Twin Falls City Council
Agenda

Monday, July 11, 2022, 5:00 PM

Members: Ruth Pierce, Christopher Reid, Craig Hawkins, Nikki Boyd, Shawn Barigar, Jason Brown, Spencer Cutler

1) CALL MEETING TO ORDER/CONFIRMATION OF QUORUM

2) PLEDGE OF ALLEGIANCE

3) PROCLAMATIONS - None.

4) CONSENT CALENDAR

   a) **ACTION ITEM:** City Council July 5, 2022 Minutes.
   By: Erin Parrish, Executive Assistant

   b) **ACTION ITEM:** Request to approve Accounts Payable for July 1-6, 2022.
   By: Amy Luna, Finance Administrative Assistant

   c) **ACTION ITEM:** Request to approve July 6, 2022, Travel Requests.
   By: Amy Luna, Finance Administrative Assistant

   d) **ACTION ITEM:** Arts in the Park.
   By: Lou Coronado, Sergeant , Twin Falls Police Department

   e) **ACTION ITEM:** Twin Falls LDS Stake Youth Regional Dance.
   By: Lou Coronado , Sergeant, Twin Falls Police Department

   f) **ACTION ITEM:** Walk for Wishes.
   By: Lou Coronado, Sergeant, Twin Falls Police Department

5) ITEMS OF CONSIDERATION

   a) **ACTION ITEM:** Consideration of an amended request for $8,117 in MPOG funds from the Pickleball Association of Twin Falls.
   By: Mandi Thompson, Assistant to the City Manager

   b) **ACTION ITEM:** A request to allocate $54,901 in park impact fees to construct a fence along the new Riverbend section of the Canyon Rim Trail.
   By: Wendy Davis, Parks and Recreation Director

   c) **ACTION ITEM:** A presentation of the City Manager's Recommended Budget for FY 2022-2023.
   By: Mitch Humble, Deputy City Manager

6) GENERAL PUBLIC INPUT

7) ADVISORY BOARD REPORT/ANNOUNCEMENTS

8) PUBLIC HEARINGS - None.

9) EXECUTIVE SESSION

   a) **ACTION ITEM:** Executive Session 74-206 (1)(f) To communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. The mere presence of legal counsel at an executive session does not satisfy this requirement.

      By: Travis Rothweiler, City Manager

   b) **ACTION ITEM:** Executive Session 74-206 (1)(c) To acquire an interest in real property not owned by a public agency.

      By: Travis Rothweiler, City Manager

10) ADJOURNMENT

Any person(s) needing special accommodations to participate in the above-noticed meeting could contact Josh Palmer (208) 735-7312 at least two working days before the meeting. Si desea esta información en Español, por favor llame a Josh Palmer al teléfono (208) 735-7312.

Public Input Procedures

1. Individuals wishing to provide public input regarding matters relevant to the City of Twin Falls shall:
- Wait to be recognized by the Mayor or Chairman
- Approach the microphone/podium
- State their name, and whether they are a resident or property owner in the City of Twin Falls, and proceed with their input.

2. The Mayor or Chairman may limit input to no less than two (2) minutes. Individuals are not permitted to give their time to other speakers.

Public Hearing Procedures for Zoning Requests

1. Prior to opening the first Public Hearing of the session, the Mayor or Chairman shall review the public hearing procedures.

2. Individuals wishing to testify or speak before the City Council or Planning & Zoning Commission shall wait to be recognized by the Mayor or Chairman, approach the microphone/podium, state their name, and then proceed with their comments. Following their statements, they shall write their name and address on the record sheet(s) provided by the staff. The staff shall make an audio recording of the Public Hearing.

3. A City Staff Report shall summarize the application and history of the request.

4. The Applicant, or the spokesperson for the Applicant, will make a presentation on the application/request (request). No changes to the request may be made by the applicant after the publication of the Notice of Public Hearing. The presentation should include the following:
- A complete explanation and description of the request.
- Why the request is being made.
- Location of the Property.
- Impacts on the surrounding properties and efforts to mitigate those impacts.

5. Applicant is limited to 15 minutes, unless a written request for additional time is received, at least 72 hours prior to the hearing, and granted by the Mayor or Chairman.

6. The City Council or Planning & Zoning Commission may ask questions of staff or the applicant pertaining to the request.

7. The general public will then be given the opportunity to provide their testimony regarding the request. The Mayor or Chairman may limit public testimony to no less than two (2) minutes per person.
- Individuals are not permitted to give their time to other speakers.
- However, five (5) or more individuals that received written notice of the public hearing may appoint, by written petition, a spokesperson. The written petition must be received at least 72 hours prior to the hearing and must be granted by the Mayor or Chairman. The spokesperson shall be limited to 15 minutes.
- Written comments, including e-mail, received by 12:00 p.m. on the date of the hearing shall be either read into the record or displayed to the public on the overhead projector.

8. Following the Public Testimony, the applicant is permitted five (5) minutes to respond to Public Testimony.

9. Following the Public Testimony and Applicant's response, Council or Commission members, as recognized by the Mayor or Chairman, shall be allowed to question the Applicant, Staff or anyone who has testified. Responses shall be limited to answering the questions asked. The Mayor or Chairman may limit the time permitted for the answer.

10. The Mayor or Chairman shall close the Public Hearing. The City Council or Planning & Zoning Commission shall deliberate on the request. Deliberations and decisions shall be based upon the information and testimony provided during the Public Hearing. Once the Public Hearing is closed, additional testimony from the staff, applicant or public is not allowed. Legal or procedural questions may be directed to the City Attorney.

* Any person not conforming to the above rules may be prohibited from speaking. Persons refusing to comply with such prohibitions may be asked to leave the hearing and, thereafter removed from the room by order of the Mayor or Chairman.

Twin Falls City Council
Minutes

Tuesday, July 5, 2022, 5:00 PM

203 Main Ave East
Twin Falls, ID 83301

Council Chambers

1) CALL MEETING TO ORDER/CONFIRMATION OF QUORUM

Present:	Mayor Ruth Pierce, Vice Mayor Reid, Council Members Spencer Cutler, Craig Hawkins, Shawn Barigar, Nikki Boyd, Jason Brown.
Absent:	None.
Staff Present:	Travis Rothweiler, City Manager; Mitch Humble, Deputy City Manager; Gretchen Scott, Deputy City Manager; Shayne Nope, City Attorney; Erin Parrish, Executive Assistant; Kim Hafer, Desktop Analyst; Samantha Hammond, City Administration Intern; Kathy Marcus, Information Technology Communications Manager; Breanna Howard, Chief Financial Officer; Mathew Farnes, Budget Coordinator; Ida Clark, Human Resource Director; Wendy Davis, Parks and Recreation Director; Jonathan Spendlove, Planning and Zoning Director; Josh Baird, Public Works Director; Mandi Thompson, Assistant to the City Manager; Ansina Durham, Organizational Development Coordinator; Cailin Gibson, Recruitment Coordinator; William Carberry, Airport Manager; Twin Falls Police Department Members: Craig Kingsbury, Chief; Luke Allen, Lieutenant; Justin Diamond, Lieutenant; Craig Stotts, Lieutenant, Terance Thueson, Lieutenant.

Mayor Pierce called the meeting to order at 05:00 PM.
A quorum was present.

2) PLEDGE OF ALLEGIANCE

Mayor Pierce invited all present, who wished, to recite the Pledge of Allegiance to the Flag.

3) PROCLAMATIONS - None.

4) CONSENT CALENDAR

MOTION: Council Member Hawkins moved to approve the Consent Calendar as published. **Council Member Boyd** seconded the motion. Roll call vote showed all members present voted. Approved 7 to 0.

a) Request to approve Accounts Payable for June 23-29, 2022.
b) Request to approve June 29, 2022, Travel Requests.
c) Consider a recommendation from the Parks and Recreation Commission to accept a bench donation from Erin Cazee to be placed along the Canyon Rim Trail in memory of Brian Hall.
d) Consider a recommendation from the Parks and Recreation Commission to accept a bench donation from Jack Simpson to be placed along the Canyon Rim Trail in memory of Esther Simpson.
e) Consider a recommendation from the Parks and Recreation Commission to accept a bench donation from Fran and Betsy Florence to be placed in City Park.
f) City Council June 21, 2022 Minutes.
g) City Council June 27, 2022 Minutes.

5) ITEMS OF CONSIDERATION

a) A presentation of the City Manager's Recommended Budget for FY 2022-2023, followed by citizen input.
City Manager Rothweiler gave the presentation.

Discussion ensued on the following:
Council Member Barigar asked about the Council Allocated Capital and if they can see a list of projects from the past that didn't get completed.
Vice Mayor Reid asked about setting a date to decide on the Council Allocated Capital.
Council Member Barigar asked what was being heard from other cities.
Council Member Hawkins thanked City Manager Rothweiler for all the work that went into creating the budget book.

6) GENERAL PUBLIC INPUT
Abby Bellman, a citizen, asked if there was any way to put a stop to illegal fireworks.

7) ADVISORY BOARD REPORT/ANNOUNCEMENTS
Council Member Cutler reported that the Historic Preservation Commission is having an open house next Wednesday, July 13th, 5pm, in City Council Chambers. There are still 2 vacant seats on the Historic Preservation Commission.

Mayor Pierce commented on ARPA and that staff would be bringing a charter to approve. Also, Friday, July 8, there is a Back the Blue event at City Park starting at 6-8 PM.

8) PUBLIC HEARINGS - None.

9) ADJOURNMENT
The meeting adjourned at 05:59 PM.

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Erin Parrish, Executive Assistant

For a full account of this meeting please visit tfid.org for the recording of this meeting

Date: Monday, July 11, 2022

To: Honorable Mayor and City Council

From: Lou Coronado, Sergeant, Twin Falls Police Department

ACTION ITEM

Request:

Arts in the Park.

Time Estimate:

Staff requests this item be placed on the consent calendar.

Background:

Arts in the Park has been held in the City Park for 29 years and has evolved into the family-friendly event that we have today. It will take place on July 22-23, 2022. The event attracts kids from 3 to 14 years of age for art classes and adults who view and shop at the various artisan booths. The Friday events include live music and wine tasting for adults.

Arts in the Park will begin on Friday July 22nd at 10:00 a.m. and run through 4:00 p.m. on Saturday July 23rd . Musicians will perform at various times during the day in the area of the artisan tents. Additionally, the wine tasting event will take place in a wine garden on Friday from 5:00 p.m. to 7:00 p.m. On Saturday afternoon, the Twin Falls Rotary will hold their annual Ice Cream Funday, which is separate from this event.

Event organizers anticipate approximately 350 people to attend over the three days.

Wine for the tasting event will be donated by Magic Valley Distribution. Proceeds will benefit the Magic Valley Arts Council.

Organizers have arranged for Twin Falls County Deputies to provide overnight security during the event.

Approval Process:

Consent of the City Council

Budget Impact:

None

Regulatory Impact:

N/A

History:

N/A

Analysis:

N/A

Conclusion:

Twin Falls Police Department Staff and several relevant City Staff members have reviewed this application request as presented. Staff recommends that the City Council approve the Special Event Application based on the information provided.

