

OFFICIALS

Joe Stear, Mayor
Pat Jones, Council President
Briana Buban-Vonder Haar, Council Member
Richard Cardoza, Council Member
Greg McPherson, Council Member



CITY OF KUNA

Kuna City Hall Council Chamber, 763 W. Avalon Street, Kuna, Idaho

Budget Workshop MINUTES Monday, August 8, 2016

6:30 P.M. BUDGET WORKSHOP

1. Call to Order and Roll Call

COUNCIL MEMBERS PRESENT:

Mayor Joe Stear
Council President Pat Jones
Council Member Richard Cardoza
Council Member Briana Buban-Vonder Haar
Council Member Greg McPherson

CITY STAFF PRESENT:

Richard Roats, City Attorney
Chris Engels, City Clerk
Wendy Howell, P & Z Director
Bobby Withrow, Parks Director
Gordon Law, City Engineer
John Marsh, City Treasurer

2. General and Enterprise Fund Discussion

Mayor Stear noted that the budget had been reduced from a \$431,000.00 deficit to a \$102,000.00 deficit.

A. General Fund – John Marsh, City Treasurer (Timestamp 00:00:37)

City Treasurer John Marsh explained that the General Fund contains the Revenue Statement, Expenditure Statement, and the Summary Page. He suggested going through the Summary Page or summarizing the changes that were made. A notable item that changed was the Carryover number. He reevaluated and updated it and the projection increased while still maintaining conservatism. Items were also placed into categories of need, want, and items removed from consideration after the last budget meeting. That makes the deficit \$102,481.00; meaning projected revenue, as is, is less than projected expenditures, as is, before considering property tax increase, foregone property tax, levy, and using any carryover funds. The items that are

categorized as needed are already in the numbers and the items in the want category are not. He stood for questions.

Council President Jones asked if the carryover number factored in spending what was already allocated for the current year.

Mr. Marsh responded yes, last year the carryover was put in as just over \$1.2 million and the year ended around \$1.7 million. He does not have the luxury during budgeting to know exactly where the City will come in at the end of the year, he can only estimate the best he can while using conservatism. The carryover factors in where the City is at with cash existing currently and what is remaining in unrealized revenue in the budget minus unrealized expenditures in the budget, which also includes items that were in contingency that were planned for later; such as the CDBG grant monies of approximately \$108,000.00 for the Downtown Revitalization. Everything is in the carryover that the City knows of as of that day.

Council President Jones clarified that money, such as the \$15,000.00 that was allocated to do the Curb/Gutter/Sidewalk for the rest of Bernie Fisher Park and has not been spent yet but will be, has been factored into the carryover.

Mr. Marsh said yes, he factored in everything that is sitting in contingency, which is everything that was planned for carryover that has been spent and has not been spent, so assuming that it will all be spent and that all of the carryover will be realized. The budget was materially less than what it actually came in at, which is a good problem. The City is sitting at an estimated carryover of \$1,689,360.00 into Fiscal Year 2017. That is an estimate with some conservatism built into it so there is a potential that it will come in at more but there is also the potential to come in at less, however less is not as likely as more.

Council President Jones clarified that \$1.587 million is what is being projected if the need items with the \$102,481.00 deficit were not touched.

Mr. Marsh said yes, if the \$102,481.00 was taken out of the projected carryover, essentially the contingency balance would be the \$1,689,360.00 minus the \$102,481.00.

Council President Jones said that leaves \$1,586,879.00 so if everything was allocated it would leave a carryover of \$794,753.00.

Mr. Marsh confirmed Council President Jones' statement. He reminded Council that in 2008/2009 the City had \$300,000.00 in carryover in its general fund so the position the City is in now is comparatively a good one.

Mr. Marsh shared some notable changes in the need section. The Comprehensive Plan Rewrite number was originally in at 50% but is all in the budget now based on

Council's desire to complete the project in the upcoming fiscal year as discussed at the last budget meeting.

Council President Jones asked about the additional promotion.

Mr. Marsh said it was originally in the numbers but not on the original call out sheet. It was an existing position in Fleet and Maintenance promoting from Fleet/Facilities Maintenance 1 to Fleet Mechanic 4.

Council President Jones asked City Clerk Chris Engels if she was working on a grant for the dog park and if so how much is it for.

Ms. Engels said yes, the grant applied for is \$25,000.00. However, two (2) other dog park grants are scheduled to be applied for if the first grant is not successful. One (1) grant is about \$15,000.00 and one (1) is about \$35,000.00.

Council Member Buban-Vonder Haar asked the total cost planned for the dog park. She wanted to know if the amount listed would cover the dog park to completion and if not how much would it cost to complete it.

Ms. Engels deferred to Parks Director Bobby Withrow.

Mayor Stear added that most of what is budgeted is for building the park but not adding a lot of extras into it.

Mr. Withrow said the amount is just to get the park started with a fence and a couple small amenities like a covered shelter. The goal is to add more amenities later, but he has not calculated that all out yet.

Council Member Buban-Vonder Haar asked for a total cost on the dog park. She said that if it ends up costing something like \$300,000.00 she is not interested in the park.

Mr. Withrow said when he originally ran the numbers he included landscaping and dirt work which is why the first number was closer \$250,000.00 but, with the landscaping already done at the location being looked at, a good dog park could probably be built for around \$100,000.00.

Council Member Buban-Vonder Haar asked Mr. Marsh about money being requested for the upcoming fiscal year for items that have not used all the money allotted for the current year. It had been addressed in the previous Budget Workshop and she wanted to know if it had been accounted for in any way other than looking at what has been spent so far and assuming the rest is in the carryover.

Mr. Marsh directed Council to the Expenditure Statement and the projected actuals. Some of the items could trend out higher as the year progresses on. That gives the best indication of what has or has not been spent. Generally, if the number is low

compared to what had been budgeted the prior year, it will end up in carryover. If the number is a little higher coming into this fiscal year some of that is because some things that did not happen the prior year will likely happen this year. He offered to go through any detail Council would like.

Council Member Buban-Vonder Haar said, as far as money budgeted but not spent in the past year, she would like to be able to just roll over prior funds instead of adding that into what is being budgeted for the upcoming year. If there are enough of those items, potentially there would not be a deficit.

Mr. Marsh said a big chunk of that is larger ticket items on the capital side; some of the items in the want section, particularly the \$160,000.00 for the comp plan, are going to be the main cause of the deficit. Kuna has not grown exponentially and the Property Tax Increase and the Foregone Tax Increase are not included in the numbers; whereas last year, the Foregone Property Tax Increase was levied. There is some give and take. There are some items where the money was not spent the prior year that money went into carryover. Some of that was pulled out of carryover for the current fiscal year to make that amend because it will potentially happen again this year but those items are pretty immaterial individually.

Council Member Buban-Vonder Haar gave an example to help explain her thinking. If small tools were to have \$20,000.00 left over and Council was budgeting for something for small tools, the carryover could be used instead of the \$20,000.00 coming out as an overage. That would help whittle down exactly where the City is at.

Mr. Marsh said he can put something like that together.

Council Member Buban-Vonder Haar said depending on how the evening goes, it may not be necessary.

