Lewiston City Council
SPECIAL MEETING
BUDGET SESSION #1 AGENDA
April 22, 2024 - 3:00 PM
Bell Building – Second Floor Conference Room – 215 D Street
Lewiston, Idaho 83501

Seating will be available on a first-come, first-served basis. All others who wish to observe this meeting may watch and listen to the livestream on their own device(s) by visiting the City of Lewiston's website at cityoflewiston.org.

I. **CALL TO ORDER**

II. **PLEDGE OF ALLEGIANCE**

III. **CITIZENS COMMENTS**
This is an opportunity for citizens to address the Council on agenda items or other items they wish to bring to the attention of the Council. Citizens are encouraged to discuss operational issues in advance with the Mayor. In consideration of others wishing to speak, please limit your remarks to three minutes.

IV. **BUDGET ITEMS**

- **A.** **FY25 BUDGET PROCESS**
- **B.** **COUNCIL'S ROLES**
- **C.** **CITY FUNDS & FUND TYPES**

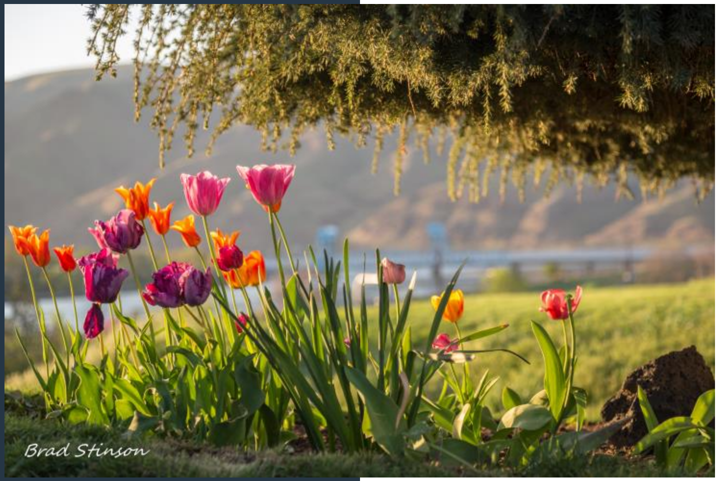
V. **BUDGET DISCUSSION AND DIRECTION**
This is an opportunity for Councilors to ask questions, have discussions and provide direction to staff related to the fiscal year 2025 budget – Action Item

VI. **UNFINISHED AND NEW BUSINESS**

- **A.** **CITY COUNCILOR COMMENTS:** Comments shall not be related to an item currently before the City Council or an item that may come before the City Council in the foreseeable future, and shall be limited to comments, not discussion.
- **B.** **MAYOR COMMENTS**

VII. **ADJOURNMENT** - Action Item

The City of Lewiston is committed to providing access and reasonable accommodation in its services, programs, and activities and encourages qualified persons with disabilities to participate. If you anticipate needing any type of accommodation or have questions about the physical access provided at this meeting, please contact the City Clerk's Office at least forty-eight (48) hours in advance of the meeting at 208-746-3671, ext. 6202.



