Twin Falls City Council
Agenda

Monday, July 9, 2018, 5:00 PM

City Council Chambers
203 Main Avenue East- Twin Falls, Idaho

Members: Shawn Barigar, Suzanne Hawkins, Nikki Boyd, Chris Talkington, Gregory Lanting, Christopher Reid, Ruth Pierce

1) CALL MEETING TO ORDER/CONFIRMATION OF QUORUM

2) PLEDGE OF ALLEGIANCE

3) PROCLAMATIONS: None

4) GENERAL PUBLIC INPUT

5) CONSENT CALENDAR

   a) Request to approve the Accounts Payable for July 3 thru July 9, 2018.

      Purpose: **ACTION ITEM** By: Amy Luna, Finance Administrative Assistant

   b) Request to approve the July 2, 2018 City Council Minutes

      Purpose: **ACTION ITEM** By: Amy Luna, Finance Administrative Assistant

6) ITEMS OF CONSIDERATION

   a) Presentation on the finances of the City of Twin Falls for nine months of FY 2017-2018. This presentation will be an overview of the tax-supported funds and the three major enterprise funds: Water, Wastewater, and Sanitation.

      Purpose: **Presentation** By: Lorie Race, Chief Financial Officer

   b) A presentation of the City Manager's Recommended Budget for FY 2019 followed by citizen input.

      Purpose: **Presentation** By: Travis Rothweiler, City Manager

7) GENERAL INPUT/ADVISORY BOARD REPORT/ANNOUNCEMENTS

8) PUBLIC HEARINGS

9) ADJOURNMENT

   a) Executive Session §74-206 (1)(a) To consider hiring a public officer, employee, staff member or individual agent, wherein the respective qualities of individuals are to be evaluated to fill a particular vacancy or need, unless a vacancy in an elective office is being filled.

Any person(s) needing special accommodations to participate in the above-noticed meeting could contact Leila Sanchez (208) 735-7287 at least two working days before the meeting. Si desea esta información en español, llame Leila Sanchez (208) 735-7287.

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 and Zoning shall wait to be recognized by the Mayor or Chairman, approach the microphone/podium, state their name, 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. 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.

4. 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.

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

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.
- Five or more individuals, having received personal public notice of the application under consideration, may select 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, shall be either read into the record or displayed to the public on the overhead projector.
- Following the Public Testimony, the applicant is permitted five (5) minutes to respond to Public Testimony.

8. Following the Public Testimony and Applicant's response, the hearing shall continue. The City Councilor Planning & Zoning Commission, as recognized by the Mayor or Chairman, shall be allowed to question the Applicant, Staff or anyone who has testified. The Mayor or Chairman may again establish time limits.

9. The Mayor or Chairman shall close the Public Hearing. The City Council or Planning and 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

Monday, July 2, 2018, 5:00 PM

City Council Chambers
203 Main Avenue East- Twin Falls, Idaho

Amended Agenga

1) CALL MEETING TO ORDER/CONFIRMATION OF QUORUM

Present:	Vice Mayor Nikki Boyd, Council Members Chris Talkington, Christopher Reid & Ruth Pierce
Absent:	Mayor Shawn Barigar, Council Members Greg Lanting & Suzanne Hawkins.
Staff:	City Manager Travis Rothweiler, Deputy City Managers Mitchel Humble & Brian Pike, Deputy City Attorney Shayne Nope, Animal Control Officer Courtney Cunningham, Code Enforcement Officer Sean Standley, Human Resources Director Gretchen Scott, Public Information Officer Josh Palmer, Chief of Police Craig Kingsbury, Lt Terry Thueson, SRO Justin Diamond, Detective Jon Wilson, Information Technology Specialist Mike Plane, Finance Administrative Assistant Amy Luna.

Vice Mayor Boyd called the meeting to order at 04:59 PM
A quorum was present.

2) PLEDGE OF ALLEGIANCE
Vice Mayor Boyd invited all present, who wished, to recite the Pledge of Allegiance to the Flag.

3) CONSIDERATION OF AMENDMENTS TO AGENDA
City Manager Rothweiler stated that there are no amendments to the agenda and shared that the State code has changed as of July 1, 2018 and amendment can only be made when there is a demonstrated emergency and the term emergency is defined by the Idaho Code.

Also, advised the Council that per Idaho Code they do not have enough members to go into executive session at the end of the meeting.

4) PROCLAMATIONS: None
5) GENERAL PUBLIC INPUT: None

6) CONSENT CALENDAR
MOTION: Council Member Reid moved to approve the Consent Calendar as presented. Council Member Pierce seconded the motion. Roll call vote showed all members present voted in favor of the motion. 4 to 0.

a) Request to approve the June 25, 2018, City Council Minutes

b) Request to approve the Accounts Payable for June 26 thru July 2, 2018.

c) Request to hold the Cirque Italia on July 5 to 8, 2018.

d) Request to approve an Alcohol License to serve beer and wine on property located at 1309 Blue Lakes Boulevard North. c/o Tomato's Italian Grill

7) ITEMS OF CONSIDERATION

a) Request to waive park fee for *Purple Heart Day* ceremony in City Park.

Event Organizer Tami Billman requested the City Council waive the $50 park fee for the *Purple Heart Day Ceremony* in City Park on August 7, 2018 from noon to 1 pm.

Discussion ensued on the following:

Council Member Boyd: Have you filled out the proper paperwork for the Ceremony to be held in the Park? How is the refuse being handled?
Council Member Reid: City Staff, what are the fees associated with this?
City Manager Rothweiler: Staff is in full support of waiving the fee, however they are not allowed to just waive the fee it must go before the council. Just the $50 fee and maybe a very small garbage collection amount.
Council Member Talkington: How many years has the event be held? 2 years
Will pay for this out of his pocket should the Council not waive the fee.