Council Member Cardoza asked about Planning & Zoning Activity on page 10 of 11 under the Revenue Statement. He had noticed Building Permits were down about \$40,000.00 and the Mechanical, Plumbing, and Electrical Permits were close to the actual for last year. He wanted to know if those three (3) trades are proportionate to Building Permits.

Mr. Marsh said generally speaking yes. The reason Mechanical, Plumbing, and Electrical do not have conservatism built in is because they are so new. Last year was the first full year the City was able to budget for them. The prior year they came on mid-year. He did not have enough history to base conservative numbers on so he put them in as is to show the trend. He added that 60% goes out as expenditure for the professional services of the inspectors.

Council Member Cardoza asked if Mr. Marsh was low on the Building Permits number.

Mr. Marsh said that is a tough question. He thought Council Member Cardoza was looking at where the City is trending to finish the year but it is based on where the City is at to date. He looked at the prior year and, based on the same date and time frame last year and where it finished that year, the change in revenue from that point to the end of the year. He then applied that same demographic to the current year. Within the number for the current year, it is smaller than what is projected for the end of the year. He is not saying there will be a down turn; he is just putting some conservatism into the number. This year has been an exceptional year but he cannot guarantee that next year will be as exceptional. What concerns him the most is the Federal Reserve has signaled that the Federal Funds Overnight Rate is likely to go up in September. What that could impact the most is residential mortgage and that is where most of Kuna's growth is. He wanted to be sure to temper the number with conservatism to be prepared in case it tanks like it did a few years ago. To answer Council Member Cardoza, he said he does think the potential for the number to be higher is there but he built conservatism into the number. He is open to suggestions though.

Council Member Cardoza said he feels that Mechanical, Electrical, and Plumbing Permits should be proportionate with Building Permits. There will be service calls over and above new construction, but would it be a \$40,000.00 difference.

Mr. Marsh reiterated that the numbers for the other trades are based on a lack of history even though they do basically go in lock step with Building Permits.

Mr. Marsh discussed the Vacation Leave Bank. That number is sitting in the want category. If Council decides to do something with the Vacation Leave Bank before the end of the fiscal year, the carryover amount can be reduced by that amount. His assumption is that if the Council decides to do something with the Vacation Leave Bank they would do so before the end of the fiscal year when COLA takes effect on October 1, 2016 as a cost saving measure.

Council President Jones asked if Mr. Marsh had new construction built into the numbers.

Mr. Marsh said yes, he has new construction and annexation built in but nothing for the 3% Max Tax Increase or the Foregone Tax Increase. Those collectively amount to \$111,252.00. He also has the numbers for what it would mean on the nominal and the real inflation basis for a tax increase on a \$100,000.00 taxable value in the City if Council would like those.

Council Member Buban-Vonder Haar asked Mr. Marsh to go through those numbers.

Mr. Marsh shared that on a \$100,000.00 taxable value it would be approximately a \$21.71 increase. That number is real and adjusted for inflation.

Mayor Stear asked if that included both increases.

Mr. Marsh said yes, and went over the rules regarding a property tax levy. The property tax levy can be increased by 3% over the highest of the prior three (3) years. However, if it is not increased by the 3% it rolls into foregone so it is available in future years and it never sunsets.

Council President Jones asked Mr. Withrow about the lawn tractor listed. He wanted to know if it would make Parks more efficient in getting the lawns mowed.

Mr. Withrow responded it would save two and half (2 ½) days a week of mowing so that person can go do other jobs.

Council President Jones asked if the mower was purchased, could the seasonal position requested in the want section be eliminated.

Mr. Withrow said yes, he had requested the seasonal position in case the mower was nixed.

Council President Jones clarified that, if the mower was purchased, Mr. Withrow would not need the seasonal employee at all.

Mr. Withrow said yes.

Mayor Stear asked if Council wanted to make decisions that night.

Council President Jones said he could make decisions that night. He is fine with doing everything. It leaves an \$800,000.00 contingency. He said he feels that nothing requested is frivolous and everything will have to be done at some point. The City has the money to do it so it should just be done. There are a few things listed he does not like and he could do without, but he knows there will have to be compromises and all of Council will have to agree. He said he could start there and work backwards.

Mayor Stear said go ahead.

Council President Jones started with the seasonal employee for Parks. He said remove that and that takes off \$12,000.00. The grant for the dog park will also save money. He is all for the splash pad at \$160,000.00. He thinks that needs to be done and it will relieve some pressure if the pool is not done in the foreseeable future. Bernie Fisher Park needs to be done but he can go either way. He asked Mr. Marsh what amount in reserve he would feel comfortable with.

Mr. Marsh said it would be good to stay \$800,000.00 or above, and of course the more reserve the better.

Council President Jones said if the parking lot is not done it leaves the reserves at \$1.1 million. He asked if Mr. Marsh would be comfortable with that.

Mr. Marsh said yes.

Council President Jones said he would be comfortable doing that but he is concerned about carrying \$1.5 million if there is stuff that needs to be done.

Mr. Marsh shared that, in the Grant Fund, there is \$83,899.00 remaining from a donation from the DBTV Development for a recreation project with in the city. It was used for the recreation district project which failed leaving the \$83,899.00.

Council President Jones asked if it could be used for the splash pad.

Mr. Marsh said absolutely. It was donated for use as a city recreation project. He suggested the splash pad could be the beginning of an aquatic park with a swimming pool.

Council President Jones said that helps because it cuts the amount needed for the splash pad in half.

Council Member Buban-Vonder Haar clarified that Council President Jones is ok with everything that has been requested, including what is not included in the numbers at the top of the report.

Council President Jones said his dilemma is that he would like to see things that need to be done at some point completed while the City has the money. He would do everything; the needs, the wants, and the items not included in the budget and no longer considered.

Council Member Buban-Vonder Haar asked if he was including the office equipment for staff in new City Hall.

Council President Jones said no, not the office equipment or the acquisition of Messmer property. He would include everything above that line; the \$792,126.00 and with the \$83,899.00 to put towards the splash pad it goes down to about \$710,000.00. He asked City Attorney Richard Roats if the \$25,000.00 for the Park Restroom Sinking Fund could come out of the Park Impact Fee.

Mr. Roats asked where the restroom will be located.

Council President Jones said it will probably be Arbor Ridge or a similar park but he is not sure. He does not think it is right for tax payers to pay for the bathroom when there is a Park Impact Fee that the \$25,000.00 could come out of.

Mayor Stear asked if the Impact Fee could be used for that. He thought the Park Impact Fee had to go towards the new parks, not to improve preexisting parks.

Mr. Roats said it has to attributed to growth, so new parks or a preexisting park if needs at that park have increased due to growth in the area. It cannot be used to put a bathroom into just any park.

Council President Jones said if all the money was put into Arbor Ridge it would grow the park. He asked if that would make it so the money could be used at Arbor Ridge.

Council Member Buban-Vonder Haar said this is the first year an official agreement has been put in place with KPAL to use Arbor Ridge as a primary soccer hub. Additionally, there is a new Coleman Homes subdivision going in near Arbor Ridge Park, Arbor Ridge Subdivision has some new phases going in, a new subdivision was approved to go in south of Arbor Ridge, and Applewood has another phase going in as well. Arguably, there is a lot of development happening within a one (1) mile radius of the park.