FISCAL YEAR 2025 BUDGET

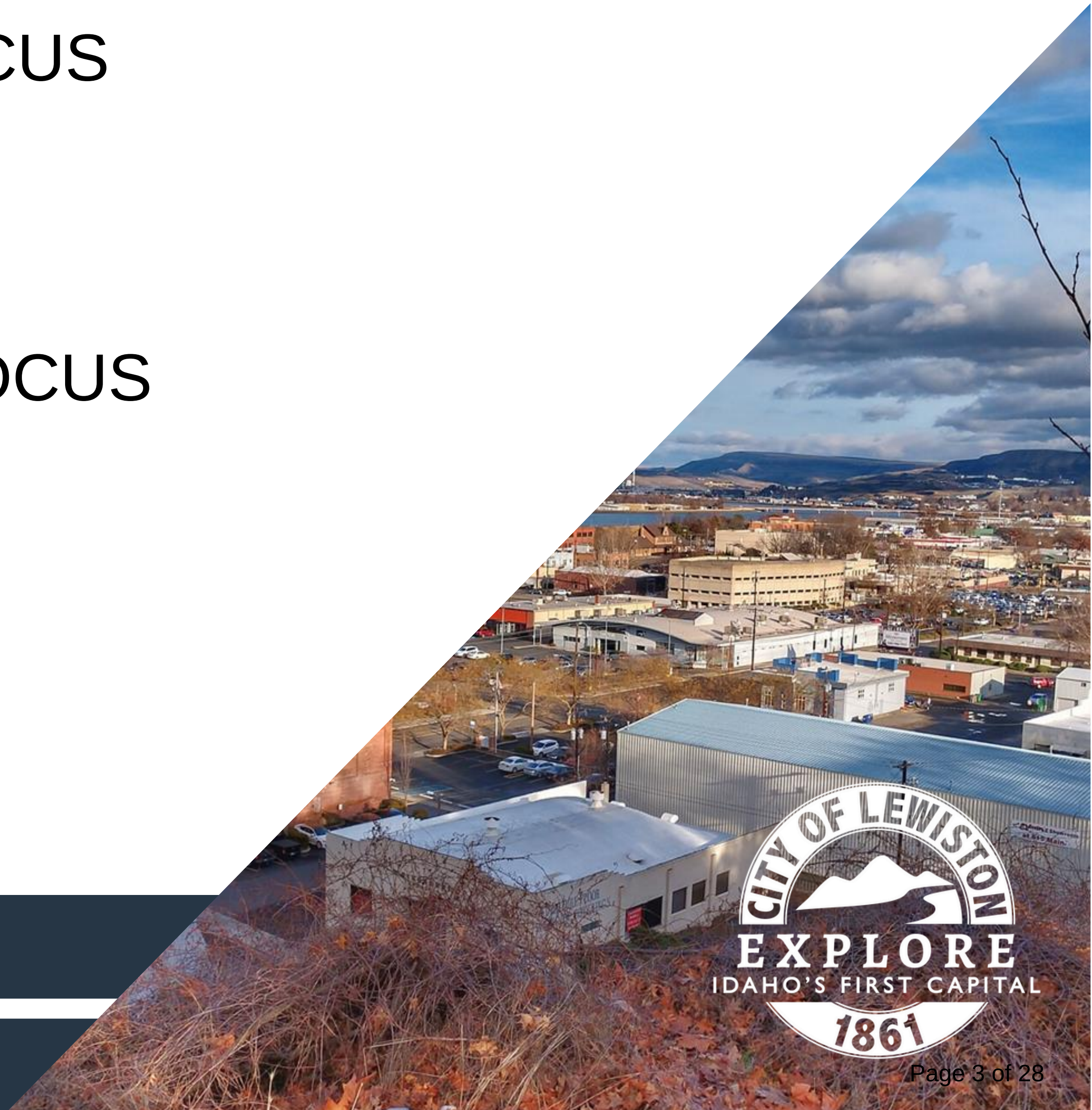
WORKSESSION #1

NEW APPROACH

CATEGORY FOCUS

VS

DEPARTMENT FOCUS



FY25 BUDGET PROCESS

- MARCH 18th – Distribute Budget Reports
- APRIL 15th – Reports due to Finance
- APRIL 23rd-MAY 1ST– Department Meetings with Mayor

- MAY 13th Worksession #2 - Rate Proposals
- MAY 20th Worksession #3 – Capital Projects
- JUNE 10 Worksession #4 – Budget Requests & Personnel Costs
- JUNE 25 Worksession #5 – Council Follow-Up & Budget Wrap-up

COUNCIL'S ROLE

- Worksession Engagement
- Decision Points
- Council Concerns
- Approving FY25 Rate Resolutions
- Approving FY25 Appropriation Ordinance
- Approving FY25 Tax Certification Ordinance
- Approving FY25 Forgone Tax Resolution
- Approving FY24 Budget Amendment Ordinance

WORKSESSION #1

CITY FUNDS & FUND TYPES

FUNDING SOURCES

SERVICES SUPPORTED

CITY OF LEWISTON FUNDS

- GENERAL
- CAPITAL
- WORKERS COMP
- WATER
- WASTE WATER
- STORM WATER
- SANITATION
- CEMETERY
- ECONOMIC DEV
- TRANS-PORTATION
- LIBRARY
- FLEET SERVICES
- INFORMATION SYSTEMS
- POLICE RETIREMENT
- PUBLIC TRANSIT
- PERPETUAL CARE

CITY OF LEWISTON
EXPLORE
IDAHO'S FIRST CAPITAL
1861

FIDUCIARY FUNDS

GENERAL	CAPITAL	WORKERS COMP	WATER	WASTE WATER
STORM WATER	SANITATION	CEMETERY	ECONOMIC DEV	TRANS-PORTATION
LIBRARY	FLEET SERVICES	INFORMATION SYSTEMS	POLICE RETIREMENT	PUBLIC TRANSIT
PERPETUAL CARE				

FIDUCIARY FUNDS

Professionally managed investment funds held by the City to be used for the benefit of the individuals for whom the City is acting as a fiduciary.

PERPETUAL CARE

POLICE RETIREMENT

GOVERNMENTAL FUNDS

GENERAL	CAPITAL	WORKERS COMP	WATER	WASTE WATER
STORM WATER	SANITATION	CEMETERY	ECONOMIC DEV	TRANS-PORTATION
LIBRARY	FLEET SERVICES	INFORMATION SYSTEMS	POLICE RETIREMENT	PUBLIC TRANSIT
PERPETUAL CARE				