MOTION: Council Member Talkington moved to waive the park fee for the *"Purple Heart Day Ceremony"* in City Park. Council Member Pierce seconded the motion. Roll call vote showed all members present voted in favor of the motion. 4 to 0.

b) Southern Idaho Tourism's annual update.

Southern Idaho Tourism Director Melissa Barry presented the Southern Idaho Tourism's annual update.

Discussion ensued on the following:

Council Member Talkington: Thanked Ms. Barry for the very good overview. Are there things that we can do better to use the revenue that flows off of tourism to offset economic of our area?

Vice Mayor Boyd thanked Ms. Barry for the annual update.

c) Discussion on Animal Control.
Deputy City Manager Pike, Animal Control Officer Cunningham & Code Enforcement Officer Standley presented information on Animal Control in Twin Falls.

Discussion ensued on the following:

Council Member Talkington: Asked about the rabies vaccine.
Vice Mayor Boyd: Is there a designated area for quarantined animals at the shelter?
Council Member Pierce: Isn't there a leash law in the City? If the dog is out of their yard then they have broken this leash law.
Council Member Reid: What kind of recourse do victims have?
Council Member Pierce: Seeing more and more snakes around people’s necks in City parks, can there be leash laws for snakes? What are the laws for this?
Deputy City Manager Pike: Advised the Council that they will look into the restitution laws to help the victims.

Vice Mayor Boyd thanked all for the Animal Control information.

8) **GENERAL INPUT/ADVISORY BOARD REPORT/ANNOUNCEMENTS**

Robert Powers of Twin Falls spoke about being bit by the neighbor's dog and that the laws should be more in favor of the victims.

Council Member Talkington asked Mr. Powers if the dog was still running loose at random.

Melissa Herrington (& daughter) of Twin Falls explained an incident that involved her daughter being bit by a dog during spring break and how it has affected her and the medical bills that have been involved. Also, in favor of more laws to help the victims. Not have an animal put before her child.

Max Newlin of Twin Falls: Long distance cyclist and has been bit twice by dogs and is not going to be a victim anymore!

City Manager Rothweiler:

July 4th Fire works celebration at CSI shortly after 10 pm

July 6th Downtown Commons Ribbon Cutting at 4 pm

July 7th Old Towne Bike Race at 10 am followed by Concert

July 9th Budget Discussion, packets will be available on Friday

Council Member Reid: Reminded all of the fireworks laws and be safe

9) **PUBLIC HEARINGS: None**

10) **ADJOURNMENT**

The meeting adjourned at 06:10 PM

a) Executive Session §74-206 (1)(a) To consider hiring a public officer, employee, staff member or individual agent, wherein the respective qualities of individuals are to be evaluated to fill a particular vacancy or need, unless a vacancy in an elective office is being filled.

Amy Luna

Finance Administrative Assistant

Date: Monday, July 9, 2018

To: Honorable Mayor and City Council

From: Lorie Race, Chief Financial Officer

Presentation

Request:

Presentation on the finances of the City of Twin Falls for nine months of FY 2017-2018. This presentation will be an overview of the tax-supported funds and the three major enterprise funds: Water, Wastewater, and Sanitation.

Time Estimate:

I will give a presentation, followed by any questions Council may have. I would estimate this item taking approximately 10-15 minutes.

Background:

The information I will be presenting includes a comparison of budget to actual information for revenues and expenditures in the tax supported funds, and in the three major enterprise funds. I will be sharing what I am seeing and projecting for these funds.

Approval Process:

There is no approval process.

Budget Impact:

There is no budget impact.

Regulatory Impact:

There is no regulatory impact.

History:

N/A

Analysis:

N/A

Conclusion:

There is no action required by the City Council.

Attachments:

1. Tax Supported Funds
2. Water Fund
3. Wastewater Fund
4. Sanitation Fund

City of Twin Falls
Summary of Tax-Supported Funds
June 30, 2018

		9 of 12 months	75.0%
	Budgeted Rev	Actual Rev	% Received to Date
Property Taxes	$ 20,253,889	$ 13,209,973	65.2%
Franchise Taxes	1,892,000	1,650,597	87.2%
Permits	1,243,000	1,120,204	90.1%
Revenue Sharing-County, State, Liquor	3,965,343	3,088,873	77.9%
State Liquor Apportionment	646,000	568,200	88.0%
Street Fund-Highway Monies	3,165,000	2,412,937	76.2%
Court Revenues	200,000	155,007	77.5%
Street Sweeping	-	1	
Contributions	-	9,499	#DIV/0!
Grants	200,000	1,429,060	714.5%
Misc	586,477	1,635,347	278.8%
E-911	496,000	472,365	95.2%
Recreation Fees	530,000	416,273	78.5%
Airport Revenues	1,078,132	884,452	82.0%
Investment Interest	486,700	381,546	78.4%
Fire District	500,029	249,246	49.8%
Transfers	3,974,062	3,533,620	88.9%
Surplus Reserves	1,341,141	-	0.0%
Revenue Totals	$ 40,557,773	$ 31,217,200	77.0%
	Budgeted Exp	Actual Exp	
Personnel	$ 23,775,963	$ 17,808,259	74.9%
M & O	7,721,946	4,999,668	64.7%
Capital	7,469,377	6,357,260	85.1%
Transfers	1,615,044	1,251,580	77.5%
Expenditure Totals	$ 40,582,330	$ 30,416,767	75.0%

