

# RESPONSES FROM CITIES

**To:** Property Tax Working Group  
**From:** Keith Bybee, Deputy Division Manager, Budget & Policy Analysis, Legislative Services Office  
**Date:** November 18, 2019  
**Re:** Survey Responses

This document provides the written responses submitted by the cities regarding fiscal health and challenges facing the city. Not all cities that responded to the survey, had responses to these questions. Responses are presented alphabetically by city.

**Provide a summary of your city’s fiscal situation as you begin the new year:**

**Ammon:** We just started billing a metered water rate April 2019, we are looking forward to the data after we are metered for a full year.

**Blackfoot:** The City of Blackfoot is finally turning a corner regarding our fiscal situation. The City has been under a budget freeze since spring 2018. For FY 2019 the City took its full forgone in order to cover deficits in Parks and Ambulance and build reserves within the General Fund and other levy funds. At the end of FY 2019, the City will finally be able to have enough carry forward in the General Fund to bolster a "rainy day" fund, which was created in the FY 2020 budget. In the past there were always reserves in the General Fund so there was no policy as to how those reserves could be used. This will change in FY 2020 to avoid a repeat of what took place in the past.

**Boise:** The base budget for the City of Boise is balanced, however with rapid population growth, cost increases are anticipated. Apart from normal cost increases (personnel costs, construction costs, non-personnel- e.g., fuel, software maintenance) costs associated with growth (e.g. new police officers, new fire stations, new parks maintenance, etc.) are anticipated. At this time, the City is actively working to accommodate these costs, however tradeoffs will be required. Property taxes comprise approximately 66% of the City's General Fund revenues, and personnel (current levels) comprises approximately 66% of General Fund expenditures. In the present environment, it will be difficult for the City to keep up with increasing growth and expectations (although we are trying very hard). To the extent revenues are reduced, personnel will certainly need to be reduced, and it will be very difficult to respond to growth. The City is a major contributor to VRT (in the absence of other local dedicated funding), so public transportation would also take a hit. The City has actively worked to establish a modest "rainy day fund" of 8% in the General Fund.

**Burley:** We are about the same as previous fiscal years. We are conservative and don't add any new services that cannot be sustained long term.

**Caldwell:**

The City of Caldwell is in a good financial situation going into the FY2020. Fund Balances for each of the funds are strong. The city has been in a capital building process over the last couple of years and will work towards saving over the next couple of years to allow for the Fund Balances to build up for future capital projects without having to bond or incur substantial debt.

**Coeur d’Alene:** The City continues to balance the need for services while attempting to not raising property taxes. The increase in property taxes this year was due to labor and the fire union wage increases in their contracts. The City of Coeur d'Alene is starting out the new fiscal year with a

projected fund balance of 22% for the 2019-20 budgeted revenues. The City has had several budgeted positions that have remained vacant in the last few years that have created savings.

Garden City: The city is currently in a good position. However, we continue to deal with the challenges of costs rising at a faster rate than our revenue streams can maintain. Typical examples include payroll and benefit related items, insurance, technology and our capital maintenance replacement plan. Because of the growth of the surrounding area, our police loading continues to increase. We currently have the busiest police department as measured by activity per officer in the treasure valley.

Hailey: Hailey is strong but must be concerned for the potential of another economic crisis.

Hayden: While we have a balanced budget for the year and have been able to put some equipment purchases in the budget because of the new growth dollars and one-time money accrued because of growth, we have many needs because of long term tightness of funds that are not met. Long ago when the taxing limits were established, Hayden chose to go with a lower amount, and we have been behind ever since. Hayden must take the 3% each year because that currently represents less than \$40K. That does not even cover the increases in medical benefit costs or if the City chose to do even a 2% raise in salaries. Please do not take away the new construction for cities. That has saved us during the recent growth period. If growth stops, the 3% will not cover the increase in costs. We are very conservative in our spending and even contract with the County for our Police Services. A citizen in our city that has a house valued at \$350K pays only \$287 (1.15 per thousand with exemption) per year for all the services we provide. We are tight and low. Please do not take anything away that we have. It would have serious consequences for us in providing basic services.