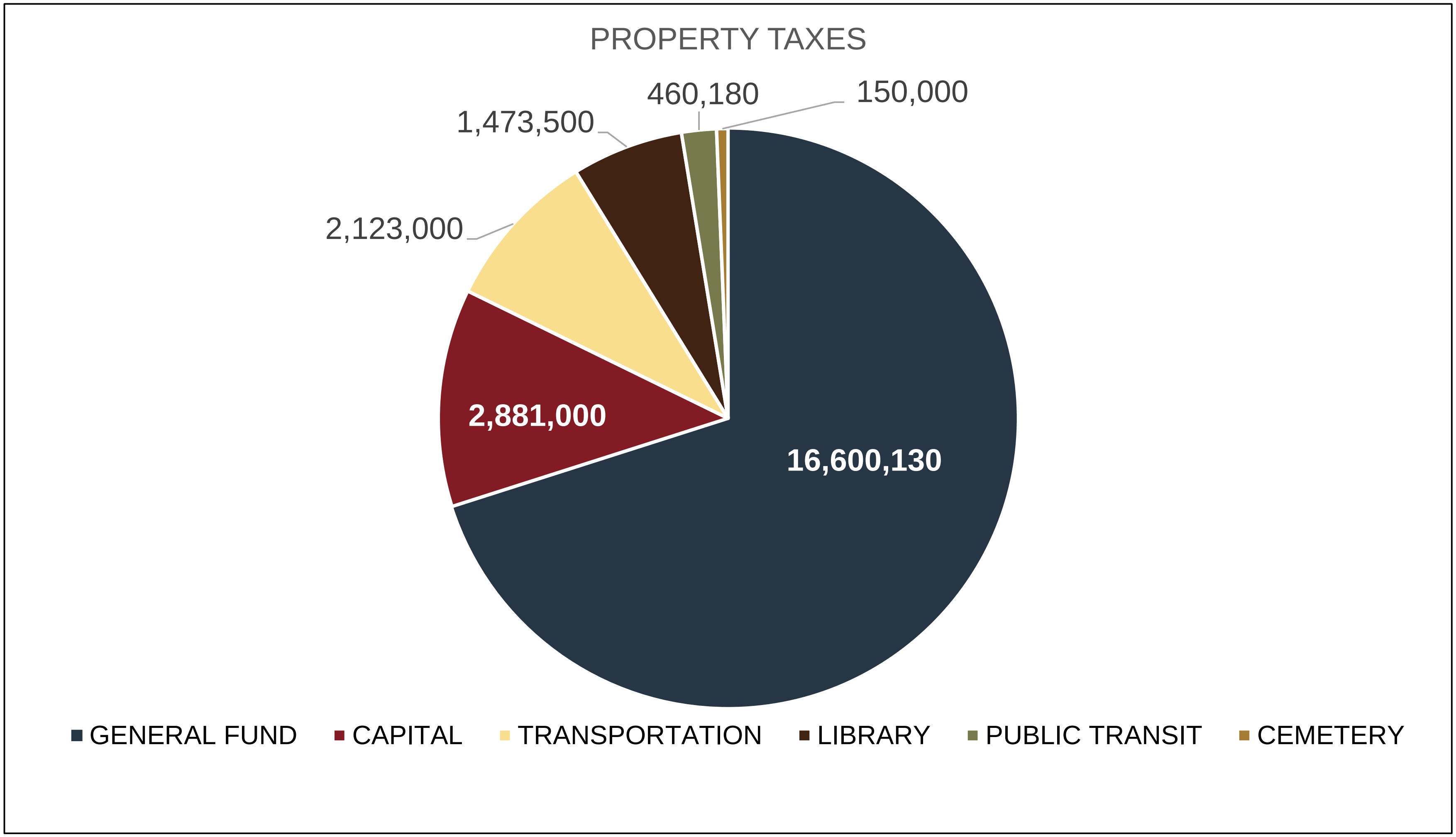
PROPERTY TAX SUPPORTED

ECONOMIC DEVELOPMENT

CDBG PROGRAM

ARPA FUNDS

CURRENTLY NOT SUPPORTED BY PROPERTY TAXES



PROPERTY TAXES BY FUND

TOTAL

$23,687,810

CAPITAL TRANSPORTATION	PRIOR YRS	FY22	FY24
ORIGINAL ALLOCATION	331,000	331,000	331,000
SIDEWALK/ADA COMPLIANCE	50,000	100,000	100,000
STORMWATER	244,500	244,500	-
ARTERIAL - RECONSTRUCTION	-	700,000	2,350,000
	625,500	1,375,500	2,781,000

CAPITAL TRANSPORTATION PROPERTY TAXES

ENTERPRISE FUNDS

GENERAL	CAPITAL	WORKERS COMP	WATER	WASTE WATER
STORM WATER	SANITATION	CEMETERY	ECONOMIC DEV	TRANS-PORTATION
LIBRARY	FLEET SERVICES	INFORMATION SYSTEMS	POLICE RETIREMENT	PUBLIC TRANSIT
PERPETUAL CARE				