City of Twin Falls
Water Fund
Fiscal Year 2017-2018

9 of 12 months 75.00%

		2017-2018	2017-2018		
Revenues		**Budget**	**Actuals**		**Difference**
	Water revenue	$ 7,000,283	$ 4,550,666	65.0%	$ (2,449,618)
	Flat rate-Arsenic compliance	$ 2,100,000	$ 1,630,286	77.6%	$ (469,714)
	Tap fees	$ 100,000	$ 123,140	123.1%	$ 23,140
	Irrigation revenue	$ 700,000	$ 563,867	80.6%	$ (136,133)
	Investment income	$ 195,000	*$ 115,378*	59.2%	$ (79,622)
	Other	$ 293,910	$ 283,196	96.4%	$ (10,714)
	Transfers	$ 603,998	$ 452,998	75.0%	$ (151,000)
	Reserves ($900,000)	$ 900,000	$ -		$ (900,000)
		$ 11,893,191	$ 7,719,531	64.9%	
Expenditures					
	Personnel	$ 2,138,807	$ 1,635,680	76.5%	$ (503,127)
	M&O	$ 2,940,284	$ 1,495,568	50.9%	$ (1,444,716)
	Capital	$ 2,829,095	$ 1,579,959	55.8%	$ (1,249,136)
	Debt	$ 2,794,891	$ 333,463	11.9%	$ (2,461,428)
	Transfers	$ 1,190,114	$ 892,586	75.0%	$ (297,528)
		$ 11,893,191	$ 5,937,256	49.9%	

City of Twin Falls
Wastewater Fund
Fiscal Year 2017-2018

	9 of 12 months	75.00%			
		2017-2018 Budget	2017-2018 Actuals		Difference
Revenues					
	Residential & commercial	$ 6,572,664	$ 4,927,693	75.0%	$ (1,644,971)
	Industrial	$ 2,300,000	$ 1,730,009	75.2%	$ (569,991)
	Municipal	$ 276,000	$ 154,485	56.0%	$ (121,515)
	Capacity fees	$ -	$ 333,401		$ 333,401
	Investment income	$ 210,000	$ 169,077	80.5%	$ (40,923)
	Other	$ 55,000	$ 992,221	1804.0%	$ 937,221
	Grants	$ -	$ -	0.0%	$ -
	Reserves	$ 1,000,000	$ -	0.0%	$ 1,000,000
		$ 10,413,664	$ 8,306,885	79.8%	$ (106,779)
Expenditures			$ -		
		Budget	Actual		
	Personnel	$ 817,508	$ 527,117	64.5%	$ (290,391)
	M&O	$ 3,294,380	$ 2,783,825	84.5%	$ (510,555)
	Capital	$ 963,625	$ 2,379,570	246.9%	$ 1,415,945
	Debt	$ 3,485,357	$ 789,430	22.6%	$ (2,695,927)
	Transfers	$ 1,852,795	$ 1,389,596	75.0%	$ (463,199)
	Totals	$ 10,413,665	$ 7,869,538	75.6%	$ (2,544,127)

City of Twin Falls
Sanitation Fund
Fiscal Year 2017-2018

	9 of 12 months	75.00%			
		2017-2018	2017-2018		
Revenues		Budget	Actuals		Difference
	Garbage & Refuse Collection	$ 1,887,855	$ 1,438,963	76.2%	$ (448,892)
	Extra Garbage Collection	$ -	$ 19,095		
	Sanitation Admin Fee	$ 481,009	$ 359,529	74.7%	$ (121,480)
	Refuse & Weed Removal	$ -	$ -		$ -
	Landfill Fees	$ 700,000	$ 529,746	75.7%	$ (170,254)
	Recycle Revenue	$ -	$ -		$ -
	Code Violations	$ -	$ -		$ -
	Penalties & Interest	$ -	$ -		$ -
	Interest Income	$ 8,000	$ 5,052	63.2%	$ (2,948)
	Miscellaneous Revenues	$ -	$ 300		$ (300)
	Surplus Reserves	$ -	$ -		$ -
		$ 3,076,864	$ 2,352,685	76.5%	$ (743,874)
Expenditures					
		Budget	Actual		
	Personnel	$ -	$ -		$ -
	M&O	$ 2,603,855	$ 1,754,646	67.4%	$ (849,209)
	Capital	$ -	$ -		$ -
	Debt	$ -	$ -		$ -
	Transfers	$ 473,009	$ 354,757	75.0%	$ (118,252)
	Totals	$ 3,076,864	$ 2,109,402	68.6%	$ (967,462)

Date:	Monday, July 9, 2018
To:	Mayor and City Council
From:	Travis Rothweiler, City Manager

Request

A presentation of the City Manager's Recommended Budget for FY 2019 followed by citizen input.

Time Estimate

The estimated amount of time this item will take is 60 minutes plus time to answer questions.

Background

The City of Twin Falls fiscal year begins on October 1, 2018, and ends on September 30, 2019. The budget is submitted in accordance with Government Finance Officers' Association (GFOA) best practices and the requirements expressed in the Idaho Code pertaining to municipal corporation and budgets. 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."

The budget decisions outlined in this document influence the fiscal state of the city, the function of its government, and budget considerations for current and future needs. The City's budget, therefore, is the most important working policy and planning tool used by the City Council and staff to provide quality services to the citizens of Twin Falls, as determined by the City Council and for which funds are available.

The recommended budget supports basic government services such as road maintenance, water, wastewater, transportation improvements, parks, police, fire and library services. Furthermore, it also addresses additional community needs such as economic development, park renovation and open space designations.