Attachments:

None

Date: Monday, July 11, 2022

To: Honorable Mayor and City Council

From: Lou Coronado, Sergeant, Twin Falls Police Department

ACTION ITEM

Request:

Twin Falls LDS Stake Youth Regional Dance.

Time Estimate:

Due to the location, time and nature of this event, staff is requesting this item be placed on the Consent Calendar

Background:

Erick Powell, representing the Twin Falls LDS West Stake, has submitted a Special Event Application requesting to have the Twin Falls LDS Stake Youth Dance. This event will be held at the Sunway Soccer Pavilion from 8:00 p.m. to 11:00 p.m.

There will be an estimated three hundred (300) juveniles in attendance at the dance and they will be chaperoned by forty (40) adult volunteers.
This event will have amplified sound in the form of a DJ playing pre-recorded music or a live band playing western-style music.

Approval Process:

Consent of the City Council

Budget Impact:

Twin Falls Police Department Staff does not feel there is a need for the Twin Falls Police Department to provide security. Therefore, there is no budget impact.

Regulatory Impact:

N/A

History:

N/A

Analysis:

N/A

Conclusion:

Staff recommends that the City Council approve the Special Event Application submitted for the Twin Falls LDS West Stake Youth Dance event based on the information provided.

Staff recommends that the on-duty Supervisor be given authority to order event organizers to mitigate the sound of amplified music. If the noise complaints become habitual, the Patrol Supervisor shall be granted the authority to order the music to be terminated.

Attachments:

None

Date: Monday, July 11, 2022

To: Honorable Mayor and City Council

From: Lou Coronado, Sergeant, Twin Falls Police Department

ACTION ITEM

Request:
Walk for Wishes.

Time Estimate:
Staff requests this item be placed on the consent calendar.

Background:
Jessica Oliver, representing the Make a Wish Idaho organization has submitted a special event application for the Annual Walk for Wishes Magic Valley. The Walk for Wishes is a community fundraising effort and celebration to grant the wishes of local children facing life-threatening medical conditions. The Walk for Wishes is a signature fundraiser that celebrates the thousands of wishes that have already been granted, while raising funds for future wishes.

The event is scheduled for September 24, 2022. This is a walk-only event which will start at the Twin Falls Visitor's Center and proceed east on the Canyon Rim Trail. The walkers will make a turnaround at the 1.25-mile mark and return to the Visitor's Center. It is anticipated that 250 individuals will participate in the event.

The 2022 Walk for Wishes event will begin at 9:00 a.m. and will conclude at 1:00 p.m. There will be food trucks with food for purchase.
There will be amplified sound in the form of pre-recorded music. There will be no alcohol provided by the event organizers.

Approval Process:
Consent of the City Council

Budget Impact:
N/A

Regulatory Impact:
N/A

History:
N/A

Analysis:
N/A

Conclusion:

Twin Falls Police Department Staff and several relevant City Staff members have approved this application request as presented. Staff recommends that the City Council approve the Special Event Application based on the information provided.

Attachments:

None

Date: Monday, July 11, 2022

To: Honorable Mayor and City Council

From: Mandi Thompson, Assistant to the City Manager

ACTION ITEM

Request:

Consideration of an amended request for $8,117 in MPOG funds from the Pickleball Association of Twin Falls.

Time Estimate:

5 minute presentation with time for questions by Council.

Background:

When Council considered the 2022 MPOG applications in May, there were concerns about the use of funds for a portion of the application submitted by the Pickleball Association of Twin Falls. City Attorney Shayne Nope agreed to work with the group to revise their application and remove the portions that were of concern to the Council. The Association submitted their revisions in June and the changes were reviewed by the City Attorney and Wendy Davis (Parks and Recreation). City staff is comfortable with the proposed uses of funds in the revised application.

Approval Process:

Majority approval.

Budget Impact:

There is $87,000 available each year for MPOG awards. Only $48,195 was awarded in May 2022. This request is for $8,117, so there are sufficient funds remaining to fund this request.

Regulatory Impact:

None.

History:

N/A

Analysis:

N/A

Conclusion:

The Pickleball Association of Twin Falls was asked by City Council to revise their proposal to remove certain items that were not inline with the mission of MPOG. The Association worked with City staff to ensure they made the changes as requested by Council.

Attachments:

1. 2022 Municipal Powers Outsource Grants Application_revised

2022 Municipal Powers Outsource Grants Application

Organization: Pickleball Association of Twin Falls, Inc

Contact: Michael E. Scott

Phone: 307-349-0394

Email: michael@scottandscottcpa.com

Budget Request: $8,117

Strategic Plan:

- Focus Area 1 of the strategic plan for Twin Falls is to develop a healthy community. The Pickleball Association of Twin Falls (PBATF) is a 501c-3 organization dedicated to teaching and increasing involvement in Pickleball. Pickleball is the fastest growing sport in the U.S. and is an excellent way for people of all ages to stay healthy. Pickleball grew 39.3% between 2019 and 2021 resulting in over 4.8 million players in America. Pickleball is growing fastest among young players between ages 6 and 17.

  The PBATF shows nearly 275 active players in the Twin Falls area and we estimate that there are that many more who we are not aware of. More than half of our members are senior citizens who are maintaining their health through Pickleball. In 2022, we will continue education and recruitment efforts among adults to assist in the development of a healthy community.

- One of our 2022 goals is to expand our educational reach by adding a membership and activities for young players. Involving young players will help keep them active and healthy and hopefully provide recreational activities for them that will keep them out of trouble. The Association is not aware of many Twin Fall's youth playing Pickleball. Since statistics indicate that ages 6 – 17 is where the most growth is in America, we want our Twin Falls youth to have an opportunity to learn and play Pickleball.

Demonstration of Need:

- As a 501 c-3 organization we are responsible for providing education efforts involving Pickleball. In order to better accomplish this goal, we have identified the following projects.
    1. 2 additional trained Pickleball instructors. Pickleball instructor certification is offered by the Professional Pickleball Registry (PPR).
    2. Pickleball machine – A pickleball machine is essential in teaching new players the different strokes and blocks. A Playmate Pickleball machine is capable of duplicating all the shots performed in

a normal Pickleball game. Balls required for the machine run an additional $200.

3. Court Accessories – Our courts at Frontier Park are in need of courtside benches to make watching easier and more attractive to nonresidents who come here to play tournaments. Our recent Father's Day Tournament hosted 145 players – most were non-residents of Twin Falls.

- PBATF provides a service that is not provided by the City of Twin Falls and helps the city meet one of its strategic objectives. Expanding educational services to the youth of Twin Falls provides additional support for the City's strategic objective.

Partnerships:

- PBATF has worked with Twin Falls Park & Rec to provide funds for the lights at the current outdoor Pickleball courts at Frontier Park.
- We assisted the Twin Falls Rotary Club with funding for remodeling the restroom facilities at Frontier Park.
- We continue to work with the Parks and Rec organization to sponsor Pickleball tournaments during the summer months in Twin Falls which provides activities for Twin

Falls residents and for persons travelling from out of town who spend money in Twin Falls while here.

- We help with Unified Special Olympics by offering a day of instruction and Pickleball to their students. That event took place on May 11 of this year.
- In April, we are holding a Pickleball education clinic at CSI for adults interested in Pickleball.
- We will host a Twin Falls Pickleball Camp for youth 4 – 17 at Frontier Park in Twin Falls during the month of July. This is done in partnership with the Parks and Rec.
- New partnerships with the Twin Falls schools and home school groups can aid our goal of involving more youth in Pickleball and give them additional options for their students.

Demonstrated Outcomes:

- PBATF maintains good financial records. Funds spent on instructor certification and a Pickleball machine will be tracked via general ledger accounts in QuickBooks. Funds spent on court resurfacing will be tracked via a QuickBooks general ledger account and detailed by sub-accounts.
- The outcome of our education efforts can be measured by the number of new students taught during the year and by the growth in our association membership.

Work Plan and Budget:

Our budget and work plan for the three areas in the "Demonstration of Need" section above is listed below.

1. Pickleball Instructors
   a. PPR Registration Fee $264.00
   b. Certification workshop $147.00
   c. Lodging, meals, & mileage $300.00

Total per instructor	$711.00
2 instructors =	$1,422.00

The funds for the instructors will be partially used to enroll in the PPR organization. The remainder will be used for class fees and travel fees when the instructors attend their certification class. The budget is built on classes in Orem, Utah.

2. The Pickleball machine will be purchased as soon as City funds are available. The budget for the machine is:
   a. Playmate Pickleball Machine $3,495.00
   b. 150 balls for Machine $ 200.00

Total	$3,695.00

3. Court Accessories

Court Benches (6) @$500	$ 3,000.00
Total	$ 3,000.00

The three areas above total a grant request of **$ 8,117.00**

Our association started in 2015 and has grown with the growth of Pickleball. We offer a sustainable product that fits into the Twin Falls strategy of creating a healthy community.

Please let us know if we can answer any questions about this application.

Date: Monday, July 11, 2022

To: Honorable Mayor and City Council

From: Wendy Davis, Parks and Recreation Director, Parks and Recreation Director

ACTION ITEM

Request:

A request to allocate $54,901 in park impact fees to construct a fence along the new Riverbend section of the Canyon Rim Trail.

Time Estimate:

Allow 10 minutes for presentation, questions and deliberation.

Background:

Riverbend Subdivision is located north of E 4200, west of Grandview Dr. North. The developer was required to dedicate 25 ft of canyon rim property for an extension of the City's canyon rim trail. MaVTEC has approved funds to put the trail in, and due to its close proximity to the edge, the City should install a fence. Several City staff have visited the site and all agree that a fence is needed for safety. The developer and MaVTEC plan to put the trail in this season, and the fence should be installed prior to the trail to minimize the impact of equipment driving on and drilling next to the new trail.

This new trail provides a connection opportunity from the existing trail, west along 4200 (Canyon Rim Road), north on Grandview Dr N, and east along the rim to City property at Meander Point. It affords stunning views of the bend in the river near Auger Falls. Please see the attached map and photos.

The timing of the project requires the use of unbudgeted funds to do the work. We received a bid from Taylor Made Fence, LLC for $49,910 to install the fence. That price is good through the end of July. Please see the attached quote and email from the contractor. We would like to include a 10% contingency, or $4,991, for the project, bringing the total requested authorization amount to $54,901.

Approval Process:

A simple majority will approve this request.

Budget Impact:

As discussed above, the bid to install the trail is $49,910, a 10% contingency is $4,991, for a total cost of $54,901. Staff proposes to use park impact fees to construct this fence. The City currently has $1,315,473 in the park impact fee fund. However, about $570,000 of that has been previously authorized for further development of the trailhead located at Eastland Drive and Pole Line Road. Reserving that amount for that project leaves $745,473 of unobligated park impact fee fund available.

Regulatory Impact:

Council approval will allocate up to $54,901 park impact fees for the project.