Idaho Falls: There is a great deal of pressure on the general fund for Police, Fire and Parks and Recreation services. Over the last two years, Parks and Recreation had large unplanned and unbudgeted property acquisitions to enhance resident services. In FY 2020, the Police department will have a large property acquisition for the future Idaho Falls Police Complex.

Jerome: The City of Jerome remains in a strong financial state. We continue to meet our reserve requirements, save for and invest in capital, and maintain or improve service levels. Growth in the community and efficient operations have allowed us to continue to operate within our rate structure in our proprietary funds (excluding the sanitation fund) without any recommended increases for FY 2020. The budget for FY 2020 is the product of allocating resources to fund ongoing essential city services, planning for future needs, and funding the priorities of the Mayor and City Council. We have a total budget of \$21,817,290 (PY \$24,906,790) – which represents \$8,863,087, in the governmental funds and \$12,954,203 in the enterprise funds. Compared to the FY 2019 budget, this represents a 12.40% decrease to the total. The total budget decrease is directly related to the final completion of the \$35.8 million waste water upgrade project. However, we continue to plan for and budget significant capital improvements in our water, sewer, streets, and other capital facilities. There are a few capital projects that were planned and budgeted for in FY 2019 that have been carried over to FY 2020 due to unforeseen circumstances that prohibited completion.

Kuna: The City of Kuna's fiscal situation is positive and continues to improve with continued residential and commercial development.

Lewiston: The City of Lewiston is financially very stable especially within the General fund where we have approximately 88-90 cash on hand or 3 months. A few special revenue funds: Transportation/Streets and Library are not as sound and rely heavily on property taxes. State gas tax increase in recent years have helped, but the road and bridge levy under county control continues to be decreased. Transportation fund will need to increase revenues and look for expense reductions in the short/long term.

Meridian: The City manages its revenue sources according to allowable laws. The City maintains zero debt with no foreseeable use of debt.

Payette: TIGHT - The council has worked diligently to keep property tax low to encourage growth and be competitive with cities in our region. As a result, absolutely ZERO funding is used for any type of "rainy day" fund, and NO funding is being set aside for capital improvements- we have a lot of deferred maintenance on existing facilities and unfortunately must be reactive instead of proactive.

Rathdrum: Our City has experienced rapid growth, because of that, we have taken the New Construction and not had to raise Property Taxes. Our Levy Rate went down the last 2 years.

Sandpoint: The City of Sandpoint is operational stable but is lacking in adequate funding to support failing infrastructure.

Twin Falls: The City of Twin Falls is in good financial condition heading into the new fiscal year. The City continues to grow, as does the local economy.

### **What are the biggest fiscal challenges facing your city in the next 12 months:**

Ammon: Replacing aging infrastructure in the original townsite and getting grants to help pay for the projects.

Blackfoot: The biggest fiscal challenges facing the City of Blackfoot are benefits costs, entities outside the city limits using city services but not paying their share to maintain critical infrastructure, increased costs in cyber security, and the cost of providing critical first response. The Blackfoot Fire Department is a combination station; it provides EMS and Fire services to 35,000 residents covering 1,500 square miles. The County levies for the Ambulance and then divides those monies between entities in Bingham County. The ambulance levy is at its maximum override which causes hardships for all entities. In the past the ambulance budget has operated in the red. This is not a best practice and so the General Fund subsidizes our Ambulance Fund by close to \$250K. With Medicare/Medicaid expansion, the cost of transports, and many other factors Ambulance/Fire Departments across the state are faced with many challenges.

Boise: Potential reductions to property tax/sales tax, responding to growth (additional personnel is required that revenues on their own cannot support) increasing construction costs, growing/maintaining the public transportation system (difficult given current funding situation), keeping up with repairs and maintenance (e.g. facilities and parks), rapidly increasing software maintenance and workers compensation costs.