This budget also maintains the City's strong financial foundation that makes the implementation of these aggressive strategies to achieve these priorities possible. It has been developed through the diligent, cooperative efforts of the City's staff in all departments.

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 will be placed on the City's website on Friday, July 6, 2018. On August 6, 2018, the City Council will adopt the preliminary budget for FY 2019, with a public hearing and final adoption scheduled to occur on August 20th.

Connection to the City's 2030 Strategic Plan

The City views its planning and operations in a strategic manner, utilizing the Strategic Plan to guide budgetary and policy-making decisions and recommendations. With the adoption of the 2030 City of Twin Falls' Strategic Plan in 2013, the Council established and set a course to follow. Following a similar process from 2012, the City began updating the strategic plan in February 2017. That process was completed in March 2018. For almost a year, members of the City's team spent quality time listening to our citizen's needs, dreams and expectations, while reviewing statistical data about our state, region, and city. We compared those conversations to the information and data that was collected in 2012. In both the original plan, as well as the update, we had many external conversations with our citizens and shareholders and internal conversations with employees serving at various levels of the organization. From these conversations, we were able to reaffirm the goals and objectives of the original strategic plan.

We affirmed the vision statements that were generated in the 2012 process. These statements, when viewed collectively, will allow us to create and maintain an accessible, healthy, learning, environmental, responsible, prosperous, and secure community with a strong internal organization designed to be able to meet the needs of our citizens, businesses, and visitors. They will assist the City in plotting a course that will enable it to grow, develop, and improve in a manner that honors and respects its history and unique characteristics. Realizing our vision will allow the City of Twin Falls to continue to be recognized as a world-class community.

2019 Fiscal Year Budget Summary

The combined expenditures and transfers total $68,184,179, which is a $3,151,633 decrease compared to the current year budget of $71,335,812. For this fiscal year, we are recommending Government Fund-Type expenditures, those funds that receive some of their funding from property tax revenues, in the amount of $40,190,459. This is a decrease of $453,372 (1.12%), of which $454,645 is from cash reserves to fund one-time capital initiatives. We are also recommending total expenditures in the Enterprise Fund-Type funds of $27,993,721, which is a decrease of $2,698,260 (8.79%), of which $1,197,199 is from cash reserves.

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 2019 is $64,332,445, or 2.81% less than the total net budget of $66,191,635 that was approved for FY 2018. Both methods are acceptable. From this point forward, and just as we have done historically, we will be focusing on the net budget.

Cities in Idaho have control over their annual expenditures in all funds and the rates they assess in the enterprise, or business-like, funds. Statutorily under Idaho Code, cities and counties are permitted to collect 3% more property tax revenue than it had in the prior fiscal years. The FY 2019 Recommend Budget requests the statutory allowed increases in property tax revenue and does not require the use of the City's foregone balance of $2,186,253.

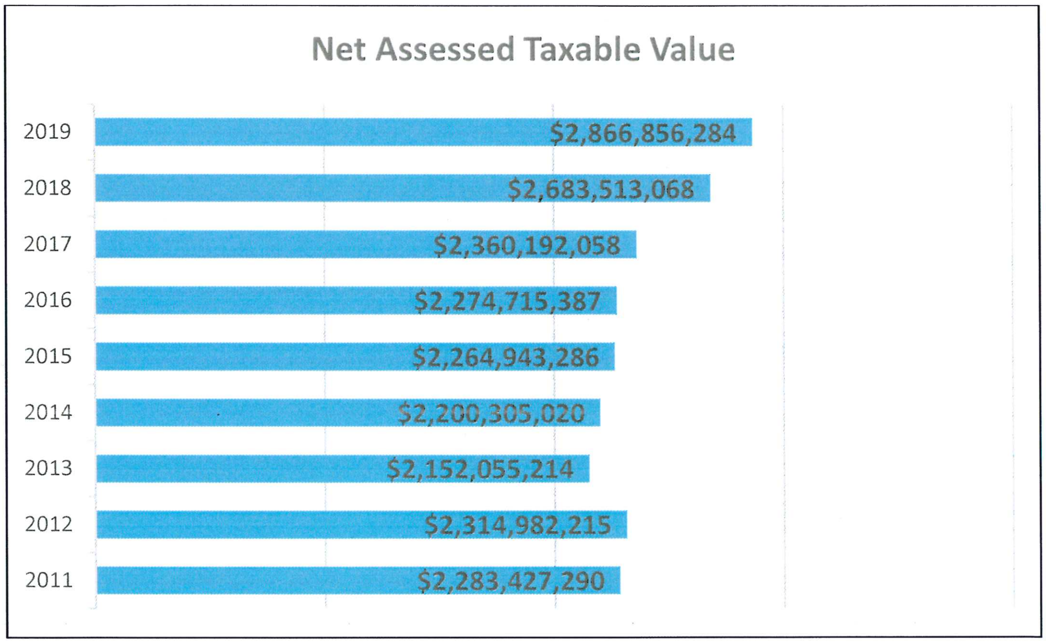
Budget Overview

The role of local government is to protect the citizen's health and provide for their safety. To realize that end, local governments, like the City of Twin Falls, are responsible for providing accessible streets, dependable emergency responses, and safe and aesthetically pleasing parks and public facilities—all in a manner that is both effective and efficient. While the budget does not fund all capital initiatives and projects in the entire organization, it does meet the City Council's priorities and the citizen's service level expectations. It demonstrates restraint in the areas of taxation and rate adjustments. It appropriately incorporates the use of cash reserves to cover one-time, critical and needed capital projects.