SUPPORTED BY USER RATES

ENTERPRISE FUNDS

OPERATIONS

CAPITAL

USER RATES

PERSONNEL COSTS
SUPPLIES & MATERIALS
ANNUAL MAINTENANCE
CONTRACTED SERVICES

DEPRECIATION FUNDING

CAPITAL CASH

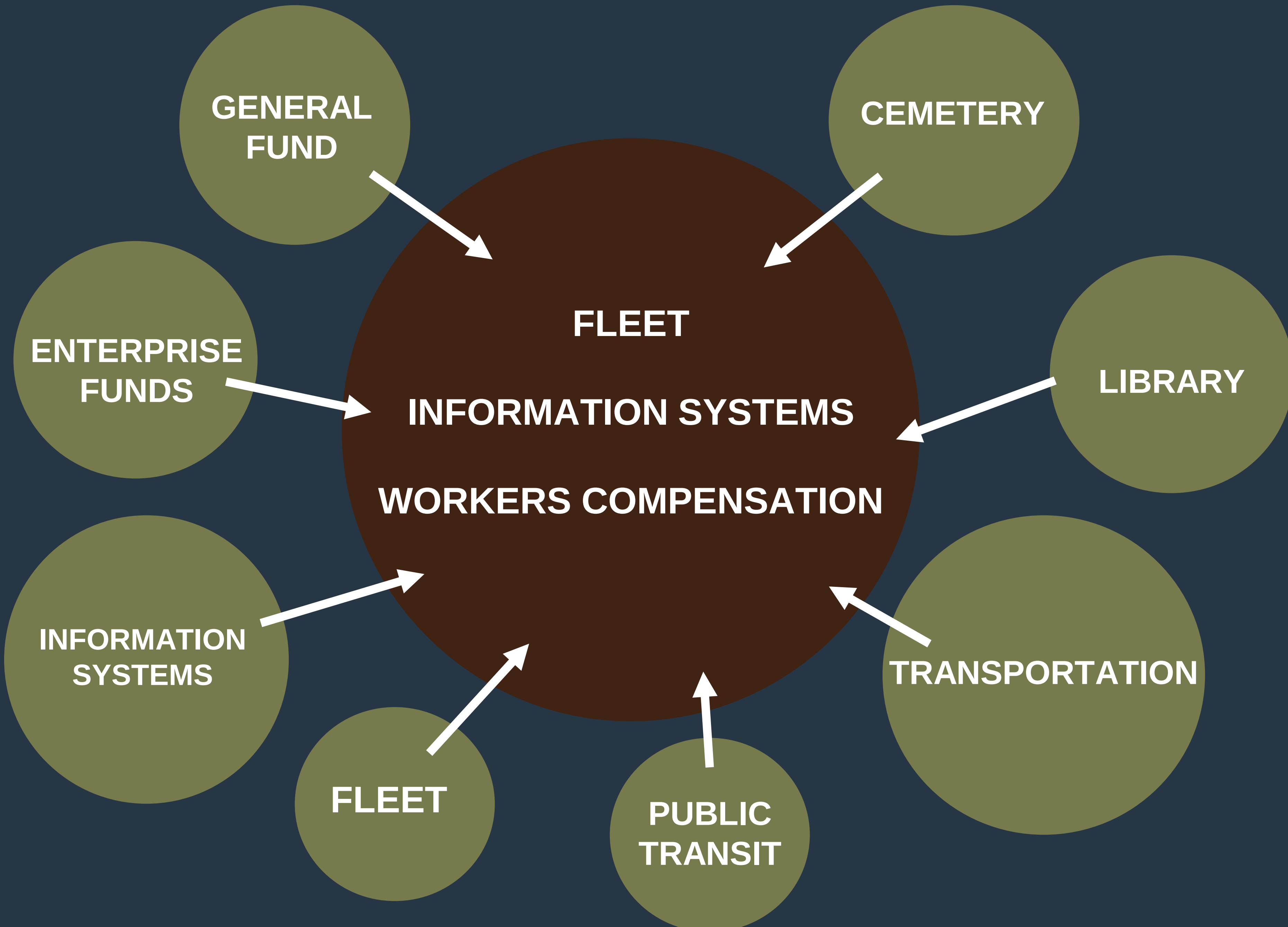
PLANT & FACILITY IMPROVEMENTS
PIPE REPLACEMENTS
VEHICLES & EQUIPMENT

CITY OF LEWISTON
EXPLORE
IDAHO'S FIRST CAPITAL
1861

INTERNAL SERVICE FUNDS

GENERAL	CAPITAL	WORKERS COMP	WATER	WASTE WATER
STORM WATER	SANITATION	CEMETERY	ECONOMIC DEV	TRANS-PORTATION
LIBRARY	FLEET SERVICES	INFORMATION SYSTEMS	POLICE RETIREMENT	PUBLIC TRANSIT
PERPETUAL CARE				

INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS

FLEET SERVICES

OPERATIONS MAINTENANCE

- LABOR
- TRAINING
- EQUIP/TOOLS
- PARTS
- OIL

CAPITAL

- VEHICLE REPLACEMENTS
- STRUCTURE IMPROVEMENTS

INFORMATION SYSTEMS

OPERATIONS

- LABOR
- SOFTWARE
- UTILITIES
- CONTRACTED SERVICES
- SUPPLIES

CAPITAL

- WORKSTATIONS
- NETWORK EQUIP
- SERVERS/DATA STORAGE
- BUILDING SECURITY & ACCESS

WORKERS COMPENSATION

MEDICAL/INJURY CLAIMS

STOP LOSS COVERAGE

LOSS TIME

BENEFIT ADMINISTRATION

COMMENTS?

COUNCILOR COMMENTS – CONCERNS - QUESTIONS

MAYOR COMMENTS – CONCERNS - QUESTIONS

FIDUCIARY FUNDS

POLICE RETIREMENT FUND

The Police Retirement Fund is responsible for the payment of benefits to police officers who were hired before July 2, 1979 and to their eligible surviving spouses. The most current actuarial dated September 30, 2022, determined the Fund to be fully funded and the determined annual contribution amount to be $0. It is important to note that should a future actuarial report determine the fund is no longer fully-funded and determines an annual contribution is needed to maintain the Fund, property taxes would be needed to make this contribution.