Mr. Roats said that is defiantly the right location to be able to attribute the growth to the use of the Park Impact Fee.

Mayor Stear said he believes that gives more flexibility for when a developer puts in a park and credit is given for what they build. They can be allowed to do more while still giving them the credit. If they build a park with a restroom and a splash pad they can be given the credit even though the City does not currently have a splash pad.

Council Member Buban-Vonder Haar confirmed that Council gets final say on what a developer puts in a park.

Council Member Buban-Vonder Haar said the Nicholson Park Parking Lot Overhaul was listed at \$50,000.00 last time but is now listed at \$40,000.00. She wanted to know if the numbers were rerun.

Parks Director Bobby Withrow said he would actually like to take the item fully off for this year.

Council Member Buban-Vonder Haar said she was under the impression there is no longer interest in paving the Bernie Fisher parking lot because there were concerns about the Kuna waste cleanup and the big trailers that get dropped messing up the lot.

Mayor Stear said his preference would be not doing the Bernie Fisher parking lot at this point in time.

Council Member Buban-Vonder Haar said she is fine with that. Removing the two (2) parking lot items takes almost \$400,000.00 out.

Council President Jones said he does not see why the City would not pave a parking lot since it is something that happens once a year.

Council Member Buban-Vonder Haar asked why the parking lot needs to be paved.

Council President Jones said he wanted the parking lot to be as nice as the new and improved downtown.

Council Member Buban-Vonder Haar said she is fine with spending money on things that are needed but she does not want to spend money just because the City has it. She would rather keep as much reserve as possible in case something comes up or spend more money on the splash pad to make it really great. She thinks people would prefer an amazing splash pad to a parking lot.

Mayor Stear said originally recycled asphalt was put in but not packed down well or completed. He suggested cleaning it up, putting more recycled asphalt in and compacting it with a roller in order to create a better parking lot with less dust. It would create a multi-use space without having to spend a lot of money.

Council Member Buban-Vonder Haar said she can't remember where or from whom, but she remembers seeing at some point a mockup of a covered parking lot with solar panels on the top. That would serve a dual purpose so if the City is interested in anything like that she doesn't think it makes sense to spend money paving it if something massively different were needed to support a project like that.

Council President Jones said he agrees with that. He does not want to spend money just because it's there. He just wants feels if stuff that needs to get done can be funded now it should be. He also would not mind skipping the parking lot and doubling the splash pad. He thinks that would solve a lot of problems. He said to just take the parking lot off.

Council Member Buban-Vonder Haar said she is definitely open to spending more on the splash pad depending on what the design looks like. She has seen some that include rocks that make it like a stream. She thinks making a great splash pad will help with downtown revitalization.

Council President Jones said that sounds good to him. He would go up to \$250,000.00 for the splash pad.

Council Member Buban-Vonder Haar said if the \$83,899.00 from Tim Eck were added to what is already budgeted that would make it about \$250,000.00.

Council President Jones agreed. He said take Bernie Fisher Parking Lot, Seasonal Parks Employee, and Nicholson Parking Lot off.

Council Member Buban-Vonder Haar asked about the Greenbelt Light Project. She understands the need for it; however, she is not sure of how much crime truly goes on there. Considering the ordinances say everything closes at dusk anyway she is not sure that project is a need but she is open to discuss it.

City Clerk Chris Engels said that Facilities Director Bob Bachman was not there but she knows that is a project he has been working diligently on. In addition to that, there are some pending grant funds that could potentially help with the lighting project. One (1) of the factors they have found is lighting is needed in certain areas of concern down below the skate park. The pending grant money is \$20,000.00.

Council Member Buban-Vonder Haar asked if the \$25,000.00 listed is for running electric or is solar energy being considered.

Ms. Engels said, when they discussed it and defined the scope of work for the grant application, solar was not robust enough to be used on a commercial level effectively so it will be electric.

Council Member Cardoza said Council should discuss a tax increase or foregone property. He asked if anyone was considering a tax increase of 1%, 2%, or 3% and is anyone considering carrying forward any of the foregone.

Council President Jones said his vote is no for either. He does not think it is needed.

Mayor Stear said his only problem with that is the City is putting out a building permit per day. The City is in serious danger of working into a hole if they do not keep up with that. They are currently spending out of carryover and he feels the 3% is an increase that is necessary with growth and to keep growth up. The tax levy rate last year was approximately .00312 and cities have a .009 maximum so Kuna is a third of the maximum, not that he would ever want to be at the maximum.

Council Member Buban-Vonder Haar said she thinks Kuna is the sixth lowest tax rate in the state.

Council President Jones said he does not see why the City needs more money when there is a \$1.6 million carryover.

Mayor Stear said he is looking towards the future and growth. There is a limited number of staff and the City is not requesting a lot of increases in staff at this point, but with the growth Planning and Zoning is buried every day. At some point in time more people will have to be hired and that is what that 3% is. Last year the 3% was not levied. The Police Department is asking for 4%. The City has to keep up with that.

Council President Jones said he thought the City did take the 3% last year.

Council Member Buban-Vonder Haar said the City did not take the 3% last year because it was thought people would take a big enough hit with the recreation district but that did not pass.

Council President Jones asked if the City's revenue increases with the City's growth.

Mayor Stear said there is a new construction roll value that is based on the fact that the City cannot get taxes from those properties for a year but, the more people you have living in an area, the more that tax is distributed. That is because there are more people that need to be taken care of and have services provided to them.

Council President Jones said if that is the case he suggests taking off the Bobcat and hiring an extra Planning and Zoning employee.

Council Member Buban-Vonder Haar said the new Engineer Trainee is still in the budget for a whole year but she believes Gordon Law, the City Engineer, is planning to retire in May 2017 so, in theory, the City will not be spending that entire amount. That may offset getting a new Planning and Zoning employee.

Mayor Stear said he would not take away tools needed to do work in order to hire another employee.

Council President Jones said if the City is stating that they don't necessarily need the Bobcat and they don't necessarily need the Senior Center Facility Lighting that is \$50,000.00. That could be used to hire a Planning and Zoning employee if the City feels a Planning and Zoning Employee is going to be needed. He is hesitant to raise taxes when there is a million dollar surplus.

Mayor Stear asked Mr. Marsh if he broke out the tax increase. He wanted to know, if the taxes were raised 3% instead of the full 6% discussed earlier, what the increase on a \$100,000.00 home would look like.

Mr. Marsh asked for a moment to rerun the numbers.

Mayor Stear said taxes would not really be raised by taking the 3% because there is enough growth to cover that.

Council President Jones said he looks at the 3% as a spending limit. He asked Mr. Marsh if that was a good way to look at it.

Council Member Cardoza said it is the tax limit.

Council Member Buban-Vonder Haar said that is what the plan is. If Council approves everything the City is deficit; the budget is not balanced.

Mr. Marsh said the 3% is the max that can be levied dollar-wise on all the taxable properties but more can be spent by pulling from the reserves.