History:

N/A

Analysis:

N/A

Conclusion:

Staff recommends that the Council approve this request to allocate $54,901 from park impact fees for the construction of a fence along the new Riverbend section of the Canyon Rim Trail.

Attachments:

1. Trail location photo facing west
2. Trail location photo facing east
3. Estimate_390_from_Taylor_Made_Fence_LLC
4. Vicinity map
5. View of river from trail
6. FW_ Estimate 390 from Taylor Made Fence, LLC. with email

Taylor Made Fence, LLC.
PO Box 157
Kimberly, ID 83341 US
taylormadefencellc@gmail.com

Estimate

ADDRESS
Davis
Twin Falls City Parks & Rec.

ESTIMATE # 390
DATE 05/24/2022

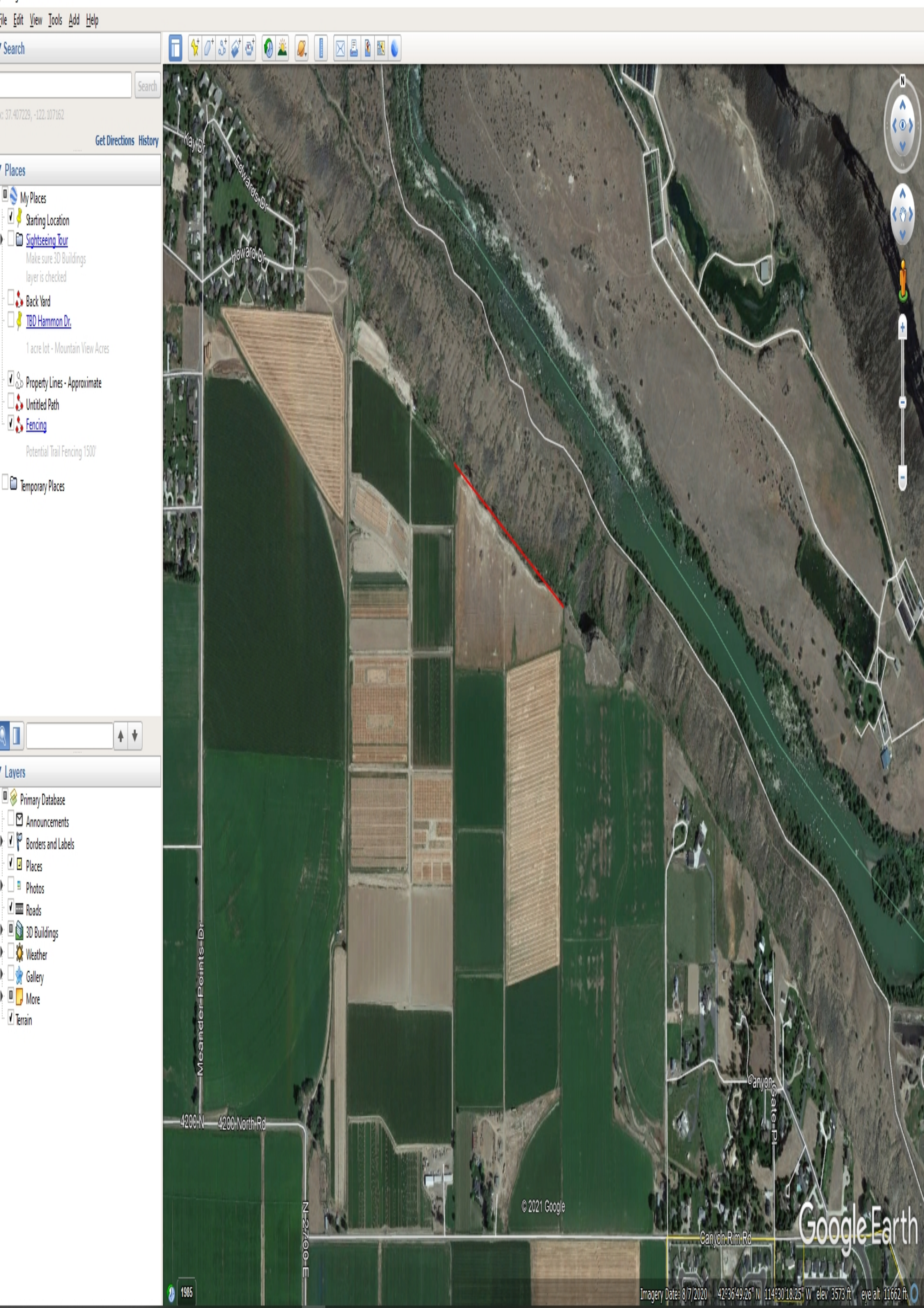
DATE		DESCRIPTION	QTY	RATE	AMOUNT
05/24/2022	**Fence Materials & Installation**	Costs for materials, concrete and labor for canyon bike path fence using metal posts and wood rails.	1,426	35.00	49,910.00

Thank you for the opportunity to quote your project! This quote is good for ten days.

SUBTOTAL	49,910.00
TAX	
TOTAL	**$49,910.00**

Accepted By

Accepted Date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Starting Location
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Make sure 3D Buildings layer is checked
Back Yard
TBD Hammon Dr.
1 acre lot - Mountain View Acres
Property Lines - Approximate
Untitled Path
Fencing
Potential Trail Fencing 1500'
Temporary Places
Layers
Primary Database
Announcements
Borders and Labels
Places
Photos
Roads
3D Buildings
Weather
Gallery
More
Terrain
Kay Dr
Edwards Dr
Howard Dr
Meander-Points-Dr
4200 N
4200 North Rd
N 2700 E
Canyon Gate Pl
Canyon Rim Rd
© 2021 Google
Google Earth
1985
Imagery Date: 8/7/2020 42°36'49.26" N 114°30'18.25" W elev 3573 ft eye alt 11662 ft

Date:	Tuesday, July 5, 2022
To:	Mayor and City Council
From:	Travis Rothweiler, City Manager

Request
A presentation of the City Manager's Recommended Budget for FY 2020 followed by citizen input.

Time Estimate
The estimated amount of time this item will take is one hour plus time to answer questions.

Background
The City of Twin Falls is in south-central Idaho along the scenic Snake River canyon. With a population of approximately 53,213 residents, Twin Falls is the eighth largest city in Idaho and encompasses 18.16 square miles. It is located in Twin Falls County, which covers approximately 1,928 square miles of mostly irrigated agriculture land and has a total population of 92,243. Twin Falls is located 135 miles east of Boise and 218 miles north of Salt Lake City.

The State of Idaho defines city government as a municipal corporation. It is with that mindset this budget has been developed. We are pleased to present to you the recommended Budget for Fiscal Year 2022-2023 (FY2023). This budget represents hundreds of hours of thoughtful work by dozens of people in developing the spending plan for our organization for the coming fiscal year.

The proposed budget is presented for your consideration with the commitment and confidence that it effectively funds the varying needs of the community. It provides a strong financial plan, while ensuring a superior level of municipal services to our citizens. We are confident the projections and estimates are conservative, yet reasonable, and accurately reflect anticipated revenues and municipal needs. We look forward to working with you to achieve all the goals set forth in this proposed budget.

Underlying Twin Falls' success is a unifying commitment across the organization to exercise fiscal discipline, deliver services with maximum efficiency, and provide improved results to the entire community. Undoubtedly, we will be continually challenged to maintain a structurally balanced budget once it is achieved.

The proposed budget is balanced and in accordance with the state law and GFOA best practices. The combined proposed expenditures and transfers total $82,847,478, which is a $8,484,779 (11.41%) increase compared to the current year budget of $74,362,699. In the 2023 fiscal year budget, we are recommending Government Fund-Type expenditures, those funds that receive some of their funding from property tax revenues, increase by $2,904,895 (6.26%). Enterprise and Non-Tax Supported Fund-Type expenditures have increased by $5,579,885 (19.96%).

While the budget does not fund all capital initiatives and projects in the entire organization, it does meet the City Council priorities for service delivery. It recognizes that our local economy continues to experience unprecedented growth.

The budget has been formulated by reflecting on a philosophy of the following:

- Providing solid, efficient, high-quality, core governmental services
- Effectively allocating resources to meet citizen needs
- Ensuring affordability and long-term sustainability
- Pursuing opportunities to partner with other public providers
- Valuing our employees

Public Input and Transparency

The City of Twin Falls strives to communicate, operate, function, and conduct the business of the people in an open and transparent manner. Equally, we recognize the value and importance of honoring and upholding our fiduciary duties and responsibilities. Because openness and transparency are part of our organizational culture and values, we have taken several steps designed to afford our citizens and stakeholders several opportunities to actively participate and contribute to the budgeting process.

The City of Twin Falls has taken additional steps designed to illustrate our commitment to effective community involvement in the annual budget process. The Council provided an opportunity for our citizens and stakeholders to communicate their thoughts about specific programs, strategic initiatives and priorities for the upcoming fiscal year prior to the more customary, internal staff conversations.

A summary presentation of the proposed budget has been placed on the City's website. On August 8, 2021, the City Council will adopt the preliminary budget for FY 2022, with a public hearing and final adoption scheduled to occur on August 22, 2022 at 6:00 PM.

Connection to the City's 2030 Strategic Plan

Twin Falls is a vital, growing, and changing city. We have constructed processes and policies that help us in shaping growth and taking advantage of opportunities as they are presented. We continue to focus on the focus area contained in the City's 2030 Strategic Plan, just as we have for the past seven budget cycles. The current Strategic Plan was updated in March 2018 after an extensive open, citizen-driven process. The City's FY2020 budget allocates funds for needed projects and critical services collectively designed to help the City take the "next step" in realizing the community's 2030 vision of Twin Falls.

Issues Impacting the City's 2022-2023 Fiscal Year Budget

Labor Shortages

For the past several months, Idaho's economy is one of the top performing economies in the nation, leading nine states in growth after the pandemic recovery. The demand for talent, semi-skilled, skilled and professional talent remains as an all-time high. Unemployment rates remain at historic lows, at 2.5%, in May 2022 (23,605 unemployed out of a total civilian labor force of 943,390). Economists consider an economy to "fully employed" when the unemployment rate is between three and four percent (3-4%). The national unemployment rate was at 3.6% for May 2022.

However, the unemployment rate only tells part of the story. In an effort to meet the increased demand for goods, products and services, business across all sectors in Idaho are trying to grow. Growth requires an increase in human talent. In Idaho, including Twin Falls, there are not enough human capital to meet the needs. According to the Idaho Department of Labor, there are two open jobs for every unemployed Idahoan. Simply, if all of those who were unemployed in the state in May 2022 suddenly became employed (23,605), there would still be more than 27,000 position vacancies.

COVID-19 is partially responsible. Prior to the pandemic, baby boomers, the largest generation, were beginning to retire in higher numbers. During the pandemic, baby boomer retirements accelerated. Some reports say that the baby boomer retirements just moved us ahead five years from where we would otherwise would have been.