The Fund is currently responsible for the payment of benefits to 19 retired police officers, 3 police officers retired for disability and 8 survivors of police officers. The total number of beneficiaries is 30.

REVENUES	FY24	YTD	
INVESTMENT GAINS	1,052,000	1,556,640	148%
INTEREST	236,000	206,220	87%
	1,288,000	1,762,860	137%

EXPENSES	FY24	YTD	
CONTRACTED SERVICES	125,000	40,200	32%
RETIREMENT BENEFITS	906,000	426,960	47%
WIDOW BENEFITS	257,000	121,920	47%
	1,288,000	589,080	46%

The investments of the Fund are managed by a professional investment advisor who follows an investment policy with a target annual earnings rate of 5.75%. Members of the Fund receive an annual cost of living adjustment equivalent to active police officers of the City.

The net pension liability for the Fund as of September 30, 2022 was determined to be $11.9 million and the value of the Fund at that time was $12.1 million. The current value of the Fund as of March 31, 2024 is $13.9 million.

PERPETUAL CARE FUND

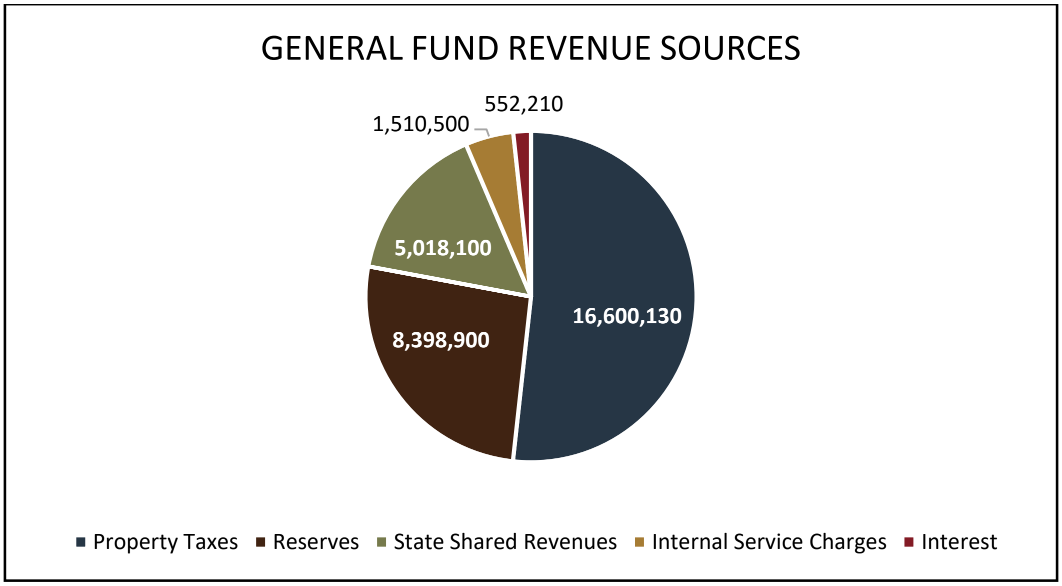
Idaho Title 27, Chapter 4: Endowment Care Cemetery Act

A perpetual care fee is collected on the sale of each plot at the cemetery and invested to ensure the continued maintenance and care of the cemetery. The earnings on the investment funds (market gains and interest) are available to be withdrawn for the maintenance and care

GENERAL FUND

FY24 Budget includes appropriating 100% of the Assigned Building Fund (Building Reserve) in the amount of $6.4 million. Excluding these funds, the General Fund Budget is $32,126,680