Council President Jones said all the 3% increase does is increase the City's spending limit.

Council Member Buban-Vonder Haar said the spending limit the City has is the amount of money the City has. They could spend the entire \$1.6 million even if the 3% increase and the foregone tax only bring in \$111,000.00.

Council President Jones said he doesn't think that is the right thing to do. He does not feel the need to bring in \$111,000.00 when there is a million in contingency; that is only 10%. If the City is concerned about contingency for the future he is willing to go back and start cutting items to get to where the City feels safe to move forward with money for anything that may come up.

Mayor Stear asked Council Member Cardoza how he felt about the increase.

Council Member Cardoza said he thinks it was about ten (10) years ago when he was sitting on the Council and a bunch of pipes broke. There was not enough money in the reserve because they had been so conservative they had allowed their maintenance to fall behind. He worries about that. He does not like to tax people any more than the next person does but, when he sees the growth that is occurring in Kuna, he thinks about something major going wrong out at the north sewer plant and a million dollars would not cover something like that. He does not know how the City would generate money quickly. He asked if it the 3% increase would be \$53,000.00.

Mr. Marsh said yes.

Council Member Cardoza asked Mr. Marsh to explain the difference between the taxation and the foregone to Council.

Mr. Marsh explained that the statute reads that the City can increase taxes, it is based on a dollar amount that is being levied, and it can be increased over the highest of the three (3) most recent years by a maximum of 3%. That is just a dollar value for the tax increase. In any given year, if that maximum 3% does not get levied it goes into a side account and grows every year that the maximum is not used; until at some point in the future it is decided to levy that. That can be levied in addition to the 3% increase for that year. The statement that there is a 3% maximum is kind of a misnomer since taxes can be raised more than 3% if there is some in the side account.

Council Member Cardoza asked Mr. Marsh, if the \$53,719.00 in the foregone were used, would that leave \$57,533.00 in the foregone for the next year.

Mr. Marsh said yes, if the foregone that is available was levied, and not the tax increase, that would leave \$53,719.00 in the foregone account at the same time next year.

Council Member Buban-Vonder Haar asked Mr. Marsh if just the tax increase was levied it would be an increase of \$11.52 and \$10.49 if just the foregone was levied.

Mr. Marsh said yes, and that is at \$100,000.00 taxable value which is adjusted for inflation from prior years. It is pretty accurate.

Council Member Cardoza said if Kuna is still the fastest growing city in the state, as it was at one point and he assumes it still is, by percentage he would prefer to levy 3% any given year than to do 10% on an emergency bond. Thanks to City Engineer Gordon Law, Kuna is one of the few cities in the state that has no city bonds but, Kuna is growing very fast and he is worried that a million dollar reserve is not going to cut it. A \$10 or \$12 increase is nothing compared to what the school district has been doing. The library is coming back with a bond in November. In fairness to the City, since no increase was levied last year, if the 3% was levied this year it averages out to 1.5%.

Council Member Buban-Vonder Haar asked a procedural question. She said she knows an Urban Renewal District is still being discussed. She wanted to know if Foregone Property Taxes could still be levied against properties in the Urban Renewal District because those taxes would have been levied when there was no Urban Renewal District.

Mayor Stear said the tax is levied at their current value but the increase in the properties' value would not be taxable.

Council Member Buban-Vonder Haar asked if the City does not levy the 3% this year or next year and at some point Urban Renewal is implemented, can the Foregone Property Taxes still be collected from them.

Mayor Stear said yes, on their current taxable value.

Council Member Cardoza asked if there is an expiration date on the Foregone.

Mr. Marsh said not currently.

Council Member Buban-Vonder Haar said the Legislature could change it.

Mr. Marsh said they could in a year. There was some commotion that happened this last budgeting cycle with the County. He thinks the Statesmen ran some articles on it.

Mayor Stear said he thinks that will keep coming up at the Legislature until someone does something.

Council Member Buban-Vonder Haar said there have been many attempts at getting a community pool or rec district and they all fail; even the Library and School Bonds fail the vast majority of the time. At the same time there is an outcry to provide these things. She feels the only way Kuna will ever be able to amass enough money to do big, special projects is to slowly raise the tax revenue to keep on pace with the growth.

Mayor Stear said another thing to consider is that the City is not spending money freely, but has been very diligent in making sure that the money is spent on things that are needed. If the City was throwing money away he would be against raising taxes, but the 3% increase is something that is needed to maintain the City. That is also how the City will obtain amenities. That is how the money was obtained for the Restroom Sinking Fund and the new City Hall without having to go to bond. If that can be done for \$11 a year instead of whatever a bond would increase people's taxes by that would show good stewardship of the tax payers' money.

Council President Jones asked if the Council would consider making separate sinking funds for the items extra money is being requested for, such as a pool.

Council Member Buban-Vonder Haar said she does not want to be constrained on what the money can be used for.

Council President Jones asked how to ration what it is being saved for then. If Council says this money is for amenities in the future but, the amenities do not materialize, the Council is not doing what they said they would do.

Mayor Stear said \$57,000.00 a year is not going to pay for a pool but amenities are amenities so when the people ask for amenities and the City can afford to buy them that is how to get there. He can't pin point a project and say this is what the money will be used for.

Council President Jones said a lot of the items requested in the budget will improve the amenities and the efficiency of what is being done now. He asked how the City can maintain growth without spending the money to make sure the City stays up with the growth. Items like the Bobcat were put on the list because whoever contributed the item obviously thinks that item will be needed at some point and it would make things more efficient now so, he does not have a problem buying the items now. If those items are going to be removed and the 3% increase is going to be implemented he would have to look at that. He is open to everything because the

Council talks and listens to each other well and he has changed his mind based on what other Council members have said before.

Mayor Stear said items like the Bobcat make the Parks Department more efficient so an extra person does not have to be hired to help with the new parks that have been added. The new mower does double what the old mower does currently plus, the old one is about ready to blow all of its gaskets. It is just a matter of increasing efficiency and that is how these items are justified. If the number of parks is increasing, the efficiency of operating those parks needs to increase as well.

Council President Jones agreed. He asked if those items should be purchased now when the money is available or should those items be purchased later, with the parks possibly deteriorating in the meantime.

Mayor Stear said he feels those items should be purchased now while the money is available. The economy is good and the City is in a good position but the City was not in a good position a few years ago. He said it is highly likely that at some point in time there will be a hiccup in the economy again and the City will get back to where there won't be these funds to play with. For now, efficiency can be increased and jobs made easier.

Council Member Buban-Vonder Haar said hopefully it is a big cycle where the City is able to improve the parks and get everything looking nicer because of the extra revenue the City has, thanks to all the new construction. Then the new construction will lead to an increase in commercial as there is more of a customer base for folks to locate out here which will in turn lower the taxes for the residential folks. Her thought is it is a little more discomfort now for less discomfort later. She returned to the question of doing a sinking fund. She looks at it like the City Hall; there was not a long term plan to save up to buy a City Hall per se but it worked out that way. She says maybe a sinking fund could be created without having a specific plan in mind; just save up for a good opportunity.