Property Taxes

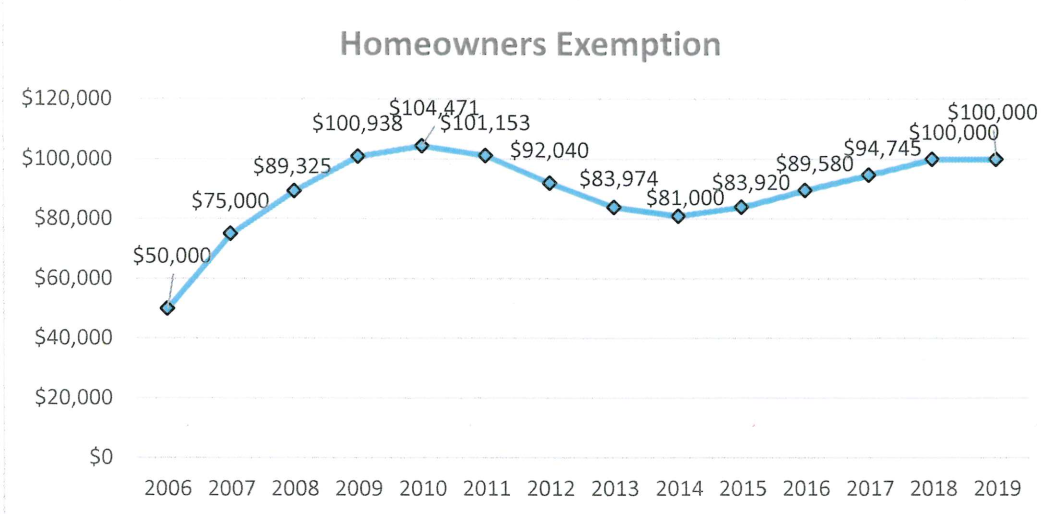
According to the Twin Falls County Assessor's Office, the City of Twin Falls' overall preliminary total taxable valuation is expected to increase by $183,343,216, or 6.8%, from $2,683,513,068 to $2,866,856,284. This growth is on top of the $323,321,010 that was realized in the last fiscal year.

As illustrated in the table below, the taxable value used to calculate the FY 2019 tax rate for the City of Twin Falls is the largest in its history.



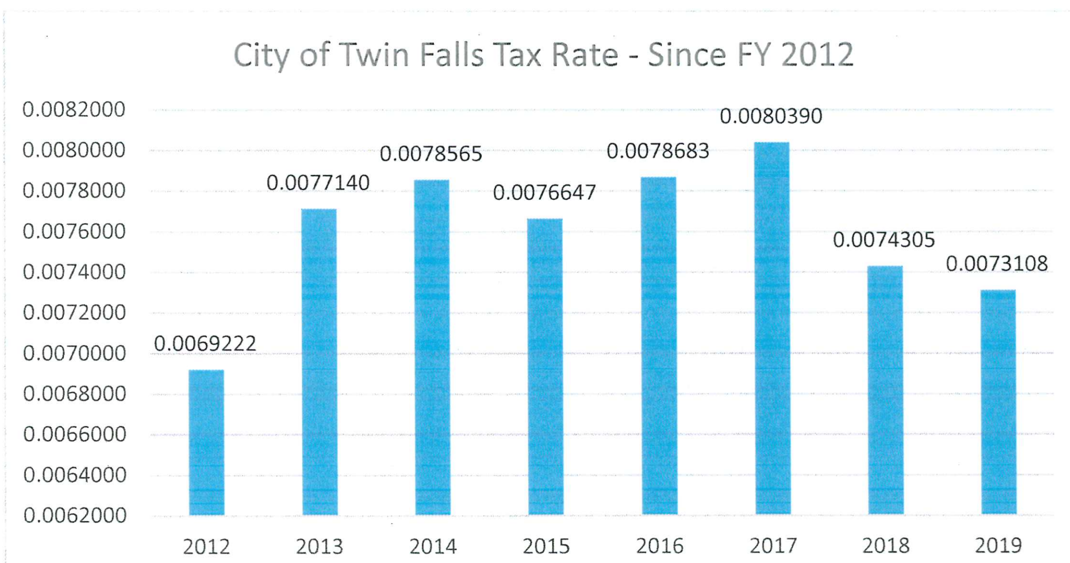
It is important to note the City's taxable value excludes the taxable value of the properties located in the Twin Falls Urban Renewal Agency revenue allocation areas. The entirety of the URA's properties are located in the City and have a value $693,253,740 (as of end of December 2017). Collectively, the taxable values for both the City of Twin Falls and Twin Falls Urban Renewal Agency total $3,560,110,024. 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 an increase the State homeowner's exemption maximum allowance.

From 2006 to 2017, the maximum exemption has been 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 Budget). The fixed rate will remain in place until the legislature amends the law that created the change.



Cities in Idaho have control over their annual expenditures in all funds, as well as the rates they assess in the enterprise, or business-like, funds. Statutorily under Idaho Code, cities and counties are permitted to collect 3% more property tax revenue than the previous fiscal year. The FY 2019 Recommend Budget requests the statutory allowed 3% increase in property tax revenue, but does not request the use of the City's foregone balance of $2,186,253.

Cities in Idaho do not have control of and cannot determine their community taxable value. That responsibility is assigned to County Assessor's Office. If the taxable value for FY 2019 remains as presented above, we are projecting the City's tax rate will be $7.31 per $1,000 (0.00731082424) in taxable value. The tax rate for FY 2018 was $7.43/$1,000 (0.0074305) of taxable value. This is the second consecutive year the City has been able to lower the tax rate applied to properties contained within its corporate boundaries. The proposed tax rate is also the lowest issued by the City the last six fiscal years. Below is a graph illustrating the tax rate to the citizens.