FY24 BUDGET: $38,526,680



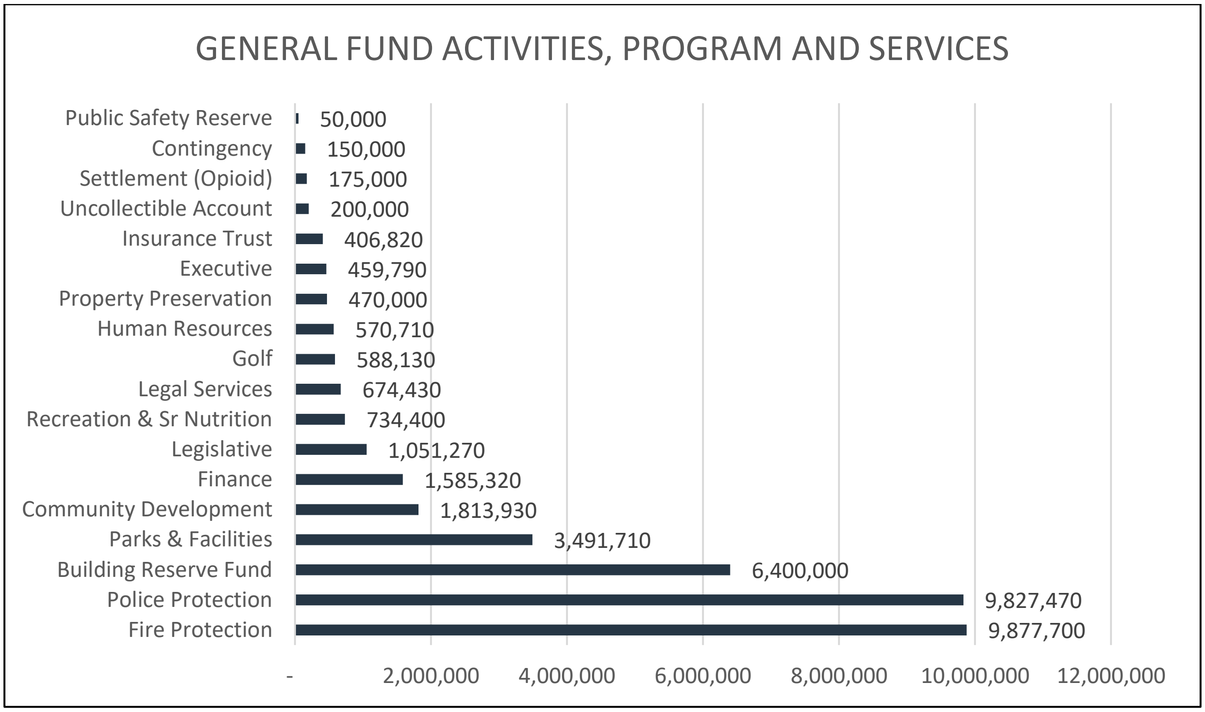
84% of the General Fund Revenues ($32,079,840) are undefined, meaning they are not specific to any particular department and provide support to all services within the General Fund. The five revenue sources listed above are all undefined and make up 83% of the budget, with the other 1% coming from the following sources: Court Revenue, Animal Licenses, Reimbursements, and Sale of Assets. It is important to note that the reserve amount listed above of $8.3 million includes the $6.4 million of the assigned building fund, with the remaining reserves of approximately $2 million coming from the unassigned reserves (fund balance). The remaining 16% of the revenue budget ($6,200,540) are revenues specific to departments:

Department	Amount
Fire	3,799,660
Community Development	1,175,400
Police	327,660
Recreation	259,100
Finance	200,000
Senior Nutrition	194,000
Golf	174,520
Parks	44,700
Risk Management	25,500

The primary revenue of the above departments consists of: EMS Services and Contracts (Fire); Permit Fees (Community Development); SRO Contract (Police); Programs and Community Center Rentals (Recreation); Late Fees (Finance); Senior Nutrition Contributions and Fees (Sr Nutrition); User Fees (Golf); Pool Admissions (parks); Insurance Reimbursements (Risk Management).

GENERAL FUND

The General Fund is the main operating fund for the City. It accounts for activities, programs and services deemed necessary and desirable by the community.



Included in the above budget are capital needs, many of which that are funded through reserves to minimize the impact on property taxes and other undefined revenues of the general fund. As demonstrated on the previous page, several departments have revenue sources specific to their department. Appropriations in excess of a department's specific revenue and funding received from reserves is supported by the undefined revenues of the General Fund.

		Revenue Sources		
Department	**Amount**	**Department**	**Reserves**	**Undefined**
Fire Protection	9,877,700	3,799,660	-	6,078,040
Police Protection	9,827,470	327,660	286,770	9,213,040
Building Reserve Fund	6,400,000	-	6,400,000	-
Parks & Facilities	3,491,710	44,700	-	3,447,010
Community Development	1,813,930	1,175,400	150,000	488,530
Finance	1,585,320	200,000	-	1,385,320
Legislative	1,051,270	-	743,440	307,830
Recreation & Sr Nutrition	734,400	453,100	-	281,300
Legal Services	674,430	-	-	674,430
Golf	588,130	174,520	293,690	119,920
Human Resources	570,710	-	-	570,710
Property Preservation	470,000	-	250,000	220,000
Executive	459,790	-	-	459,790
Insurance Trust	406,820	25,500	-	381,320
Uncollectible Account	200,000	-	-	200,000
Settlement (Opioid)	175,000	-	175,000	-
Contingency	150,000	-	100,000	50,000
Public Safety Reserve	50,000	-	-	50,000

OTHER GOVERNMENTAL FUNDS

In addition to the General Fund, the City also has the following funds that are supported by property tax dollars: Transportation Fund; Library Fund; Cemetery Fund; Public Transportation (Transit) Fund. These funds typically have revenue sources that are intended to support the activities and/or programs within that Fund. Separate funds are established to ensure those revenues are only supporting these activities and/or programs. These funds are often referred to as Special Revenue Funds. With the exception of the Transportation Fund, the services and programs supported by these funds are self-explanatory. The Transportation fund, however, supports several services which include Streets operations and maintenance, construction management, GIS, Engineering and Public Works administration. Following are the FY24 budget for each of these funds and how much of the budget is supported by property tax dollars.

TRANSPORTATION FUND	
FY24 BUDGET	4,475,280
FY24 PROPERTY TAXES	2,123,000

PUBLIC TRANSIT	
FY24 BUDGET	
FY24 PROPERTY TAXES	460,180

LIBRARY FUND	
FY24 BUDGET	
FY24 PROPERTY TAXES	1,473,500

CEMETERY	
FY24 BUDGET	
FY24 PROPERTY TAXES	150,000

There are several factors that determine how much property tax dollars are allocated to each fund every year, which include: other revenues available, reserve balances, capital needs or other project needs. The Capital Fund is also a governmental fund, funded by property tax dollars and supports capital projects and improvement of the City's park system and the City's road, bridge and alley infrastructure. Capital projects related to the new City Library have also been funded from the Capital Fund, however, the Library currently is not receiving property tax dollars for capital improvements. The amount of property taxes dedicated to Parks capital and Transportation capital are fixed and only adjusted at the direction of Council. For example, the current year has $1.65 million of additional property tax allocation as compared to FY23 because Council reallocated these tax dollars from the assigned building fund reserve in the General Fund to the Capital Transportation.