Council President Jones said he is fine with that. Council will have to vote on it and he trusts the Council with whatever decision is made. He wanted to discuss the 3% because he does not want to take the 3% just because the City may need it later down the road. He would rather have something in mind to use that 3% for. He wants to be proactive; it is cheaper and more efficient than reactive. That is his reasoning behind hiring a Planning and Zoning employee now; if it is more efficient to hire someone now it should be done now. He asked Planning and Zoning Director Wendy Howell if she needed a new employee now or if she wanted to wait for next year.

Ms. Howell suggested half a year.

Council President Jones said he is fine with that but he would want to budget for it now instead of hearing a request for it to come out of contingency later. He said he would also want it be a full time position; not a part time. He asked Council what

number they feel comfortable with for contingency and if they need to start cutting items. He suggested picking a number for contingency and working from that number.

Council Member Buban-Vonder Haar said she feels the floor for contingency should be at least a million; possibly more, but that doesn't mean she is suggesting spending until that is what is left.

Council President Jones agreed and said the number he wants is a number that Council agrees not to go below.

Mayor Stear said Mr. Marsh suggested \$800,000.00 as a floor for the Contingency Fund. That number could change annually.

Council Member McPherson said he feels the 3% should be levied because the minute the City gets behind and taxes fall; that is when employees get laid off and other cuts are made. He also supports the \$800,000.00 floor for the Contingency Fund since, based on Mr. Marsh's numbers, the City is in a good position. The City also seems to be recouping that fund rather quickly. He also agrees with Council President Jones on being proactive about a Planning and Zoning hire. He suggests making the hire after the move into the new City Hall or half a year next year. He feels another Planning and Zoning employee will definitely be needed by 2018 since Kuna is having so much growth. He agrees with cutting the two (2) parking lots which saves roughly \$400,000.00. Maybe that could be used for the new hire.

Council Member Cardoza said he thinks if a minor tax is not levied a large tax will need to be levied later plus, the City will have to cut back. He remembered when the City had to have some employees work half days on Fridays because the City did not have the money for payroll. As for the parking lot, at one time the County was looking at making it a Park & Ride. He could not remember why that fell through but maybe in the future Ada County will want to do that so, why spend the money on the lot when the County may do it.

Council Member Buban-Vonder Haar said the riders do not want that location even though ACHD does.

Council Member Cardoza said, in regards to creating a sinking fund, he is not sure it is fair to penalize future Councils by deciding where that money should be line itemed. He feels it is better to leave it in the Contingency Fund and let future Councils decide what is best for the City at that time.

Council President Jones said he thought they would be able to change what the money would be for if needed, like with the Restroom Sinking Fund this year. He was under the impression the Restroom Sinking Fund could be changed.

Council Member Cardoza said it could be changed if the entire Council agreed.

Council President Jones said he would be fine with not binding the money to a certain item.

Council Member Cardoza continued on to the tax levy. He would be fine with levying the Foregone Tax Increase and putting that money into the Contingency Fund.

Mayor Stear summarized that Council wanted to levy the Foregone Tax Increase, remove the seasonal park employee, and remove the parking lots at Nicholson and Bernie Fisher Parks. He asked if there were any other changes Council would like to make.

Council President Jones confirmed that the Foregone would make the Contingency Fund \$1,356,000.00 and asked if that would include the \$83,899.00 donation discussed earlier.

Mr. Marsh said no, the \$83,899.00 is sitting in the Grant Fund and has nothing to do with the General Fund at the moment.

Council Member Buban-Vonder Haar said, in an effort to get closer to a balanced budget, if the rest of Council wants that, she would be fine with taking off the fence for the Senior Center. Also, from her understanding, the customized online payment forms for \$3,500.00 would end up saving staff time and money. She mentioned rolling funds again. She gave the example of \$6,000.00 budgeted for elections last time and nothing has been spent. The budget this year is requesting \$750.00. She feels that could just be covered by the previous year's fund and the \$750.00 could just go to the carryover. There are other accounts like that.

Mayor Stear asked Mr. Marsh if those items were factored into the carryover already.

Mr. Marsh said yes, anything that was not spent would be in the carryover now.

Council Member Buban-Vonder Haar said to get to a balanced budget she needs to see what funds are being reallocated so she knows what does not count against the budget in terms of trying to get balanced.

Mr. Marsh said he can put something like that together for the next City Council Meeting on August 16, 2016 when the tentative budget is up for approval.

Council Member Buban-Vonder Haar said that would help. Since Contingency is considered cash on hand, she looks at the carryover just from the last year, based on money budgeted for that year and not spent, as a much smaller carryover amount that would be an additional line item which would help to balance the budget.

Mr. Marsh said he would put that together and send it out to Council before making it public.

Council President Jones asked if a line item would be added for a new Planning and Zoning employee for half a year or could Mr. Marsh just get the cost to Council.

Mr. Marsh said he could give a rough estimate at that moment.

Council Member Buban-Vonder Haar asked if the numbers for the Engineer Trainee could be looked at as well. Since City Engineer Gordon Law would be retiring in May there would be four (4) months where salaries are not being duplicated. She was wondering if a new Planning and Zoning person could be paid for with that money.

Council President Jones agreed but brought up the fact that the money for the Engineer Trainee comes out of Enterprise Funds and Planning and Zoning does not get billed to Enterprise. He also added that he wants the \$83,899.00 donation added to the splash pad.

Parks Director Bobby Withrow said that would make things a lot easier because the splash pad could be designed to be great for everybody without having to pinch pennies at the end.

Mayor Stear asked if Council knew the direction they were going with General Funds.

Mr. Marsh said Meridian has an amazing splash pad in the middle of one of their parks. He then asked if Council would like him to summarize what has been discussed or if someone else would like to summarize.

Mayor Stear said they are talking about looking at a Planning and Zoning employee.

Mr. Marsh asked Planning and Zoning Director Wendy Howell if she wants part time or full time.

Ms. Howell said full time for half the year.

Mr. Marsh confirmed the position would be an entry level customer service specialist.

Mayor Stear continued the summary of the discussion. He said Council also wants to remove the Bernie Fisher Park parking lot, remove the Nicholson Park parking lot, remove the new seasonal parks employee, and the carryover line item added.

Council Member Buban-Vonder Haar added the request to adjust the Engineer Trainee to eight (8) months and not one (1) year because that seems like the maximum amount of time there would be dual salary.

Mayor Stear said that would be gone over and figured out.

Council President Jones asked if the dog park should be reduced based on possible grant funds.

Mayor Stear said no, because it would just be more carryover if the City received the grant.

Council Member Buban-Vonder Haar asked if the City would only get one (1) grant or would the City be applying for multiple grants.

City Clerk Chris Engels said the City would be applying for multiple grants. She added that the grant funding would not really replace funds being budgeted; it would add details that are needed to what is already going in.

Council President Jones clarified that the grant funds would be in addition to the \$57,000.00 budgeted.

Ms. Engels said yes, that would get the City closer to a completed park.

Council Member Buban-Vonder Haar reminded Council that Mr. Withrow had said the complete park would cost around \$100,000.00.

Ms. Engels said the City would pursue any and all grants to try to bring that number down.