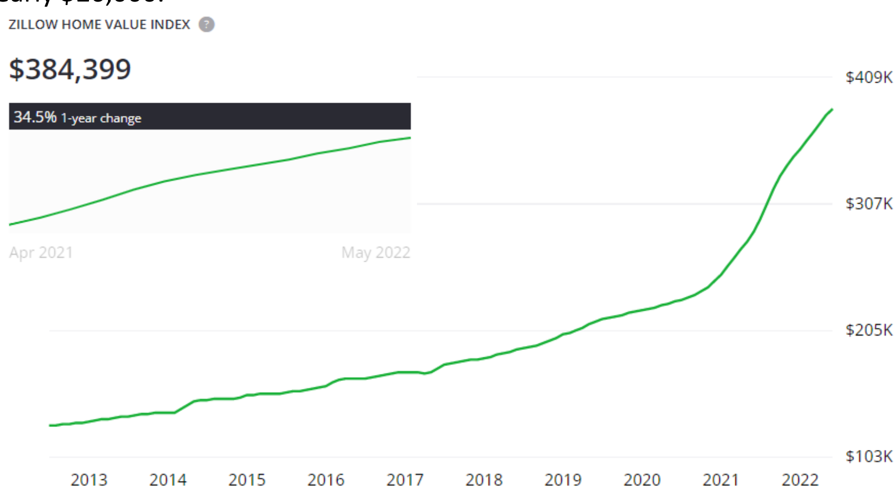
For the past year, the City of Twin Falls has maintained an average employee vacancy rate (unfilled but funded positions) between 22 and 28 positions. Like what has been experienced by many employers, the City has seen several key employees elect to retire from public service. Filling these positions has been and remains a challenge.

Housing Costs

For almost the past two years, housing prices in Twin Falls continue to rise rapidly, steadily outpacing income levels, which has impacted housing affordability. Idaho continues to lead the nation in population growth. For the last few years, Idaho's population increases, by percentage, have been among the largest in the country. Population increases, low housing inventories, significant material increases, and labor shortage are all contributors to the problem. Large increases in the price of homes can equate to an increase in property taxes for Idahoan due to the means by which property taxes are assessed.

Each year your county assessor's office must estimate how much a typical buyer would pay for your property as of January 1. It's assessed at 100% of market value, less any exemptions. Generally, assessors use sales prices from properties in the county to develop guidelines. They also consider features that could influence what a buyer would pay for the property. These features include size, location, quality of construction, age, and condition.

In January 2021, the value of a median home in Twin Falls grew to an estimated $257,000, which represented a 15.25% increase over the prior year. In January 2022, the median home value increase to an estimated $358,000 and equated to an estimated $101,000 (January 2021 compared to January 2022) and an increase of 28.21% Since January of this year, the median home has increased to $384,399, an increase of nearly $26,000.



The following table illustrated the median home value in Twin Falls, Idaho and the nation.

	Twin Falls	Idaho	National
Median home value	$384,399	$472,979	$349,816
Increase in value of the prior 12 months	24.7%	27.8%	13.2%
Project increase in value over the next 12 months	uncertain	uncertain	14.90%

This is the first time the median home price in Twin Falls has exceeded the national median value. In May 2021, a home in Twin Falls was an estimated $4,000 less than the national median home value. In May 2022, the median home is nearly $35,000 more than the national median value. Housing in Twin Falls in approaching unaffordable and unobtainable for many of our residents.

In addition, Salary Expert powered by ERI updates the cost-of-living index for urban areas and each of the fifty states, assigning each area a value as a percent of the average of all sampled. This index bundles a variety of goods and service costs, like food, transportation, housing, and health. For years, Twin Falls has consistently ranked well below the national average. That trend appears to have ended. The following table illustrates the cost of living in Twin Falls, Idaho Falls and Boise compared to national and state averages.

	Twin Falls	Idaho Falls	Boise
Compared to National Average	+1%	-0%	+20%
Compared to Idaho Average	-3%	-4%	+15%
Rank Among Idaho Cities	28th	29th	11th

Fire Stations and Fire Training Center Construction

In the fall of 2017, a planning effort was undertaken to determine the current state of fire facilities in the City and the future needs of the community. A steering committee and program committee worked together to document the existing conditions of each facility. Station 2 and 3 were built in 1961 and 1979 respectively. They have outdated technology and living standards and are experiencing decay such as mold and leaky roofs. There are no facilities for female firefighters at either station, the apparatus bays are too small, and the stations have apparatus sitting outside—a situation that hinders response capability. The facilities do not meet current building, ADA, essential facility, and life safety code requirements. Further, the existing stations have inefficient floor plan layouts and do not support quick 'turn-out' times. Response times will be improved with a more efficient floor plans and station locations, which will increase public health and safety. In addition, the station lacks a designated area for dirty equipment—a modern necessity that allows for gear to be properly cleaned and limits exposure to carcinogens and other potential health hazards. In total, existing Station 2 and existing Station 3 are inadequate to serve the needs of the TFFD and lack the form to fit the function for today's firefighting needs. The deficiencies of the current stations together with recent population and industry growth requires new facilities to maintain public health and safety.

The City sought a general obligation bond to finance the construction of three new fire stations, renovation of Station 1 for police operations, and an initial investment in a fire training center in May 2019. The total request from voters was $36 million and narrowly failed to reach the super majority (66.6%) threshold required to pass—garnering the approval of 64% of voters. As a result, the City is pursuing other financing options to address the needs of the TFFD, including the use of general fund reserves and impact fees as well as the issuance of Certificates of Participation to finance the construction of two new fire stations. The construction also includes a regional fire training center, which is being paid for by the Twin Falls Rural Fire Protection District. The construction of these projects has proven challenging given the unpredictable economy, supply chain issues and labor shortages. However, the need to replace these stations continues to be greater than the challenges in completing the projects.

The new stations will feature, among other things, drive-through double deep apparatus bays, a gear bunker, a decontamination space, general and EMS storage, a workshop, laundry facilities, individual restrooms that will allow for use by both men and women, a dayroom, a fitness center, and kitchen and dining facilities. Also provided will be firefighter sleep rooms, a battalion chief sleep room and office (station 2) and captain office. The public will have access to the stations through a public lobby area.

Continued Investment in Public Safety

As the community grows, the need for continued investment in public safety is important. Since the adoption of the FY 2022 budget, multiple investments have been made to ensure the citizens of Twin Falls receive the highest level of service we are able to deliver. A request for funds to hire four new patrol officers through the Department of Justice's COPS program was approved in October 2021. The grant for $500,000 will offset the cost of these officers over the next three years. City Council authorized the purchase of a replacement fire engine in the amount of $771,120.75 through a lease-purchase agreement. This engine will replace a 14-year old pumper fire truck that has served the organization as a front-line fire engine dispatched to all calls for service. During a routine maintenance test, excess wear in the internal components of the engine was discovered that would eventually result in catastrophic engine failure. As a result, engine #5111 was immediately taken out of service and the decision was made to purchase an "off-the-shelf" model that allowed for delivery 6-8 months earlier than a custom specified engine. Delivery is anticipated in July 2022.

Additionally, new digital radios were purchased for fire and police using $281,584 in CARES funds. These new radios replaced outdated radios that were no longer serviceable and often failed in the field. All public safety will be operating with the same radios which will improve communications as well as increase safety for our employees as their serve the public. The new technology provides clearer audio with increased background noise suppression, are more efficient in roaming between radio towers, which effectively increases functional coverage. In addition, the radio transmits user identities to dispatch for each radio transmission. In the event of an emergency dispatch will be able to tell which user is in need.

Exploring the Creation of a New Revenue Allocation Area

The City of Twin Falls has five active revenue allocation areas (RAA). The total value of these areas is $848,633,484. In Fiscal Year 2023-2024, the City of Twin Falls will close out RAA 4-1.This RAA is the oldest revenue allocation areas currently operating in the City of Twin Falls and has a total taxable value of $315,126,657 and is in the City's Downtown core.

In an effort to capitalize on the economic expansion and momentum occurring in RAA 4-1, the Twin Falls Urban Renewal Agency Board has spent time in visioning and planning workshops. They look to continue to promote economic development, eliminating community blight, and seeking opportunities to make meaningful improvements to the Downtown and Historical Warehouse Districts.

The Board's vision for the new area included additional downtown housing, hotels, a convention center, continued small development on Main Avenue, commercial and light industrial development (assembly) in the Historical Warehouse District. Several public infrastructure improvements were discussed, including funding to assist with the relocating and traffic calming on the 2nd Avenues (US Highway 30), water and sewer lines, complete street improvements, fiber optics, power and gas upgrades, parking lots/structures were just some of the public improvements that were recommended for the area. etc. were also included.

When RAA 4-1 sunsets, the value of RAA 4-1 will be returned to each of the taxing districts having jurisdiction in this area, including Twin Falls County, the Twin Falls School District, the College of Southern Idaho, the Twin Falls Highway District, and the City of Twin Falls. Per Idaho Code, each of these entities will be able to claim 80% of the taxable value of this area as "new construction". The property tax revenue will be different for each of the entities. The estimated increase in new property tax revenue to the City of Twin Falls in FY 2023-2024 ranges between $1.2 million and $1.4 million.

Implementation of Priority Based Budgeting and Performance Measurement

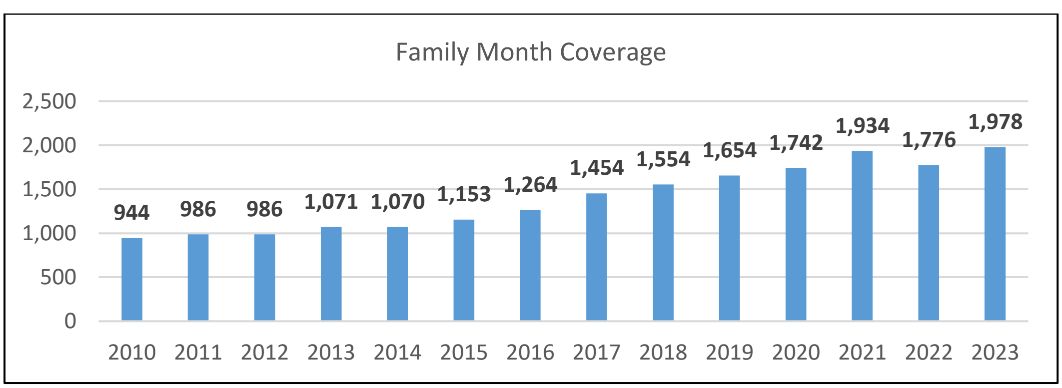
Th City of Twin Falls is a lean and innovative organization that is efficient in the delivery of services and our employees take pride in their work as public servants. Changes in service demands, overburdened employees and limited resources are factors that can lead to frustration within the organization. Priority Based Budgeting is intended to provide our organization with a framework that will help us tell our story, align needs with resources, and highlight areas where changes can be made with maximum impact. It will allow each department to examine programs and services through the lens of pre-established metrics such as outside revenue sources, mandates from other governmental entities, and the degree to which programs impact the citizens in our community. The goal is not to eliminate programs simply as a cost saving measure, but to evaluate service demands and need against available resources and ability to provide services. Through this process, departments will begin looking at their budgets as programs instead of line items, and in doing so, will begin to build a robust performance measurement program with the data generated.