CAPITAL TRANSPORTATION	PRIOR YRS	FY22	FY23	FY24
ORIGINAL ALLOCATION	331,000	331,000	331,000	331,000
SIDEWALK/ADA COMPLIANCE	50,000	100,000	100,000	100,000
STORMWATER	244,500	244,500	244,500	-
ARTERIAL - RECONSTRUCTION	-	700,000	700,000	2,350,000
	625,500	1,375,500	1,375,500	2,781,000
CAPITAL PARKS	100,000	100,000	100,000	100,000

ENTERPRISE FUNDS

Enterprise funds are supported by user rates. The users of the systems/services, pay rates through monthly utility bills. User rates should be sufficient to cover operational expenses in addition to capital expenses necessary to maintain and improve the systems. Within the operations side of each fund, is the annual depreciation expense on the systems and equipment. The City funds depreciation to the capital side, meaning each year as the depreciation expense is recorded, funds are transferred from operating cash to capital cash. This provides the funding for capital projects to improve the systems. In years in which user rates were not sufficient, depreciation was only partially funded and capital projects were deferred.

WATER FUND

WATER FUND OPERATING REVENUE	
SERVICE CHARGES	7,715,450
OTHER	88,730
INTEREST	40,000
	7,844,180

WATER FUND CAPITAL REVENUE	
GRANTS	7,000,000
DEPRECIATION	1,587,950
OTHER	30,000
INTEREST	150,000
	8,767,950

WATER FUND OPERATING EXPENDITURES	
PERSONNEL COSTS	2,324,050
SUPPLIES & MATERIALS	550,630
SERVICES & CHARGES	3,364,370
FURNITURE & EQUIPMENT	5,130
	6,244,180
TRANSFER OF ADD'L FUNDS	(1,600,000)

WATER FUND CAPITAL EXPENDITURES	
SYSTEM IMPROVEMENTS	9,100,000
DEBT SERVICE	2,090,000
VEHICLE REPLACEMENTS	42,000
FURNITURE & EQUIPMENT	1,000
	11,233,000
TRANSFER OF ADD'L FUNDS	1,600,000
IMPACT ON CAPITAL RESERVES	(865,050)

Water's annual depreciation is estimated to be $1,587,950 in FY24 and is included in the services and charges expenditure line of the above table. This represents the amount of funds that will be transferred from operating cash to capital cash to fund capital projects. In addition, there is $1.6 million of excess operating revenue that will also be transferred to assist in funding the annual debt repayment of $1.99 million. With the completion of the plant improvement project, depreciation will increase and the excess operating revenue will decrease, but collectively fund the capital projects and debt repayment.

WASTEWATER FUND

WASTEWATER FUND OPERATING REVENUE	
SERVICE CHARGES	10,503,780
OTHER	53,110
INTEREST	120,000
	10,676,890

WASTEWATER FUND CAPITAL REVENUE	
GRANTS	-
DEPRECIATION	2,037,430
OTHER	150,070
INTEREST	340,000
	2,527,500

WASTEWATER FUND OPERATING EXPENDITURES	
PERSONNEL COSTS	2,292,250
SUPPLIES & MATERIALS	474,300
SERVICES & CHARGES	3,909,210
FURNITURE & EQUIPMENT	1,130
	6,676,890
TRANSFER OF ADD'L FUNDS	(4,000,000)

WASTEWATER FUND CAPITAL EXPENDITURES	
SYSTEM IMPROVEMENTS	7,925,500
DEBT SERVICE	2,493,320
VEHICLE REPLACEMENTS	440,000
FURNITURE & EQUIPMENT	17,000
	10,875,820
TRANSFER OF ADD'L FUNDS	4,000,000
IMPACT ON CAPITAL RESERVES	(4,348,320)

Wastewater’s annual depreciation is estimated to be $2,037,430 in FY24 and is included in the services and charges expenditure line of the above table. This represents the amount of funds that will be transferred from operating cash to capital cash to fund capital projects. In addition, there is $4 million of excess operating revenue that will also be transferred to assist in funding the annual debt repayment in excess of $2 million and to cash fund improvement projects outside what the bond funds covered. With the completion of the plant improvement projects, depreciation will increase and the excess operating revenue will decrease, but collectively fund the capital projects and debt repayment.