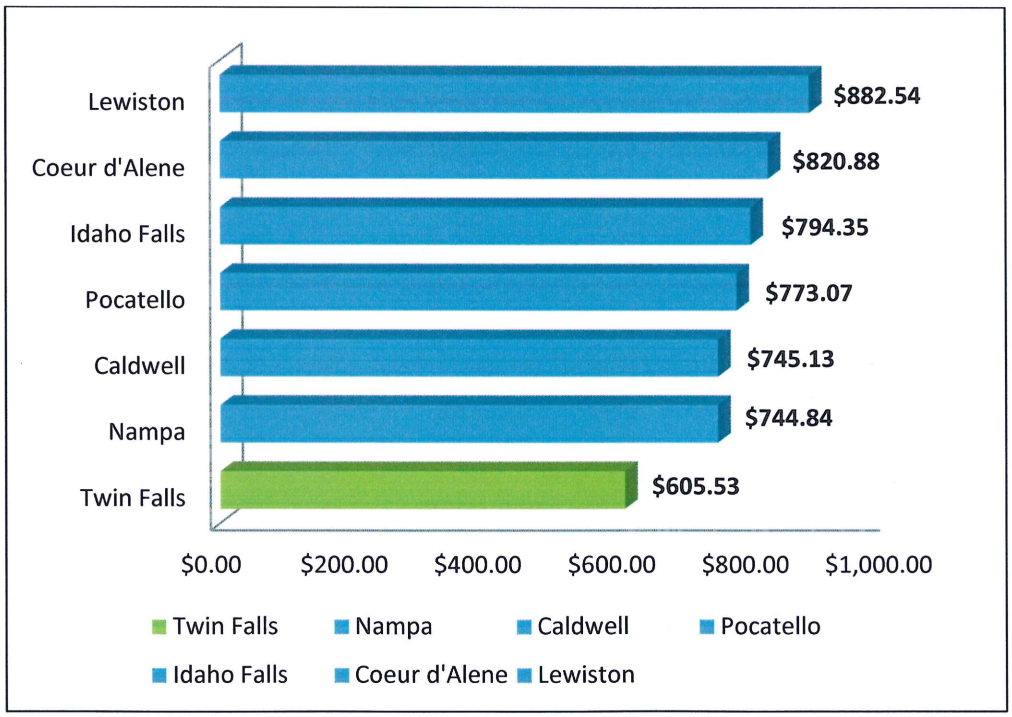
Additional property tax collections and comparison, rate adjustments, expenditures and economic indexes are discussed in more detail in other sections of this budget document.

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 2017 Levy Book (tax rate) and Zillow.

	Total Taxes	2016 Median Property Value	FY 2016
***Coeur** d'Alene*	$503.63	$170,600	0.0059043
Nampa	$550.28	$121,900	0.0090285
Caldwell	$569.32	$114,600	0.0099358
***Twin** Falls*	$591.67	$147,200	0.0080390
***Idaho** Falls*	$687.10	$142,400	0.0096503
Pocatello	$748.72	$133,700	0.0112000
Lewiston	$793.05	$166,700	0.0095147

Note: Idaho's median value of an owner occupied home for this same period of time was $229,200.



For the purposes of this analysis, 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. In FY 2019, the Street Fund for the City of Twin Falls will be $5,152,861 or approximately 12.8% of the total Government Fund-Type budget.

General Fund

The General Fund is the chief operating fund of the city, and is used to account for all financial resources except those required by Generally Accepted Accounting Principles (GAAP) to be accounted for in another fund. The General Fund supports many departments, programs and contracts, which include City Council, City Manager's Office, Finance, Legal, Planning and Zoning, Economic Development, Human Resources, Information Services, Police Department, Fire Department, Building Inspections, Animal Control, Engineering, and Parks and Recreation. In FY 2019, General and Capital Improvement (CI) Fund expenditures are projected to be $29,584,758.

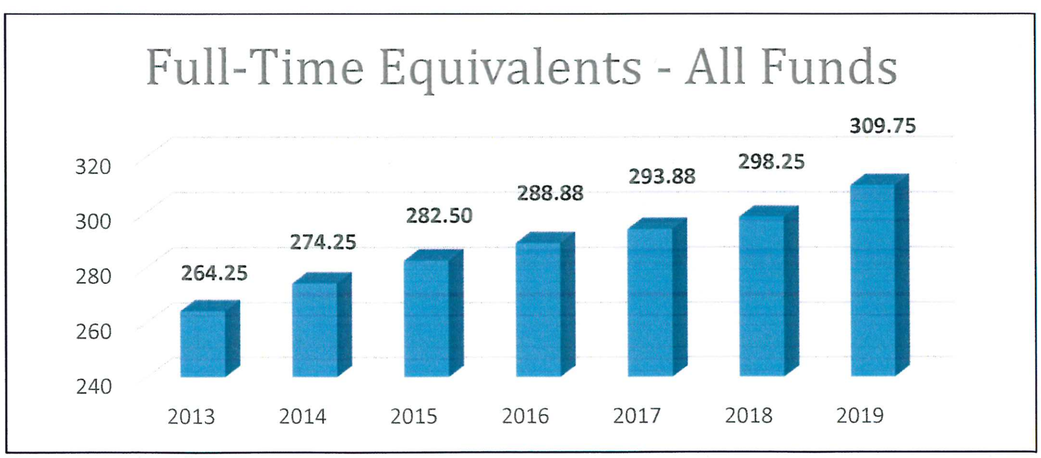
Personnel Expenses In All Funds

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."*

As we work to realize this vision statement, the City of Twin Falls strives to provide existing employees with the equipment, technology, infrastructure, and financial incentives necessary for them to complete their tasks and responsibilities in an efficient and effective manner. In addition, we recognize the importance of providing our employees with a competitive total compensation package and our responsibility to do so. However, in an effort to meet an ever-increasing workload, citizen expectations, and legislated requirements, several requests were made by department leaders to add employees to our workforce. More requests for new employees were made than we were able to include in the proposed budget. However, the fact that the positions were not included, does not mean they aren't still needed.