Council Member Cardoza asked if there had been any negotiations with Ada County Highway District on the ACHD shop currently being leased.

Mayor Stear said no.

Council Member Cardoza asked where the \$150,000.00 number for the acquisition of the shop came from.

Mr. Marsh said it is a swag number. There have been no negotiations and at this point it is not even certain that ACHD wants to sell it. For now, dealing with ACHD will take more time than the City has for right now. The number in the budget is based on an estimate using real-estate values. The property is approximately an acre with a basic shop on it.

Council President Jones asked if other properties could be looked into if ACHD decides not to sell so the City would not have to continue to lease.

Mayor Stear said ok and asked if there were any more questions about the General Fund.

Council President Jones wanted to discuss the donation for Kuna Days. He said there are comments out there that people want the old Kuna Days. If that is the direction the City would like to go, the City will have to donate more money. The cost to put on the event makes it so that it can't be done without letting the private parties do what they want. He does not usually listen to the comments because those people are not usually the ones that show up or volunteer but he wants to make sure that if the event has to be turned over to someone else the City will not have to pull from Contingency Funds. He wants to know if Council wants to keep it a private entity or turn it into a City event.

Mayor Stear said he did not think that was the kind of event the City would put on. It would require raising seed money every year to make that happen and he would not want to use City budget to put on the Kuna Days event.

Council President Jones agreed but wanted to be sure the rest of Council was on the same page.

Council had no more questions.

Mr. Marsh recapped that property taxes would be staying as is in regards to new construction and annexation, the Foregone Taxes would be added for \$53,719.00, a new Planning and Zoning employee would be added at full time for half the year at \$29,000.00, the engineer trainee would be reduced to eight (8) months instead of twelve (12) months, all of the items on the need list are approved, all the items on the want list are approved except for the Nicholson Park parking lot, the Bernie Fisher Park parking lot, and the new seasonal parks employee.

Council Member Cardoza asked why the seasonal parks position was being removed.

Council Member Buban-Vonder Haar reminded him that Mr. Withrow said he needed either the Bobcat or a new employee, but not both.

Council President Jones added that he wanted to pay out vacation in this fiscal year.

Mr. Marsh said it would have to be put on the next agenda.

Council Member Buban-Vonder Haar asked if Council President Jones wanted it pulled out of the budget.

Council President Jones said yes.

Mayor Stear said those numbers can be added but there has to be an official decision at a Council Meeting.

Council Member Buban-Vonder Haar said she would like to see it on the budget for planning purposes.

Council President Jones said to take it out of the carryover.

Mr. Marsh said ok and reviewed that the office equipment and the acquisition of Messmer Property are to be removed and the splash pad will remain \$160,000.00, the \$83,899.00 from the Grant Funds will be discussed shortly, and the annual reserve replenishment will be shown as an expense item on the expenditure side that does not get spent, basically it will carry over a year as a notational item so every year will have to be planned for if that is the case. He will make all the changes to the budget for the next meeting and try to have a VLP resolution ready as well.

B. Park Impact Fee Fund – John Marsh, City Treasurer
(Timestamp 01:29:31)

Mr. Marsh explained the Park Impact Fee is a brand new fund so it is wide open. He wanted to be sure he did not under- project so that it would not need an appropriation amendment later. He calculated 200 individual, single family, residential units at \$939.00 each which amounts to \$187,800.00. Whether that gets spent or not during the year, depending on the process, will be a matter of how it factors. At this point it is just in the budget. He stood for questions.

There were no questions.

C. Grant Fund – John Marsh, City Treasurer
(Timestamp 01:30:24)

Mr. Marsh explained the Grant Fund is pretty basic. There is some carry over from existing funds, primarily Blue Cross High Five and the \$83,899.00 for the recreation project that was donated by DBTV Development. He asked Council if they wanted to discuss a specific project for the donated amount or if they want to leave it in there and decide what to use it for later.

Council Member Buban-Vonder Haar said leaving it is fine with her.

Mr. Marsh said ok, it can be specifically identified at a later date.

D. Solid Waste Fund – John Marsh, City Treasurer
(Timestamp 01:31:35)

Mr. Marsh shared that the Solid Waste Fund is very straight forward. It factors in the rate increase that was granted at the Public Hearing at the last Council Meeting, the

projected growth, and the net against the franchised portion of the revenue. He stood for questions.

Council Member Cardoza clarified that the City gets a 9.88% franchise fee and it goes into the General Fund.

Mr. Marsh confirmed his statement.

Mr. Marsh said the Solid Waste Fund was the last item he had for the night but at the next meeting he will discuss the Capital Projects Fund. It is very simple but he could not bring it forward at this meeting because he did not know which projects Council would approve.

E. Water Fund – Gordon Law, City Engineer
(Timestamp 01:33:16)

City Engineer Gordon Law said he has five (5) funds to discuss but he would like to dismiss two (2) because they do not change much. They are on demand to fulfill contracts. Well Mitigation will be transferred into the Water Fund at the end of this Fiscal Year and will cease to exist.

Mr. Law said, in regards to the Assistant City Engineer position, which would be a temporary position with the intent that the Assistant City Engineer would be the City Engineer as of May 2017, he recommends Council rethink budgeting it at the partial year. It is not likely that the Assistant would be able to come in and do a large portion of the job as if he had done it a hundred times before. They will try to cover the gaps in the six (6) months they overlap but he asks that Council rethink this a little.

Council Member Buban-Vonder Haar said the reason it is a partial year is because Mr. Law will not be with the City for the entire fiscal year so his salary will not be paid out for those four (4) months which would cover the last four (4) months of the assistant's salary during that fiscal year.

Mr. Law said he would think about that and possibly bring the subject up again at the next meeting.

Mr. Law then discussed the big picture numbers. What is proposed in the budget presented to Council are the three (3) major enterprise funds with a combined income of \$5.7 million. The proposed expenditures have a combined number of \$7.8 million. He has presented a set of budgets that is short \$2.1 million. Part of that short is the fact that there are a number of projects budgeted for this fiscal year that are not going to be done in this fiscal year but will actually be done in the next fiscal year. Those projects come to \$1.4 million. Of that \$1.4 million, he is trying to get \$200,000.00 at the end of this fiscal year so, that would be \$1.2 million that transfers into the upcoming fiscal year reducing that \$2.1 million by \$1.2 million leaving \$.9

million shortfall. The Enterprise Funds have a total reserve fund balance, cash position, projected at the end of this year for \$7.8 million. He figures the bare bones minimum he should maintain as reserve in each of the funds is \$600,000.00 in Sewer, \$600,000.00 in Water, and \$400,000.00 in Irrigation for a total of \$1.6 million dollars for a net between the \$7.8 million and the \$1.6 million of \$6.2 million. The budget proposes to spend \$2.1 million of that net between the absolute minimum to be carried over and what they actually have. The basis of this is how busy they are. They need to have these projects so they can continue to support the building that is going on and to extend into new areas such as east of town with the Urban Renewal Agency. Those kinds of things need to be done and that difference of \$6.2 million needs to be converted into investment in the growth and progress of Kuna. The budget does not propose to use all of that money but it does propose to reduce it. The other thing to keep in mind is that these are parts of cycles. Kuna was at the bottom in 2008, 2009, and 2010 and now Kuna is at the top. Mr. Law predicts there will be another bottom year but he doesn't know when that would be. He says it needs to be absorbed and kept in mind as budgeting continues. He then directed Council to the Water Fund.