State and Local Fiscal Recovery Funds (SLFRF) Allocation

In response to the Covid-19 public health emergency, the Federal Government provided governments across the country with resources to fight the pandemic and support families and businesses struggling with its public health and economic impacts, maintain vital public services and build a strong recovery by making investments that support long-term growth and opportunity. The City of Twin Falls was allocated $8,465,111 that was paid in two tranches – the first in June of 2021 and the second in June of 2022. In April of 2021, the Treasury released the Final Rule for the program that allowed for a standard allowance for revenue loss up to $10 million for the entire period of performance from March 3, 2021 and ending December 31, 2024. The City of Twin Falls intends on using the Standard Allowance for reporting purposes but is in the process of organizing a committee to allocate the funds to projects that will significantly affect our community.

Health Insurance and Compensation

Providing quality benefits to our employees remains an important ingredient in our overall attraction and retention strategy. As we have stated for the past five years, health insurance continues to be a difficult subject to navigate in our budgeting efforts. Members of the City's executive leadership team recognize the importance of continuing to offer competitive benefits packages and is a critical component in our efforts to be an employer of choice. However, the cost of our health plan continues to outpace the Consumer Price Index, the Municipal Cost Index, and available resources. Because members of our employee family have dealt with serious and costly health challenges, our overall experience rate (our group's medical history and claims experience) have caused our organization to realize significant increases in the overall health insurance costs. The cost of our insurance monthly premium to cover an employee and his/her family has almost doubled in the last ten years. The table below shows the changes to our monthly health insurance premiums since 2005.



Significant changes were made to both the traditional and high deductible plans in FY 2020 in response to a proposed increase of 14%. Small adjustments were made in FY 2021 in response to a 10% increase. With another 9.4% in FY 2022 the decision was made to eliminate the traditional health insurance plan and move all employees and dependents to the high deductible plan. This allowed for modest increases to co-pays, deductibles, and out of pocket maximums.

The insurance quote for renewal included an increase of 11.4% in premiums. It is important to maintain a competitive benefit plan in comparison to other public employers. Our health care benefit remains competitive, but we are concerned about the impact of rising health care coverage on employees. To mitigate this impact, we have committed to keeping the employee portion of premium increase static. To do this we will absorb the 11.4% increase of employee portion at a cost to the organization of $52,000.

Economic Indicators Considered in the Recommended Budget

The City of Twin Falls closely monitors and examines international, national, state, and local economic indicators when developing and tracking its annual appropriation measures. Over the course of the last several years, economic conditions on all levels have reflected growth and prosperity, but the effects of the Covid-19 pandemic created a swift and destabilizing level of economic uncertainty not seen since the Great Depression. When analyzing the statistics of the City of Twin Falls and as a nation, comparatively, there is an expected prosperity that is simultaneous with caution, creating an uncertainty that will influence budgetary decisions for the foreseeable future.

National

- U.S. house prices rose 18.7% from the first quarter of 2021 to the first quarter of 2022 according to the Federal Housing Finance Agency (FHFA) House Price Index (HPI). House prices rose 4.6% from the fourth quarter of 2021. The impact of COVID-19 has strongly impacted the housing market and the United States is seeing unsurpassed housing prices and demand for homes that continues to escalate month after month. The Federal Reserve has just recently started increasing interest rates in an attempt to curb inflation and the housing crisis that we are continuing to experience since the beginning of the pandemic. As cited in the FHFA HPI, "House prices continued to climb but not as rapidly during the final quarter of 2021 as in earlier quarters. . . Housing trends over the past year have created challenges. The quick house price gains may be counterbalanced as mortgage rates increase. However, more expensive housing has elevated affordability to become a broader concern as available supply remains limited."
- A tightening of financial conditions by the Fed might dampen inflation, but also risks weighing on growth and the housing market. Russia's war against Ukraine and China's zero-Covid policy have added to supply-chain disruptions, further stoking inflation. Oil prices remain above $100 a barrel, adding to the cost of energy and fuel. Futures for Brent crude, the global oil benchmark, edged up 1.8% to $119.72 a barrel.
- Nationwide unemployment rates increased significantly at the beginning of the pandemic in 2020, but have continued a gradual decrease throughout 2021, ending at 3.6% in May 2022. The end of 2019 saw unemployment levels hovering around 3.5% before the pandemic, but before this the United States hadn't experienced unemployment this low since 1969. The US economy has added jobs each month since the beginning of 2021, with the US labor market having recovered more than 96% of all jobs lost during the early stages of the COVID outbreak.
- Since the start of the COVID-19 pandemic, consumer confidence fell drastically, then started a rebound that ultimately fell significantly as labor and supply shortages hit our nation. The University of Michigan compiles a consumer sentiment rating, in which the rating for May 2022 was 58.4, the lowest since August 2011. Consumers continue to have negative views on current buying conditions for houses and durables, as well as the future outlook for the economy, primarily due to concerns over inflation. Consumers are less optimistic due to rising inflation

expectations that seem to be eroding their purchasing power, as witnessed by the decline in their plans to buy cars, homes, and major appliances.

State of Idaho

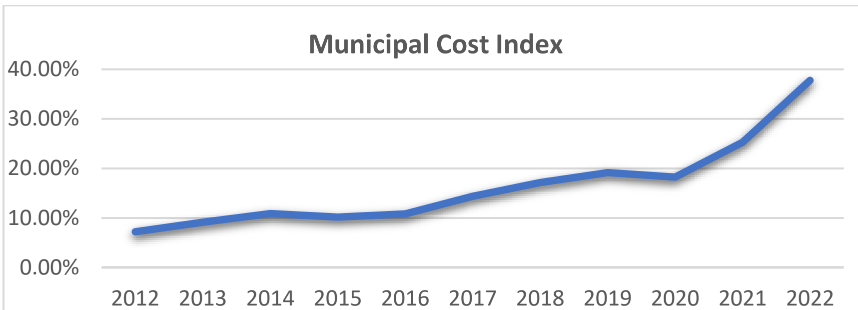
- Home prices rose in all 50 states and the District of Columbia between the first quarter of 2021 and 2022. Idaho realized the 5th highest level of annual appreciation in the nation at 25.5%.
- Home prices rose in all the top 100 largest metropolitan areas in the U.S over the last four quarters.
- The median home value for 2022 in Idaho is $466,435, an increase of 19.8% over the past year. The median list price per square foot in Idaho is $241.
- The average home price in the United States was $374,900 as of the second quarter of 2021; a 16.2% increase from a year ago when the median was $322,600. The typical home price in Idaho was $403,291, which is 137% of the typical US price. Idaho incomes don't balance that out, as they're 7% less than the national median.
- Statewide unemployment was 2.6% in April 2022. Year over year, April's labor market changes are dramatic, and the low unemployment rate is indicative of the struggles the state of Idaho is having employing workers and economically recovering from the pandemic and its rippling effects.
- Non-farm employment, which is one of the key metrics of the state's economic health, has continued to experience increases, even after the 13.1% increase from April of 2021. In April 2022, Idaho's nonfarm jobs were up 3.2% (25,200) over last year.
- Today, Idaho's total percent unemployed is at an all-time low of 2.6%. April's rate marks the third consecutive month of historic lows since record keeping began in 1976.
- Per capita personal income (PCPI) continues to grow at a slow pace. PCPI in Idaho grew by 5.7% from 2020 to 2021. At $51,379, Idaho is ranked 43rd in the United States and was 80.9% of the national average of $63,492. Idaho was 1st in the nation for real personal income growth, which takes into account the cost of living, measured by regional price parity (the average price paid by consumers for the mix of goods and services in each region). Idaho's real personal income growth was 9.6% for 2020-2021 and was largely attributed to earnings in construction and retail trade.
- The April 2022 revenue projections for the State of Idaho were up significantly from what was anticipated, and four of the five categories of revenue exceeded the forecast, with the total overage of $574.1 million driven primarily by income tax collections. Sales taxes contributed to the overage with an additional $20.1 million, while distributions attributable to online sales are $36 million more than last year. To put this in perspective, General Fund collections totaled $5 billion last fiscal year and with two months remaining in the fiscal year, the current collections are $5.136 billion.

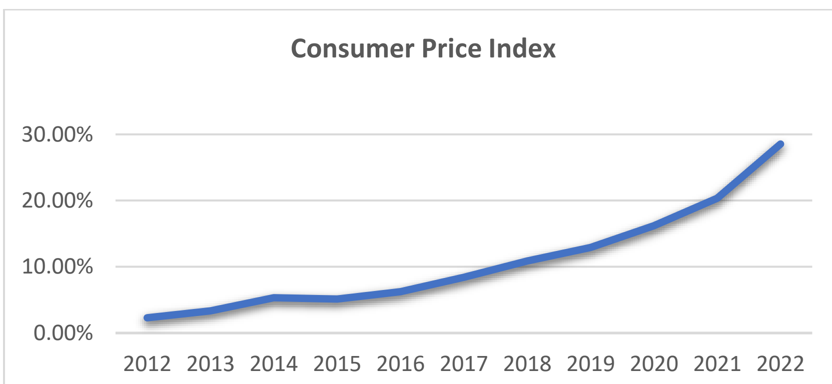
City of Twin Falls

- According to the Idaho Department of Labor's Workforce Trends report, Twin Falls had a preliminary unemployment rate of 2.6% in April 2022. This equals the State of Idaho unemployment rate of 2.6% and a national unemployment rate of 3.6%. The US economy has added jobs each month since the beginning of 2021, with the US labor market having recovered more than 96% of all jobs lost during the early stages of the Covid outbreak.
- Construction activity for Twin Falls has decreased significantly in terms of single-family building permits issued. There were 122 single family permits issued through May 2022; this is down 69% for the same timeframe in 2021. Supply chain and labor shortages are affecting the City of Twin Falls drastically, and building is one of many sectors being stalled.
- There were 30 new commercial building permits issued in FY2021, down 39% for the same timeframe last year.

Municipal Cost Index

- The economy has been growing on many fronts, the cost of offering public services and programs has also increased. The Municipal Cost Index (MCI) is designed to show the effects of inflation on the cost of providing municipal services.
- State and local government officials rely on American City & County's Municipal Cost Index to stay on top of price trends, help control price increases for commodities, make informed government contract decisions and intelligent budget planning. The MCI draws on the monthly statistical data collected by the U.S. Departments of Commerce and Labor as well as independently compiled data to project a composite cost picture. From April 2021 to April 2022, the most recent data available, the MCI increased 33.62 points or 12.51% to 302.31. The graph below shows the increase in the MCI since 2012.
- The Consumer Price Index (CPI) is designed to show the effects of inflation on typical household goods and services. The Consumer Price Index increased 2.2 in February, 3.5 in March, and .9 in April 2022 for a final 288.66. The graph below shows the increase in the CPI since 2012.