The City of Twin Falls has a philosophy of adding full-time employees only when "need" and "sustainability" can be demonstrated. Based on updated US Census data for 2017, the City of Twin Falls has a population of 49,202. Based on that estimate, the City of Twin Falls has six employees per 1,000 of population. However, as the regional and urban center for a geographic area having a population of approximately 250,000, the City's daily census population grows to an estimated population of 75,000. This causes the number of City employees per 1,000 of population to drop to four.

The City of Twin Falls currently has a total of a total of 300.5 full-time professionals working to deliver services to the citizens of Twin Falls. The FY 2019 City Manager's Recommended Budget adds an additional 11.5 full-time equivalent (FTE) positions to assist with increased workloads and to meet the service delivery demands of our citizens and partners.



In some cases, the funding for the new positions proposed in the City Manager's Recommended Budget for FY 2019 are a result of modifying existing contracts for service with external/private partners or a reallocation of project or operating funds. In these instances, the positions do not represent new costs to the organization. Of the 11.50 FTEs requested in the FY2019 budget, 4.75 FTEs represent new expenditures. If all of the positions are approved, the City of Twin Falls total FTE count would increase to 309.75.

The other expenditures associated with personnel in the FY 2019 Recommended Budget:
- Provides for performance-based adjustment for all employees (3%)
- Moves the City's compensation table (1%)
- Increased funding for health care insurance (6.4%)

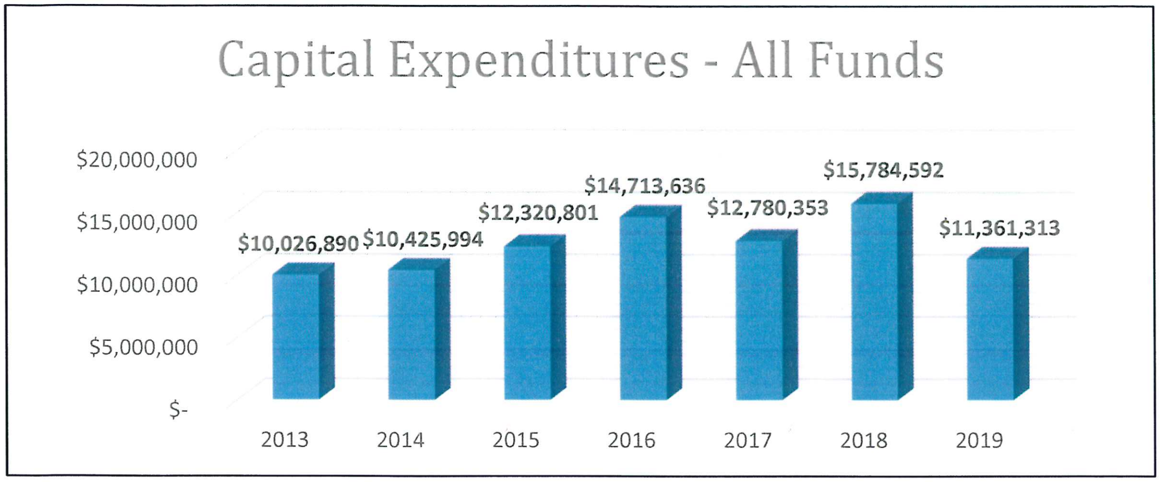
Capital Expenses in All Funds

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.

A small sampling of the capital initiatives that have been funded in this budget include: making improvements to our water, wastewater and transportation systems; improving our trail systems; making miscellaneous park improvements; rotating our fleet, vehicles, machinery and equipment; improvement's to the city's golf course, and repair and replacement of sidewalks.

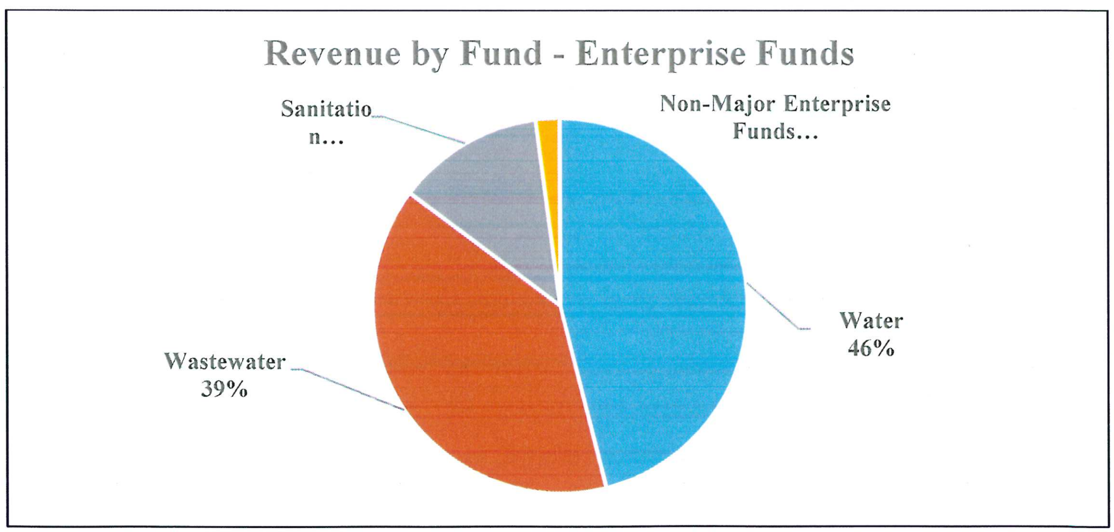
As demonstrated by the partial list above, the ongoing development, expansion, maintenance, and repair of these capital assets is necessary, recognizing the critical value of civil infrastructure to the economic, aesthetic, and functional viability of the City. For accounting purposes and based on best practices recommendations of the Government Finance Officers Association (GFOA), the City of Twin Falls capitalizes acquisitions and improvements that are durable and in excess of $5,000. In total, the FY 2019 budget allocates $11,361,313 to fund needed, critical and desired capital improvements and community amenities. In FY 2018, the City of Twin Falls budgeted to spend a total of $15,784,592 in capital improvements. The FY 2019 allocation is a decrease of $4,423,279 or 28.02%.