Burley: Street funding is inadequate even with \$165,000 override.

**Caldwell:**

- Police and Fire Personnel and retainage of current employees
- Information Technology Personnel – additional positions
- General Fund Administrative Personnel (Clerk, HR, Finance, Support Staff) – additional positions
- City Hall – Out of room to support the needed personnel growth
- Parks and Golf Personnel – unable to fill open positions
- Funding for Road Infrastructure

**Coeur d’Alene:** The City is facing the challenge of road and traffic management costs that are not being covered with the cash from the general fund and impact fees. The levy rate for the City is going down as the City continues to grow and property valuations increase. There continues to be pressure on employee wages to be increased because of the low unemployment and the medical insurance costs continue to rise.

**Emmett:** Having the \$\$ for Road Replacement and Maintenance

**Garden City:** The Army Corps of Engineers has estimated that it will take in excess of \$20 million dollars to mitigate our flood risk hazard. This will require significant matching funds to qualify for grants. Consistently building the fund balance in anticipation of this coming obligation is our single biggest challenge. As stated above, maintaining current service levels with available revenues continues to be a challenge. The state is enjoying nearly full employment which adds to the challenge of retaining highly competent staff. This includes the keeping up with a market pay scale that is competitive with other larger jurisdictions and the private sector in the valley.

**Hailey:** We are trying to build back our capital projects fund, as maintenance during the recession was reduced in order to provide services.

**Hayden:** We have multiple failing intersections that will cost into the millions of dollars to replace without a funding source. Our sewer collection system has deficiencies in the millions of dollars. We are looking at ways to fund a new large lift station and collection lines. We need to move our public works yard but have no funding source. We have lowered the number of employees over the years or maintained the same service number while growing. There are hiring needs that go unfilled. Again, please do not take anything away from us as it will affect the City of Hayden in a severe way. Property taxes in Idaho are low in comparison to other places in the U.S. I would add that it would be helpful if you gave cities the option to ask their voters to have a local option tax to fund some of the things that have no funding source. Let the local citizens decide what they want for their community. For this question again please do not take away the new construction or take our ability to add the 3%. It would cause irreparable harm to our city without some equal or greater replacement revenue source. It makes no sense to take the addition of the new homes and not allow them to be added to the total base. We now provide services for them and it is natural to allow that to be added to the base.

**Idaho Falls:** Maintaining healthy balances in the general fund through position and expenditure controls.

Jerome: The biggest fiscal challenges over the next 12 months is to trend and fund the increase in operating costs in our streets, water, and wastewater infrastructure due to recent completion of major capital infrastructure improvements.

Kuna: The City of Kuna's greatest fiscal challenges are in expansion of City infrastructure to meet a growing city's needs.

Lewiston: Transportation funding as mentioned above and funding to complete or begin a few major projects which are very important to the community's economic growth. Stagnant market values also have been challenging which equates to higher levy rates, lower sales tax allocations. Valuations provided for both new construction and current market values are extremely conservative, hereby, creating a higher tax levy and reduction in potential tax revenues. URA has been very helpful in our city to assist with blight and growth opportunities.

Meridian: Providing the services that our citizens expect with our limited revenue opportunities.

Payette: Growth of expenditures is outpacing growth of revenues. After years of declining tax revenues, our fiscal health is on the mend. However, we remain fragile to any state or federal cuts or reductions. We need more tools in our fiscal toolbox, not less.

Rathdrum: Lack of funding for streets/roads. We must subsidize up to 50% of our street budget with Property Taxes.

Twin Falls:

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|---|---|
| 1. Rising Health Insurance Costs  | 5. Formation of a Diversity and Inclusion Committee                   |
| 2. Determining if a Community Center should be built (Committee has been formed)                        | 6. Failure to Pass General Obligation Bond to Construct Fire Stations |
| 3. Probable Transition from a Metropolitan Statistical Area (MSA) to a Metropolitan Planning Area (MPA) |   |
| 4. Making changes to the City's Curbside Recycling Program  |   |