Clerk Cordova stated that it needs right of way and that is going to be an expensive project. Councilor Williams asked if this will be done next year. Clerk Cordova stated that it will be done as soon as we get the money. Councilor Nelson asked if it has to go through the same things as the others and the state has to monitor it. Clerk Cordova stated yes it does, but not to the same degree because it is just an overlay. We actually submitted the grant for \$267,000 and they awarded us \$464,000 and we are working on getting that money secured and maybe putting in sidewalks. Councilor Williams stated that didn't a couple of years ago we opted to not enforce sidewalks in that area. Clerk Cordova stated that was from Center between Iowa and Payette Heights. Mayor Henderson stated that we will cross that bridge when we get there. Clerk Cordova stated that we can deny that money. Councilor Heleker stated no we cannot.

Councilor Williams asked when the next meeting will be. Clerk Cordova stated September 8th. The annual appropriations ordinance will be presented at that time. Clerk Cordova stated that unless you would like to have another meeting this week, we have timed it so we can have another special meeting. Mayor Henderson stated that with the lack of input I don't see the need for another meeting. Councilor Williams asked if that is the same day as our regular meeting. Mayor Henderson stated yes that is correct.

ADJOURNMENT

A motion was made by Heleker and Nelson seconded by to adjourn.

After a unanimous voice vote, the motion CARRIED, and the Council adjourned at 6:30 PM.

Signed this ____ day of _____, 2009.

DOUGLAS E. HENDERSON, Mayor

ATTEST:

Mary Cordova, City Clerk