As illustrated in the graph above, the City of Twin Falls has budgeted $87,413,579 for capital improvements since 2013. In addition (since 2012), $56,629,579 has been spent on the Wastewater Treatment Plant Improvement ($45,570,000), City Hall ($6,898,690), and Public Safety Complex ($4,160,889) projects.

Enterprise Fund Revenue Overview

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. Net income/loss (revenues less expenditures) at the end of each fiscal year either adds to or reduces the fund's residual equity, which is commonly referred to as the net assets of the fund. The residual earnings captured by a particular Enterprise Fund may not be co-mingled with any other fund or spent for any purpose other than the one it has been collected or reserved for without direct and specific action by the City Council.



Enterprise Funds account for $25.4 million (37%) of the 68.2 million total budgeted revenues in the FY2019 Recommended Budget. The majority, or almost 94% are from user fees. The remaining revenue sources include investment earnings, inter-fund transfers and reserves.

Water Fund
The Water Fund supports the following water-related activities: water supply, water distribution, pressurized irrigation, and utility billing. The Recommended Budget recommends that the City increase water rates 5%. The average water user (18,000 gallons) will see an increase of $1.96 per month and $23.48 per year. The FY 2019 revenue projections estimate $11,705,777 in the Water Fund, which represents a decrease from FY 2018 of $187,414 or 1.58%.

Wastewater Fund
The Wastewater Fund is used to support all wastewater services provided by the City of Twin Falls, namely wastewater collections and wastewater treatment. For FY 2019, the City Manager's Recommended Budgets calls for expenditure totaling $9,943,529 in this Fund. This represents a decrease of $470,135 when compared to FY 2018 Wastewater Fund expenditures of $10,413.664. The Recommended Budget proposes an increase in Wastewater rates of 1.5%. The average residential customer who sends up to the maximum cap 8,000 gallons will see an increase of $1.30 per month and $15.60 per year.

Sanitation
The City's Sanitation Fund supports the City's sanitation and recycling program. Overall, the City Manager's Recommended Budget increases the cost of sanitation slightly. The monthly bill paid by the City's residential customers will increase from the current rate of $17.79 per month to $18.00 per month. This represents a $0.21 per month per customer increase, or a fee increase of 1.19%. The FY 2019 revenue projections estimate $3,235,391 in the Sanitation Fund, which represents an increase from FY 2018 of $158,527 or 5.15%.

How much more will City Services Cost?
Over the last ten fiscal years, the City's tax rate fluctuated significantly, ranging from a high of $7.86 per $1,000 (FY 2014 and 2016) of taxable value to a low of $6.59/$1,000 (FY 2009) of taxable value. The average of the tax rate assessed over the course of the last seven fiscal years (2012-2018) is $7.64/$1,000 in taxable value. It is important to recognize the tax rate does not necessarily indicate an individual's tax burdens. 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.

	FY 2018 Adopted Budget	FY 2019 Recommended Budget	Variance
Property Tax	Tax Rate of: $7.43/$1,000 tax value	Tax Rate of: $7.31/$1,000 tax value	Tax Rate of: -$.12/$1,000 tax value
Median Valued Home of an owner-occupied home: $163,000 in FY 2018 $178,000 in FY 2019	**$605.55** *annual* **$50.46** *monthly*	**$650.59** *annual* **$54.22** *monthly*	**$45.05** *annual* **$3.75** *monthly*
Utility Bills			
Average Residential Customer Comsumption of:			
Water - 18,000 gallons	$49.89	$51.85	$1.96
Sewer - 8,000 gallons	$27.27	$27.67	$0.40
Sanitation & Recycling	$17.79	$18.00	$0.21
Monthly Total of Property Tax and Utility Bills	**$145.41** *monthly*	**$151.74** *monthly*	**$6.32** *monthly*

Municipal Cost Index

Although the economy is improving 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 2017 to May 2018, the most recent data available, the MCI has increased 6.8 points or 2.81% to 248.43. The Consumer Price Index increased 2.8% during the same period.

Foregone 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."

The City Manager's Recommended Budget for FY 2019 does not rely on any portion of the City's foregone balance to support its operational or capital needs. The City's has had a foregone balance since the adoption of the 2009-2010 fiscal year. Over this time, the City's foregone balance has grown to $2,186,253. Each year the City elected not to take the statutory allowed increase, the foregone balance has increased.

Approval

There is no approval at this point in the process.

Budget Impact:

There are no current budgetary or financial impacts from the conversation. From this process, we will establish the budget for FY 2019.

Regulatory Impact:

There is no regulatory impact.

Attachments: None