Mr. Law said the second sheet in the Water Fund report is major capital expenses. There are four (4) major items and five (5) minor items such as pieces of things that need to be done to keep going or responses to needs that have been noticed in the past year. Of the four (4) major items, one (1) is a master plan amendment which has not been started yet, one (1) is a tank and booster at Well 5, one (1) is a water line that is associated with that tank and booster and will come from Well 5 out to Ten Mile Road and connect into the major network, and the last one (1) is a portion of the Ardell Estates pressure irrigation pond. The biggest item is the tank and booster project with \$995,000.00 for part of it and \$80,000.00 for the other part. He said he still needs to do some research into whether the project should be done. Three (3) things will affect that final decision. One (1) is whether or not the water produced out of Well 5 is susceptible to being degassed. The water was susceptible at Well 9 which was done about a year ago, but he wants to be sure Well 5 is also susceptible to improvement before going forward with the project. The second factor is the pump casing. Mr. Law wants to be sure there is a sound hole to work with. The third factor is other projects that may be more important to the City such as supporting major development east of town that is associated with the Orchard Lift Station. Those three (3) things need to be weighed and measured before jumping into anything but it is budgeted as a tank and booster project. He stood for questions.

There were none.

F. Sewer Fund – Gordon Law, City Engineer
(Timestamp 01:42:22)

Mr. Law directed Council to the second page of the Sewer Fund Report. The Sewer Fund also has four (4) major expenditures listed and then some minor items having to do with minor pieces of equipment needed to support the operations. He focused

on the major items. One (1) item is replacement membranes. They have been doing that on a regular basis every year and probably will be for the rest of the life of the plant. There is also an amount for a sewer master plan which was approved at the last Council Meeting but which will extend the majority of the project into the upcoming fiscal year. The next item is an amount proposed for the Orchard Regional Lift Station which has been discussed previously. Lastly, there is a carryover amount for the Lake Hazel Sewer Project which has also been discussed and they are in the process of finishing up the design on the regional lift station to go with it. Those are the four (4) major projects and each project is designed to address a development need to take away the barriers that prevent some of these things from extending or occurring. He stood for questions.

Council Member Cardoza asked Mr. Law if a new engineer would follow Mr. Law's format when he comes in or would he make up his own according to necessities that materialize.

Mr. Law said the new engineer will be his own man but, speaking from experience, a new person will live off the old format until they feel comfortable making it their own.

Council Member Buban-Vonder Haar said they could request these formats be continually used.

Council Member Cardoza said he was just curious. When looking at the projection, they drop drastically. In 22/23 versus 16/17 it drops by about 6% or 7%.

Mayor Stear said projects change and are added to each year. The spread sheet is not a complete projection.

Mr. Law said he is glad Council was looking at the projection because that is the best glimpse available of where things are going. These projects that show up in the future years are the most movable and adjustable items but again they are the best shot to see where things are going.

G. Pressurized Irrigation Fund – Gordon Law, City Engineer
(Timestamp 01:45:55)

Mr. Law directed Council to the second page again. There are six (6) or seven (7) major projects in this fund and only a couple minor projects. The biggest project is the new irrigation pump station which is shared with the Water Fund because it benefits both funds. The other projects are devoted to the idea of providing relief to pump stations that are under stress which would be the Chapparosa Pump Station, the Crimson Point Pump Station, and the Tomorrow Pump Station. Each of the line projects are to help take the pressure off of those and more evenly distribute the load. He also retained a project from the previous year that would extend a pressure irrigation main down Orchard Street because that was previously approved by

Council. If it is to be done it will need to be re-budgeted and it could be conveniently done in connection with the Orchard Lift Station project. He stood for questions.

Council President Jones asked about the truck listed. He wanted to know if Mr. Law intended to buy another pick up and, if so, is he cycling one (1) out.

Mr. Law said he intends to purchase one (1) for other personnel.

Council President Jones asked when vehicles should be cycled out to make it more cost effective to buy a new one (1). He understands the need for new vehicles but wants to know why the City is holding on to old vehicles.

Mayor Stear said the City has been trying to run all vehicles into the ground to the point of not being worth fixing. That is one (1) reason Facilities Director Bob Bachman wanted to get the Verizon maintenance software installed in each vehicle; so how things are working and their efficiency can be tracked. The goal is to eventually have a plan to cycle old vehicles out that should not be driven. He asked Parks Director Bobby Withrow how many vehicles should be replaced because they are worn out.

Mr. Withrow said he thinks its six (6) vehicles from all the departments combined.

Mayor Stear added that the City doesn't have the money to replace those vehicles at the moment but he thinks Mr. Bachman will be able to get a better handle on that once the tracking system is in place on the vehicles.

Mr. Law added that he drives the wheels off his personal cars.

Council President Jones said he understands that but he feels it takes away the need for a new truck. He knows that it is needed because there are two (2) guys in one (1) truck at a time and they could be more efficient if they were separate.

Mr. Law said he actually has the new truck listed because the truck available is not big enough to carry what is needed at all the different assignments. They weren't thinking in terms of throwing the small truck away; they just need more horse power to get the job done.

Council President Jones asked if the truck had all the liners and tool boxes built into the purchase price.

Mr. Law said Mr. Bachman provided the numbers and he called for the tool box and the liner to come with it.

Mr. Law asked for input on the funding and budgeting and if anything needed to be changed for any of the funds.

Mayor Stear brought up the short fall.

Mr. Law said this is proposing to spend down some of the fund balance with the intent of useful purposes for the City.

Council President Jones confirmed that approximately \$4 million is still projected for carryover by the time everything is completed and everything to be listed is to replace what is getting old or to make things more efficient.

Mr. Law said yes. The last thing he wanted to say was that he appreciated Council Member Buban-Vonder Haar's comment concerning the carryover costs of projects. He did not think she necessarily was talking about projects but he is. Projects seldom end on September 30th so they have to try to properly budget for projects that span multiple years. If there was any way to budget the project it would be easier for Council to keep track of what is going into it but it would also be easier on the budgeter trying to balance the expenditures between one (1) year and the coming year without over budgeting.

Council Member Buban-Vonder Haar said they would try it this year and see if they want to do it in future years but a line item for carryover from what was budgeted the prior fiscal year, meaning money that was budgeted for a specific purpose that wasn't spent, will better show how the money is rolling forward into the same project.

Mr. Law said Idaho Transportation does that. He shared that the roundabout covered three and half (3 ½) years so they began the budgeting for it and calculated when they needed to add money to the project fund for particular tasks and three and a half (3 ½) years later it was finished. They did not think in terms of starting over at zero (0) at the start of each fiscal year. If the Council wants to go that route he thinks it will be very helpful in budgeting for capital projects.