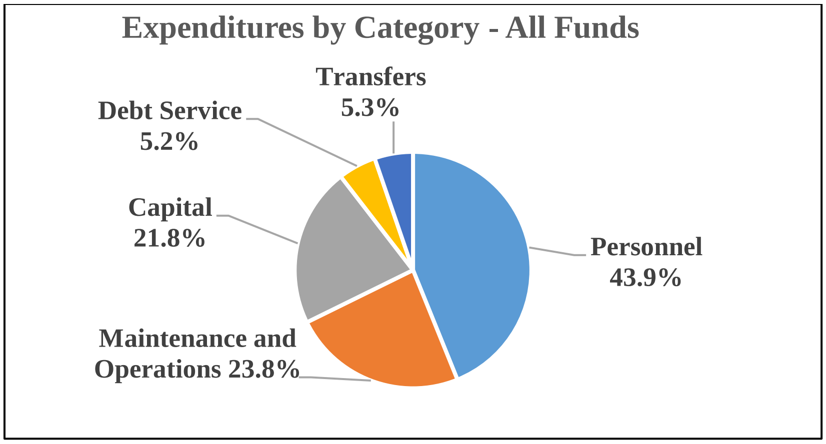




<u>2022-2023 Fiscal Year Budget Summary</u>

Most cities, including the City of Twin Falls, have historically focused on the "net budget," which is the total budget, as presented above, less fund transfers. The total net budget for FY 2023 is $78,489,514, or $9,024,574 (13%) larger than the $69,464,941 total for the current fiscal year. Both methods are acceptable. From this point forward, and just as we have done historically, we will be focusing on the net budget.

Expenditures in this budget are classified under one of five major categories: Personnel, Maintenance and Operations, Capital, Debt Service and Transfers. The graph below shows the relative percentage of FY 2023 budget expenditures for the five major categories in all funds combined.



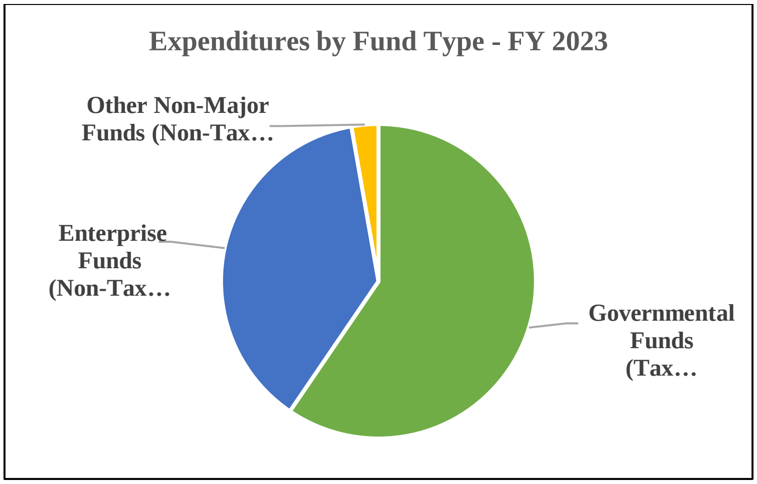
In most government agencies, personnel costs (salaries, wages and benefits) normally represent the largest of the expenditure categories. While municipal governments also devote a large amount of their resources to personnel, the significant investment in infrastructure drives the percentage of the budget devoted to operating and capital costs higher than most other government agencies.

Fiscal Year 2022-2023 Expenditures

The most commonly recognized government activities are conducted through **Tax Supported or Governmental Funds**. The Tax Supported or Governmental Fund umbrella includes the following funds: General, Street, Street Light, Airport, Library, Capital Improvement, Pool, Insurance, and Fireworks. Revenues in these funds are derived primarily from property taxes, licenses and permits, intergovernmental grants, shared revenues from the state of Idaho (sales tax, gas tax, etc.), and federal entitlements.

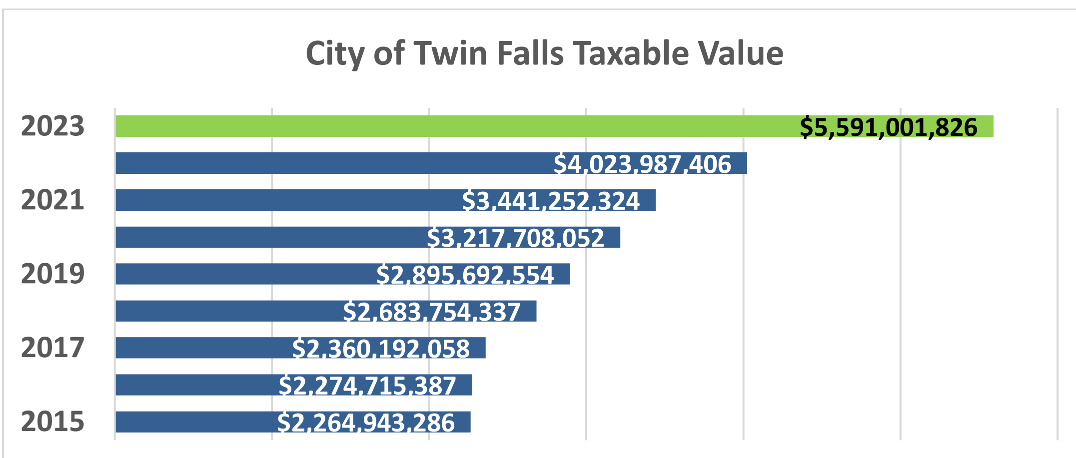
Enterprise Funds account for services financed through the assessment of user fees. The main goal or purpose of these business-like funds is to provide services to customers at a price that will cover both the current cost of operations and the purchase and maintenance of necessary capital assets. The City has five separate and distinct Enterprise Funds, which include the City's Water (supply, distribution, irrigation and utility services), Wastewater (collection and treatment), Sanitation, Dierkes/Shoshone Falls, and Common Area Maintenance Funds.

Other Non-Major Funds account for capital project, internal service, and miscellaneous funds. Included are the Impact Fee, Historic Preservation, Airport Construction, Shop, Seizures & Restitution, and CDBG Funds.



Total Assessed Valuation

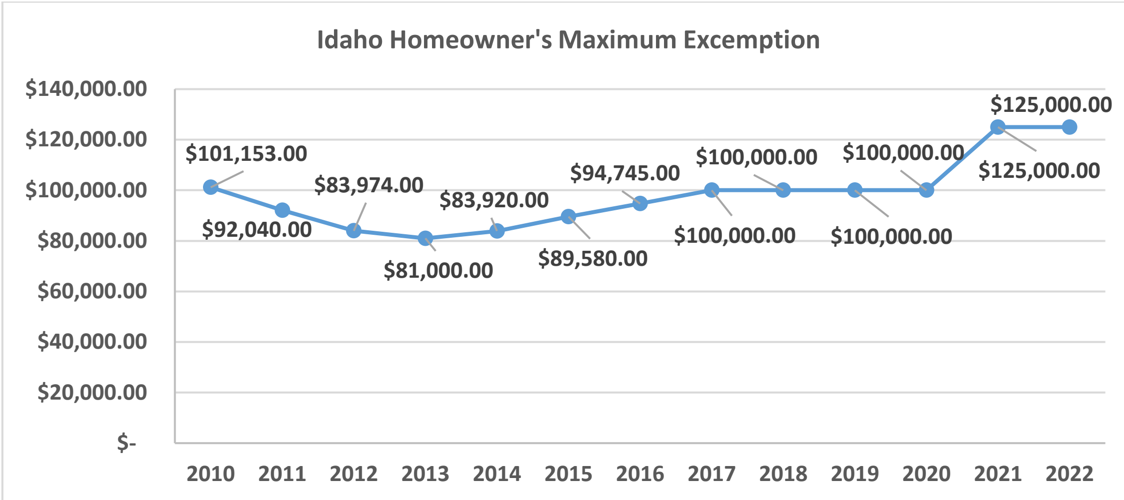
According to the Twin Falls County Assessor's Office, from FY 2022 to FY 2023, the City of Twin Falls' total taxable valuation increased by $1,567,014,420, or 38.94%, from $4,023,987,406 to $5,591,001,826, of which $115,958,347 is the from the net new construction roll (90% of the total valuation of $128,842,608). New construction activity will result in $543,444 in new revenue. The total increase in valuation is in addition to the $582,735,082 that was realized in the prior fiscal year. Over the course of the past two fiscal years, the City's total taxable valuation has increased by $2,149,749,502 or 62.47%. This year's increase in taxable value is equivalent to the cumulative increase that occurred between from 2018 to 2022. As illustrated below, the taxable value used to calculate the FY 2023 tax rate for the City of Twin Falls is the largest in its history.



It is important to note the City's taxable value excludes the taxable value of the properties located in the Twin Falls Urban Renewal Agency revenue allocation areas. The entirety of the URA properties are in the City and have a value of in excess of $848.6 million. Collectively, the taxable values for both the City of Twin Falls and Twin Falls Urban Renewal Agency exceed $6.4 billion. There are many factors that influence the City's total taxable value. Some of the larger factors include an increase in the base value from reappraisals performed by the Twin Falls County Assessor's Office, growth from new construction, and property incorporated into the City through annexation.

From 2006 to 2016 (FY 2007 to FY 2017), the maximum homeowner's exemption was indexed and adjusted annually to reflect statewide real property market trends. During the 2016 session, the Idaho

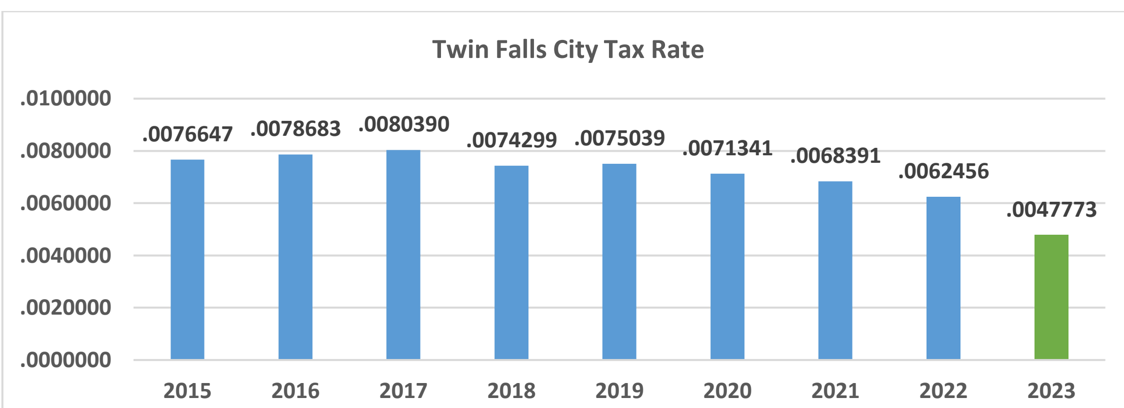
Legislature increased the exemption to a fixed $100,000 for 2017 (FY 2018). The fixed rate has remained in place until the 2021 legislature amended the amount to $125,000. While an increase in the homeowner's exemption will help provide some property tax relief, given the rapidly increasing values of homes throughout the state, true relief will not occur until the legislature restores indexing.