STORMWATER FUND

STORMWATER FUND OPERATING REVENUE	
SERVICE CHARGES	2,100,000
OTHER	-
INTEREST	-
	2,100,000

STORMWATER FUND CAPITAL REVENUE	
GRANTS	-
DEPRECIATION	222,000
OTHER	-
INTEREST	-
	222,000

STORMWATER FUND OPERATING EXPENDITURES	
PERSONNEL COSTS	351,380
SUPPLIES & MATERIALS	46,900
SERVICES & CHARGES	848,490
FURNITURE & EQUIPMENT	2,120
	1,248,890
TRANSFER OF ADD'L FUNDS	(500,000)
IMPACT ON OPERATING RESERV	351,110

STORMWATER FUND CAPITAL EXPENDITURES	
SYSTEM IMPROVEMENTS	605,000
VEHICLE REPLACEMENTS	65,000
FURNITURE & EQUIPMENT	-
	670,000
TRANSFER OF ADD'L FUNDS	500,000
IMPACT ON CAPITAL RESERVES	52,000

The current year (FY24) is the first year stormwater operations are being funded by a user rate. Stormwater compliance and capital costs were previously funded by property tax payers. The fund was created at the start of the fiscal year, October 1, 2023, but was not billing and collecting rates until January of 2024. The budgeted revenue of $2.1 million was based on the original rate resolution with a higher rate structure of $10.60/7.75. Staff was conservative when budgeting operational and capital expenditures anticipating the possibility Council may adopt a lower rate structure, which ultimately Council did amend the resolution and set the rates at $7.40/5.70. The expectation is operating revenue will be approximately $225,000 lower than budgeted. This will impact the establishment of operational reserves and defer capital projects.

SANITATION FUND

SANITATION FUND OPERATING REVENUE	
SERVICE CHARGES	7,171,010
OTHER	18,000
INTEREST	90,000
	7,279,010

SANITATION FUND CAPITAL REVENUE	
GRANTS	-
DEPRECIATION	78,680
OTHER	-
INTEREST	-
	78,680

SANITATION FUND OPERATING EXPENDITURES	
PERSONNEL COSTS	494,890
SUPPLIES & MATERIALS	31,100
SERVICES & CHARGES	6,445,780
FURNITURE & EQUIPMENT	2,000
	6,973,770
TRANSFER OF ADD'L FUNDS	-
IMPACT ON OPERATING RESERV	305,240

SANITATION FUND CAPITAL EXPENDITURES	
SYSTEM IMPROVEMENTS	312,500
VEHICLE REPLACEMENTS	-
FURNITURE & EQUIPMENT	5,000
	317,500
TRANSFER OF ADD'L FUNDS	-
IMPACT ON CAPITAL RESERVES	(238,820)

The Sanitation Fund operates differently than the other enterprise funds in that it contracts the bulk of the service to an outside sanitation disposal company. The impact of this is less personnel costs but higher contracted services. Rates still need to be sufficient to cover the costs of the contract, other operational needs and capital improvements.

INTERNAL SERVICE FUNDS

Internal Service Funds support the operations of other City departments and funds by providing operational and capital support and are supported from internal service charges based on a cost allocation method. There are three internal service funds: Fleet Maintenance (Fleet), Information Systems (IS) and Workers Compensation. Both Fleet and IS also provide capital replacements which are supported by annual capital replacement rates. The Workers Compensation Fund has consistently been funded $500,000 annually from premiums allocated to each department based on the annual wages of risk codes associated to positions within the department. The past several years the expenses of the Workers Compensation Fund have exceeded $500,000 reducing the reserves each year. The City needs to look at providing additional funding to the Workers Compensation Fund. In the meantime, an actuary is being conducted to provide guidance on a reasonable reserve balance for this fund.

Fleet	Operating Rates	Capital Rates
General Fund	559,230	770,850
Transportation Fund	244,870	343,320
Library Fund	400	2,210
Cemetery Fund	17,370	11,270
Transit	78,000	42,400
Governmental Fund Total	**899,870**	**1,170,050**
Water	30,620	-
Wastewater	66,390	-
Stormwater	20,070	-
Sanitation	13,200	-
Enterprise Fund Total	130,280	-
Fleet Maintenance	18,820	23,520
Grand Total	1,048,970	1,193,570

Information Systems	Operating Rates	Capital Rates
General Fund	770,340	104,510
Transportation Fund	154,670	15,860
Library Fund	91,780	15,980
Cemetery Fund	-	-
Transit	9,940	-
Governmental Fund Total	**1,026,730**	**136,350**
Water	43,960	5,090
Wastewater	49,630	5,960
Stormwater	20,620	1,840
Sanitation	5,510	820
Enterprise Fund Total	119,720	13,710
Fleet Maintenance	24,580	3,540
Grand Total	1,171,030	153,600

The primary driver of fleet rates is the size of a department's fleet: the more vehicles and heavy equipment a department has, the higher the rates. The top 4 departments of both maintenance rates and replacement rates are: Parks, Fire, Police and Streets, accounting for 78% of the overall operating (maintenance) rates and 89% of the overall capital (replacement) rates. The primary driver of information system operating rates is the software that a department utilizes and the number of employees drives the capital rates. The top 4 departments of information system operating rates are: Fire, Police, Finance and Public Works (Streets, Engineering, GIS, Const Management & Administration). Finance has much fewer employees than the other three departments listed but we heavily utilize software to perform our work.

Fleet	Operating Rates	Capital Rates
Parks	138,460	137,960
Fire	197,930	462,370
Police	205,120	155,260
Streets	216,580	310,650
	758,090	**1,066,240**

Information Systems	Operating Rates	Capital Rates
Fire	146,400	27,450
Police	151,210	45,000
Finance	153,830	6,670
Transportation Fund	154,670	15,860
	606,110	**94,980**