Council Member Cardoza asked what happens when \$100,000.00 is budgeted for a project that carries over into the next year and the bids come in at \$80,000.00. He wanted to know what happens to the other \$20,000.00. He asked if it goes into contingency in that department.

Mr. Law said he does not use the word contingency except for very specific items. The money goes back into fund balance so it can be re-budgeted. Contingency is that matter or item that is budgeted every year that does not have a designated purpose and can only be spent with Council's authorization.

Council Member Buban-Vonder Haar compared it to a rainy day fund.

Mr. Law said exactly but for instance he can't decide he needs a new pickup during the course of the year and put a red bed liner in it instead of a black one that costs another \$500.00 with Contingency Funds. He could go to Council and ask that they

authorize him to buy a red bed liner and he would have to act according to their decision.

Council Member Cardoza said if a project bids at \$80,000.00 leaving a \$20,000.00 carry over that is encompassed back into the budget, what is to keep a City Engineer from spending that money on a red bed liner for a truck. He wanted to know how the money would be earmarked as excess funds from the project.

Mr. Law said what often happens is he estimates the cost on a project as \$100,000.00 and the cost on another project as \$100,000.00. The bid for one (1) project comes in as \$80,000.00 and the bid for the other project comes in at \$119,000.00. He then has to come into Council and indicate what is going on and where he is getting the money from. The memos that Mr. Law includes with the Council Packets states where the money is coming from and sometimes it will be redirected funds from projects that did not occur or did not cost as much as was estimated. No matter what, he has to come to Council to redirect the funds.

Council Member Cardoza said Mr. Law basically has two (2) slush funds; the contingency and the money that has rolled back into the budget. When the money is carried over it is not really accounted for until the end of the year when Mr. Law budgets again. Basically there is a slush fund moving around loosely in the budget.

Council Member Buban-Vonder Haar said it is carryover.

Mr. Law said he can see that.

Council Member Buban-Vonder Haar said when she hears slush fund she thinks of money that can be spent however he wants. When money is budgeted for a specific project and only 80% of that money is used he can't use what is left any way he chooses. He would still need Council's approval.

Mr. Law said there are no hidden projects. The bottom line is the fiscal year will end soon and there will be funds left over. That money will go back in the account to be budgeted for the coming year.

Council President Jones asked if that would show up on Mr. Law's quarterly reports.

Mr. Law said he actually tries to keep track of that. He directed Council to the third page of the PI Report. He has a column for this coming year's fiscal budget, a column for last year's budget, and a column for the projected expenditures for the end of the year. The difference between the second column and third column is the unexpended budgeted amount.

There were no further questions.

Mayor Stear thanked Mr. Law.

H. Late Comers Fund – Gordon Law, City Engineer

I. Well Mitigation Fund – Gordon Law, City Engineer

Council returned to the Park Impact Fee discussion.

(Timestamp 02:01:08)

City Attorney Richard Roats reiterated that the Park Impact Fee is for new growth and development. Referring to the question regarding paying for the park restroom using the Park Impact Fee, he said it is in the capital improvement plan for four (4) restrooms at \$25,000.00 per year being funded starting in 2017. The Park Impact Fee Committee allocated their first expenditure for 2019 believing that money should be generated and with the goal of buying some land. Since the restrooms are in the capital improvement plan, the City would have to go back and determine what amount of growth could be attributed to new developments before it could be done.

Mayor Stear asked if a new developer were to come in and build a park could the City give them credit instead of charging them an impact fee.

Mr. Roats said that is correct.

Mayor Stear clarified that the requirement for the impact fee is to maintain the current level of amenities and service that the City has for the current population with the new population. New developers that come in to build a park can build amenities that the City does not currently have and they can get credit. That creates some leeway. They can do more than the City can.

Mr. Roats said correct, they would have to follow the rules based on the calculations of the impact of that development but if they want to do something above and beyond what the City can do, they have that ability.

Mayor Stear said the City has two (2) restrooms that are permanent facilities in the park system. Developers could feasibly put in as many restrooms as they want in the next four (4) parks they build and it increases the level of service. In that way their hands are not tied like the City's. This means the City has to figure out where to spend that money, whereas developers can increase the level of service as long as they follow the City's guidelines.

Mr. Roats said as long as they follow the code, yes.

Mayor Stear said the way it is set up the City can only maintain the level of service but developers can increase it.

Mr. Roats said the City can expand a park if it is related to the new level of growth, but the City cannot add to a park just because they want to.

Council Member Buban-Vonder Haar clarified that an amenity cannot be built with the Park Impact Fees if those amenities do not already exist but if an amenity already exists and the population grows more of that amenity can be added with the Park Impact Fee.

Mr. Roats said it has to be within reason and the City has to be really careful how the Park Impact Fee is used.

Mayor Stear stated that developers can put in whatever they want as long as they follow the City's code. Their hands are not tied like the City's.

Council President Jones said he understands that. He can see not being able to use Park Impact Fees at a park like the Farm Park where there is not much growth around it but Arbor Ridge has expanded in size so he would assume the Park Impact Fee could be used to put in a restroom.

Mr. Roats said yes, as long as it is attributable to the growth.

Mayor Stear said he would think improvements could be made to the Farm Park if growth warrants it. There has to be amenities in parks that support the growth of the area.

Council President Jones agreed. He said currently the restrooms would be most used at Arbor Ridge so the Park Impact Fee could be used for that or possibly the dog park at Sadie Creek. Those would increase use of those parks so that would allow for the Park Impact Fee to be used to put in those amenities instead of General Fund.

Council Member Buban-Vonder Haar clarified that the increased use has to be attributable to development so if a lot of existing citizens want to use a dog park that does not mean the increased use of that park would merit spending Park Impact Fees. It needs to be growth of new developments which is why Arbor Ridge is plausible.

Council President Jones said Arbor Ridge is a great candidate to put in a restroom so he suggests using the Park Impact Fee to put in the restroom and taking the \$25,000.00 budgeted from the General Fund and use it for playground equipment at the Farm Park where the Park Impact Fee can't be used. He asked if the Park Impact Fee was planning to not use any money until 2019.

Mr. Roats said that is when the committee projected there would be enough money to make a major acquisition so the plan will have to be amended if it is decided to spend money during 2017. He does not know yet what the generated revenue will be but Mr. Marsh had given some projections.

Mayor Stear said if there are other suggestions they can be talked about with the committee.

Council President Jones asked if Council could be made aware when the committee makes these decisions.

Parks Director Bobby Withrow said that information was included with what was given to Council when the Park Impact Fee was adopted. It detailed how he came up with the level of service, a capital improvement plan moving forward and where there was expenditures from General Fund, Grants, and the Park Impact Fee.

Council President Jones said he would go back and look at it.

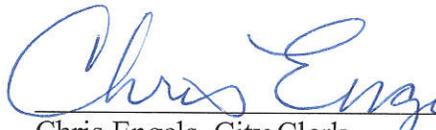
There were no further questions.

3. Adjournment: 8:43 pm



Joe L. Stear, Mayor

ATTEST:



Chris Engels, City Clerk



*Minutes prepared by Ariana Welker, Customer Service Specialist
Date Approved: CCM 08.16.2016*