Cities in Idaho have control over their annual expenditures in all funds, as well as the rates they assess in the enterprise funds. Statutorily under Idaho Code, cities and counties are permitted to collect 3% more property tax revenue than the previous fiscal year.

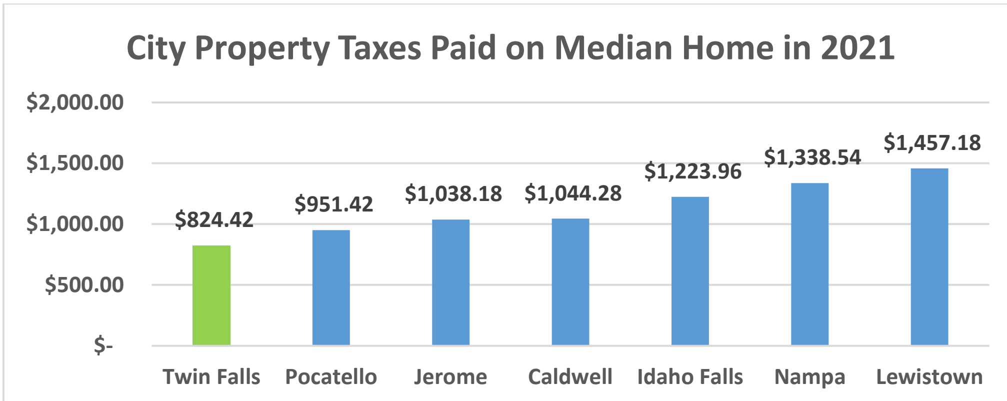
Cities in Idaho do not have control of and cannot determine their community taxable value. That responsibility is assigned to the County Assessor's Office. Based on the taxable value presented above, the City's tax rate for FY 2023 will be $4.78/$1,000 (.00477733) of taxable value, which is the lowest issued by the City.

Over the last ten fiscal years, the City's tax rate has fluctuated significantly, ranging from a high of $8.04/$1,000 (FY 2017) of taxable value to a low of $6.25/$1,000 (FY 2022) of taxable value. The average of the tax rate assessed over the course of the last seven fiscal years (2016-2022) is $7.29/$1,000 of taxable value. <u>It is important to recognize the tax rate does not necessarily indicate an individual's tax burdens.</u> The tax rate is simply a multiplier used to determine a property owner's proportionate share of property tax liability. It is a fraction of a local government's total property tax collections divided by the total taxable value of that local government unit.



Additional property tax collections and comparisons, rate adjustments, expenditures and economic indexes are discussed in more detail in other sections of this budget document.

How does our Tax Rate compare to the other, large full-service Idaho cities?
We are often asked the question, "how does our tax rate compare?" The table and graph provided below are intended to provide an approximate answer to that question. Although only intended to be a rough illustration, the table and graph represent the amount of property tax paid on a median-valued, owner occupied home in each of the larger, full-service cities in Idaho. The information used in the table was collected from the Associated Taxpayers of Idaho's 2021 Levy Book (tax rate) and Zillow. *Note: Idaho's median value of an owner-occupied home for this same period of time was $350,000*.

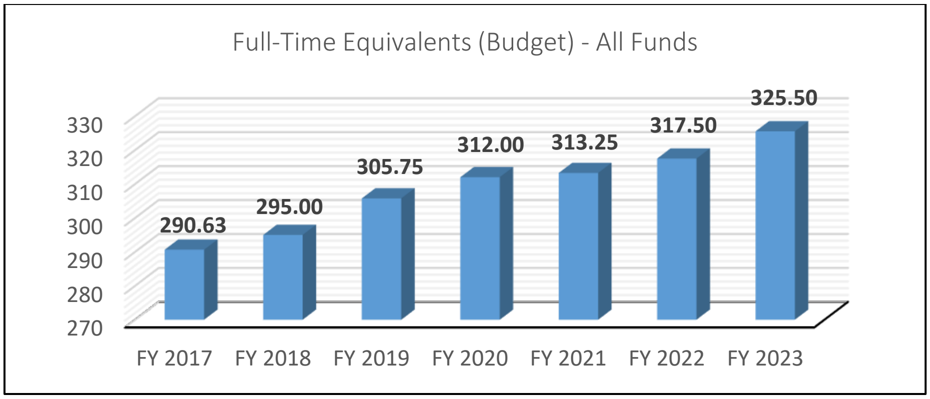


The cities of Boise and Meridian were intentionally excluded because they are not directly responsible for the transportation systems in their communities; that responsibility lies primarily with the Ada County Highway District (ACHD). ACHD is an independent taxing authority specifically created for the purpose of maintaining the transportation system in these communities. For FY 2023, the Street Fund budget for the City of Twin Falls is $6,322,134, or approximately 12.82% of the total for tax supported funds.

Personnel
Focus area 8 of the City's 2030 Strategic Plan states, *"The City of Twin Falls strives to carry out its mission with unquestioned integrity, and the highest ethical standards…In support of the desired effectiveness, the elected leadership works in close partnership with appointed professionals carrying out clear policy directives. A high level of competency is provided from a lean, properly compensated and respected core staff."*

The City of Twin Falls FY 2022 budget included a total of 317.5 full-time professionals working to deliver services to the citizens of Twin Falls. The FY 2023 budget recognizes several employee additions, reductions, and adjustments. New FTEs include:

- A Deputy Prosecuting Attorney
- An Engineering Traffic Technician
- A Water Operator position
- A Deputy Fire Chief position
- A Planning & Zoning Technician *(CDBG, previously approved)*
- Four Police Officers *(COPS Grant, previously approved)*



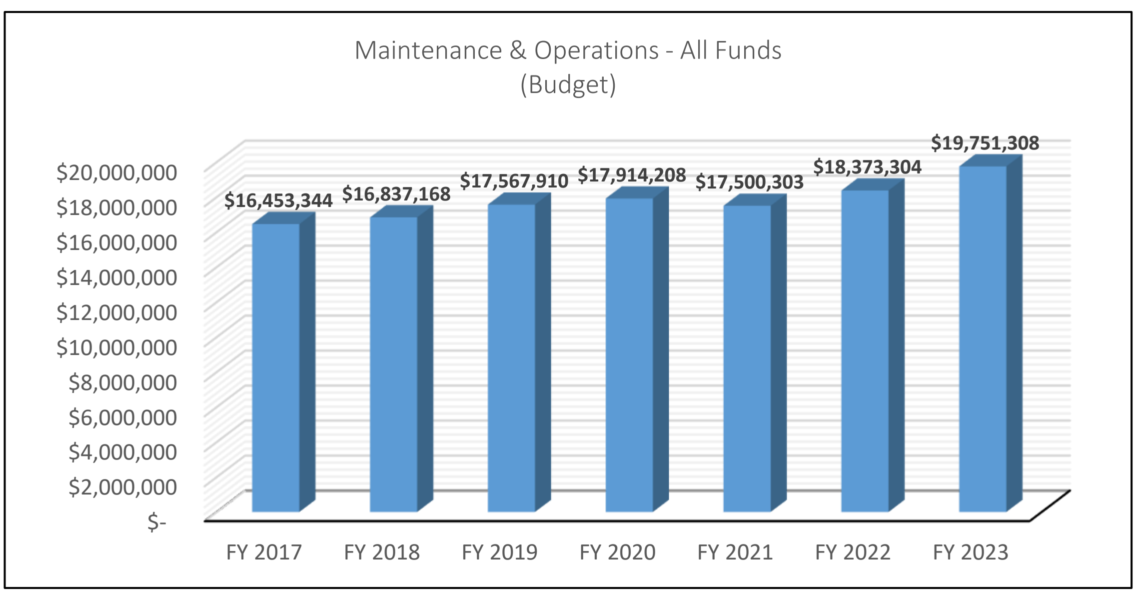
Our employees are our most important resource. Without the service of our employees, we cannot accomplish any of our strategic planning goals and caring for our employees continues to be a guiding principle in the creation of our budget. The FY 2023 budget includes funding for the following changes in compensation: 5% performance adjustment, 2% table adjustment, one-time payment of $2,000, and continuation of our retention pay program

As an organization, we have made significant strides toward improving our competitive place in the labor market over the last several years. Our salary tables have increased by 40% since 2011, and we continue to offer our retention pay program that began in December 2018. Compensation is a key component in being an employer of choice, and we feel that these continued adjustments help us maintain that designation. We also believe that there is room to improve the competitiveness of our salaries for specific positions and create challenging opportunities for employees to develop new skills. We will continue to push salaries forward in the coming fiscal years as the economy recovers.

Maintenance & Operational Costs

This category includes funding for a wide range of typical activities, including office supplies, fuels, electricity, travel, training, uniforms, building/equipment repair and maintenance, and expenditures for durable goods. The City makes allocations in these areas that are based on actual expenditures from previous fiscal years, economic trends, and the municipal cost index.

The FY 2023 budget allocates $19,751,308 to cover expenses associated with maintenance and operations. In comparison, the allocation for FY 2022 was $18,373,304. This is an increase of $1,378,004 (7.5%) across all funds. CDBG amounts budgeted under M&O lines in FY 2020 and FY 2021 are not included in the totals.



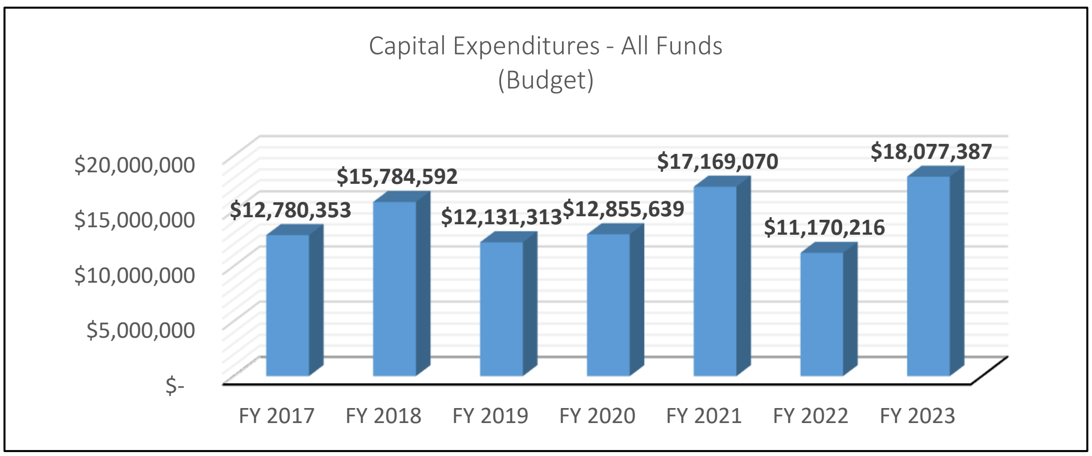
Capital Improvements

Capital improvements are investments made in our infrastructure. Six of the eight primary focus areas in the City of Twin Falls 2030 Strategic Plan are considered "capital dependent." Capital financing is necessary for the ongoing development, expansion, maintenance, and repair of these capital assets, recognizing the critical value of civil infrastructure to the economic, aesthetic, and functional viability of the City.

The City of Twin Falls owns and maintains a diverse collection of assets and facilities, which include:

- 103 buildings and structures throughout Twin Falls, ranging from the Magic Valley Regional Airport to administrative buildings; from police and fire stations to water delivery and treatment structures;
- 1,476 acres of open spaces and developed park lands, including world-class amenities such as Auger Falls, Shoshone Falls and Dierkes Lake;
- 640 lane miles to maintain.

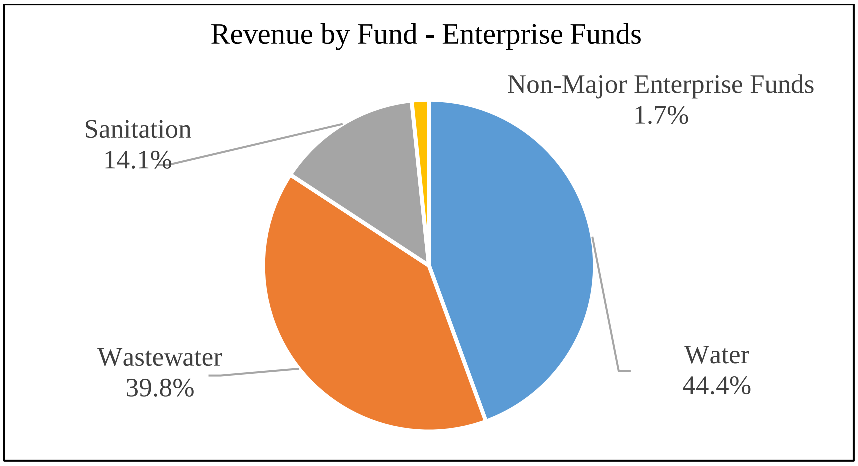
In total, the FY 2023 budget allocates $18,077,387 to fund needed, critical, and desired capital improvements, one-time equipment purchases and projects, and community amenities. Compared to the FY 2022 budget of $11,170,216, this is an increase of $6,907,171, or 61.84%. The increase is primarily due to total capital projects in the Water Fund increasing by $5,419,975.



As illustrated in the graph above, the City of Twin Falls has budgeted $99,968,570 for capital expenditures since 2017. In addition (not included in graph), since 2012, $57,466,359 has been spent on Wastewater Treatment Plant Improvements ($45,570,000), City Hall ($7,732,252), and the Public Safety Complex ($4,164,107).

Major Enterprise Fund Revenues

Enterprise and Other Major and Non-Major Non-Tax Supported Fund expenditures total $31,243,872 (increase of $3,882,727, or 14.19%), which includes $2,444,000 for capital projects funded with cash reserves.



Water Fund

The budget for capital in the Water Fund is $6,671,750, which is $5,419,975 (432.98%) more than the FY 2022 total of $1,251,775. The allocation is derived from anticipated revenue and reserves totaling $15,145,494, or an increase of $1,990,149 (15.13%) compared to FY 2022 funding of 13,155,345.

When debt related to arsenic compliance was paid off in September 2021, FY 21-22 water user rates were increased to provide funding for future capital projects. Some of the additional revenue was not budgeted for use in FY 21-22 but has been included for FY 22-23 capital projects. In addition, approximately $1.8 million of reserves is being used to fund capital projects.

The City will have one bond issuance in the water fund remaining after the 2022 payments are made: the 2012C Bond has one principal payment left of $355k that will be made in FY 2022 and the 2017A Bond will have $1.57M outstanding in FY 2023, with annual payments around $825k until 2024. Budgeted revenue and reserves in the Water Fund total $15,145,494. This is an increase of $1,990,149 (15.13%) compared to the FY 2022 total of $13,155,345.

Wastewater Fund

The Wastewater Fund is used to support all wastewater services provided by the City of Twin Falls, namely wastewater collection and wastewater treatment. FY 2023 wastewater user rates remain the same as they were in FY 2021 and FY 2022. Budgeted revenues and reserves in the Wastewater Fund total $11,683,289, which compared to the FY 2022 total of $10,347,749 is an increase of $1,335,540 (12.91%).

Sanitation Fund

The City's Sanitation Fund supports the City's sanitation and recycling programs. FY 2023 sanitation user rates will remain the same as they were in FY 2022. Budgeted revenue in the Sanitation Fund totals $4,134,290, which compared to the FY 2022 total of $3,781,162 is an increase of $353,128 (9.34%).

Cash Reserves/Fund Balances

A measure of a city's financial strength is the level of its fund balance. By policy, the City of Twin Falls retains three months of reserves for operations in each of the tax supported funds, and two months of reserves for operations in the enterprise-type funds. This policy exceeds the Government Finance Officers Association recommendation on fund balance and reserves. It "…recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures." Our conservative fiscal policy of a three-month reserve requirement allows the City to reliably supply public goods and services.

At the end of FY 2021, the City of Twin Falls had an audited Fund Balance/Net Position of $81,874,543 (Net of Investment in Capital Assets). The total was $45,368,922 for Governmental Funds, $35,875,999 for Enterprise Funds, and $629,622 for Internal Service Funds. For purposes of the budget, we will focus on the larger operating funds of the City, which are illustrated in the table below.

	Fund Balance	Restricted for Budget	Available Balance
General Fund	$11,926,646	$8,317,262	$3,609,384
Street Fund	$6,045,001	$1,262,137	$4,782,864
Airport Fund	$4,068,985	$565,625	$3,503,360
Capital Improvement Fund	$13,783,315	$2,212,345	$11,570,970
Water Fund	$12,032,028	$1,291,415	$10,740,613
Wastewater Fund	$21,362,837	$1,334,219	$20,028,618
Sanitation Fund	$872,482	$625,175	$247,307

At the conclusion of FY 2023, the City is projected to exceed the minimum reserve requirements in all its major Government-Type and Enterprise-Type Funds. The reserve funds earn interest, bolster cash flow, and are available for unanticipated expenditures or emergencies. As a non-recurring revenue source, beginning fund balances are used to fund capital or other one-time expenses only.

Discussion on the City's Forgone Balance

Section 63-802 (e) of the Idaho Code states, "...In the case of a non-school district for which less than the maximum allowable increase in the dollar amount of property taxes is certified for annual budget purposes in any one (1) year, such a district may, in any following year, recover the forgone increase by certifying, in addition to any increase otherwise allowed, an amount not to exceed one hundred percent (100%) of the increase originally forgone." Each year the City has elected not to take the statutory maximum increase has impacted the amount of revenue available in the following fiscal year.

With the passage of House Bill 389 during the 2021legislative session, changes were made to the laws governing the use of Idaho cities forgone balance. As a result, cities can now recover forgone balance two ways. First, cities can collect foregone balance in an amount equal to one percent (1%) of tax collections and may be used to support continued operations (*Idaho Code 63-802(e)(ii)*). Once collected, the revenue can remain in the City's budget without limitations. Second, cities can collect in an amount equal to three percent (3%) of tax collections for a specific, one-time capital project(s) (*Idaho Code 63-802(e)(iii)*). Funds collected under this method can only be collected for the duration of the project. Once the capital project(s) has been completed, the forgone revenues are removed from the city's revenue stream.

The decision to use a portion of the City's forgone balance, for the cases outlined above, remains with the City Council. The FY 2022-2023 City Manager's Recommended Budget includes the equivalence of one percent (1%) revenue, or $267,384 of forgone balance into the City's operations budget. This inclusion is consistent with the first foregone balance recovery method described above.

	Amount by Year	Cumulative Amount
FY 2010	$539,902	$539,902
FY 2011	$476,376	$1,016,278
FY 2012	$463,422	$1,479,700
FY 2013	-$1,123	$1,478,577
FY 2014	$8,630	$1,487,207
FY 2015	$395,464	$1,882,671
FY 2016	$266,548	$2,149,219
FY 2017	$37,034	$2,186,253
FY 2018	$0	$2,186,253
FY 2019	-$770,000	$1,416,284
FY 2020	$530	$1,416,814
FY 2021	$697,681	$2,114,495
FY 2022	-$251,803	$1,862,692
FY 2023	-$267,384	$1,595,308

Will it cost more for City Services?

As developed and submitted for consideration, City staff projects the average citizen will cost the average citizen $24.06 more per month, $288.74 per year. The table illustrates the projected impact on the average resident in Twin Falls.

	FY 21-22 Adopted Budget	**FY 22-23 Recommended Budget**	**Variance**
Property Tax	Tax Rate: $6.25/$1,000 of taxable value	Tax Rate: $4.78/$1,000 of taxable value	Tax Rate: -$1.47/$1,000 of taxable value
Median Value of Owner-Occupied Home: FY 2023 - $358,000 (January 2022) FY 2022 - $257,000 (January 2021)	**$825.00** *(annual)* **$68.75** *(monthly)*	**$1,113.74** *(annual)* **$92.81** *(monthly)*	**$288.74** *(annual)* **$24.06** *(monthly)*
Utility Bills			
Average Residential Customer Comsumption of:			
Water - 18,000 gallons	$51.88	$51.88	$0.00
Sewer - 12,000 gallons	$30.07	$30.07	$0.00
Sanitation & Recycling	$19.62	$19.62	$0.00
Total Utility Bills	$101.57	$101.57	$0.00
Monthly Total of Property Tax and Utility Bills	**$170.32**	**$194.38**	**$24.06**

Approval

There is no approval process at this point in the process. The City Council will be holding a series of public hearings prior to adopting the Appropriations Ordinance for the 2022-2023 Fiscal Year. The public hearings are scheduled for August 8, 2022 (rate and fees) and August 22, 2022 (preservation for forgone balance and appropriations ordinance). Final adoption of Appropriations Ordinance is also scheduled for the evening of August 22, 2022.

Budget Impact:

There are no current budgetary or financial impacts from the conversation. From this process, we will establish the Fiscal Year 2022-2023 City Manager's Recommended Budget.

Regulatory Impact:

- Idaho Code Section 50-811 states the City Manager shall "...keep the council fully advised of the financial condition of the city and its future needs..." and "…prepare and submit to the council a tentative budget for the next fiscal year."
- Idaho Code §50-235 empowers each city council of each city to levy taxes for general revenue purposes
- Idaho Code §50-1002 requires the city council of each city in the State of Idaho to pass a budget, referred to as an annual appropriation ordinance
- Idaho Code §63-802 sets limitations on all taxing district budget requests on the amount of property tax revenues that can be used to fund programs and services. This section also states that taxing entities can only increase property tax collections by a maximum of three percent (3%) annually, plus value of new construction and annexation added during the previous calendar year, and forgone taxes that have been accumulated and reserved in prior fiscal years

Attachments

Recommended Budget for FY 2022-2023 can be found online.