

**MINUTES**  
**REGULAR MEETING OF THE SANDPOINT CITY COUNCIL**  
**July 5, 2017**

**OPENING** Mayor Rognstad called the regular meeting of the City Council to order at 5:30 p.m. on Wednesday, July 5, 2017, in the Council chambers at City Hall, 1123 Lake Street.

**ROLL CALL** Council members Ruehle, Aitken, Camp and Williamson were present. Council members Snedden and Eddy were absent.

**PLEDGE OF ALLEGIANCE** Mayor Rognstad led the Council and the public in the pledge of allegiance to the flag.

**ANNOUNCEMENTS**

City Administrator Jennifer Stapleton announced there will be a public workshop held on July 11<sup>th</sup> at 5:30 p.m. in the Sandpoint City Hall Council Chambers for the preliminary design of a bike path within three blocks from Boyer Avenue through Oak Street to include curb and sidewalk upgrades.

City Attorney Scot Campbell announced our City Prosecutor Katie Edburg gave birth to a baby boy on July 3<sup>rd</sup>.

**Councilman Aitken** thanked City staff for their due diligence in cleaning the City beach after the 4<sup>th</sup> of July festivities.

**CONSENT CALENDAR**

*Councilman Eddy arrived at 5:33 p.m.*

**Councilwoman Williamson** moved that items A-1 through C-1 be approved.  
**Councilwoman Ruehle** seconded the motion.

A roll call vote resulted as follows:

Councilwoman Ruehle	Yes
Councilman Aitken	Yes
Councilman Snedden	Absent
Councilman Camp	Yes
Councilwoman Williamson	Yes
Councilman Eddy	Yes

**The motion passed by a unanimous vote of Council present.**

**A MINUTES**

A-1 City Council regular minutes of June 21, 2017

A-2 Parks and Recreation Commission minutes of March 22, 2017

A-3 Pedestrian and Bicycle Advisory Committee minutes of May 17, 2017

A-4 Historic Preservation Commission minutes of May 16, 2017

A-5 Arts Commission minutes of May 22, 2017

A-6 Sustainability Committee minutes of April 20, 2017

**B Bills in the total amount of \$283,992.23 for regular payables.**

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**C CONFIRM APPOINTMENTS TO CITY COMMISSIONS, ADVISORY COMMITTEES, AND BOARDS**

C-1 Steve Lockwood, Urban Renewal Board, July 5, 2017 – May 31, 2019

**NEW BUSINESS**

**C. RESOLUTION NO. 17-43 BID AWARD AND CONTRACT FOR SAND CREEK TRANSMISSION WATER MAIN CONSTRUCTION PROJECT**

Public Works Director Ryan Luttmann explained to **Councilman Aitken** that the alternate bid is the cost per foot for conduit with the trench already open. It will be only the cost for conduit at this stage. The idea was to include this cost within the competitive bid price. There is no conduit on Great Northern Road but this would be the next step. There has been discussion to add a multi-use extension within the Great Northern Road area that could include conduit. He's not aware of a phased project that would include the Mickinnick trail.

**Councilman Eddy moved** that City Council approve the proposed resolution, Bid Award and Contract for Sand Creek Transmission Water Main Construction Project. **Councilwoman Williamson seconded the motion.**

A roll call vote of Council resulted as follows:

Councilman Snedden	Absent
Councilwoman Williamson	Yes
Councilwoman Ruehle	Yes
Councilman Eddy	Yes
Councilman Aitken	Yes
Councilman Camp	Yes

**The motion passed unanimously by Council present.**

**E. RESOLUTION NO. 17-44 CITY OF SANDPOINT FINANCIAL STATEMENT POLICY**

City Administrator Jennifer Stapleton stated the reason City staff is providing City Council a fiscal policy prior to the budget workshop is because City Council set a priority during the strategic planning process to adopt fiscal policies in order to provide guidance for current and future budget practices.

City Treasurer Shannon Syth stated the proposed policies will formalize current best practices. Research has found that cities that survived the economic downturn a few years ago were those that had adequate reserves. Generally, 10% to 12% of the City's budget is used for an emergency reserve. The operating reserve is a stabilization fund that provides bridge funding during times of economic downturn or when there is a decrease in revenues. There are unfunded mandates such as the concern with the current food sales tax issue. Governor Otter made a suggestion to the State legislators that before he would consider passing the bill eliminating the food tax that there be an alternative to replace the funds in

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the general fund. There could be unanticipated expenditures not accounted for. This proposed policy provides the cash flow needed to restructure operations or to avoid a possible financial impact. It also prevents the City from having to obtain short-term borrowing.

Whenever a reserve is used or a budget increase results in a shortfall, a plan needs to be in place to replenish it. The emergency reserve must be replenished by the end of the ensuing fiscal year. The operating reserve requires a minimum of 5% of all ongoing discretionary revenue, although it's flexible, for a plan to replenish it. If the emergency and operating funds fall below 30%, City Council would create a plan as soon as possible. If it's above 45%, City Council would have to determine whether to enhance reserves or use them as one-time expenditures. The policy for use of one-time resources is if the revenue is not available for the next fiscal year, has a set ending date, results from a one-time spike in revenue, results from bond or debt proceeds, results from a budget surplus derived from temporary expenditures or due to a sale of fixed assets. It allows the City to consider enhancing the annual base budget with items not normally considered affordable.

**Councilwoman Williamson** commented that she appreciated the initiative to provide assistance to City Council in making better decisions now and in the future. Shannon Syth replied to **Councilman Eddy** that if an emergency arises where funds would have to be utilized, City Council would be made aware and will have discussion during a Council meeting.

**Councilman Aitken moved** that City Council approve the proposed resolution, City of Sandpoint Financial Statement Policy. **Councilman Eddy seconded the motion.**

A roll call vote of Council resulted as follows:

Councilwoman Williamson	Yes
Councilwoman Ruehle	Yes
Councilman Eddy	Yes
Councilman Aitken	Yes
Councilman Camp	Yes
Councilman Snedden	Absent

**The motion passed unanimously by Council present.**

**F. RESOLUTION NO. 17-45 CITY OF SANDPOINT FUND BALANCE  
CONSTRUCTION RESERVE POLICY**

City Treasurer Shannon Syth said the Sandpoint Urban Renewal Agency (SURA) will be funding the downtown streets project with construction to begin early next year. This policy allows setting aside a separate reserve fund to be used for cash flow only. She reviewed a spreadsheet reflecting the construction costs totaling \$7,440,500 with the project to be completed by the end of fiscal year 2021. SURA will obtain \$1.5 million for a loan on the project. There is an unfunded balance on the spreadsheet that represents those dollars not available to pay for the project. The City needs to pay and be reimbursed over a period of years which is why it's important to set aside this reserve. We can project additional costs

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but can't project if taxes will be collected at a higher rate. This policy is flexible and requires monitoring in order to make necessary adjustments when needed.

City Administrator Jennifer Stapleton added the unfunded balance shows a difference of approximately \$500,000, with the intent to pursue a Community Development Block Grant (CDBG) this fall and look at other funding to fill in the funding gap. She noted bids received throughout the State reflect 20% to 80% over the engineer's estimate which is why staff wasn't as conservative in their projections. In terms of taking on additional projects and moving forward in the near future, our resources are tied up in this project. After the Schweitzer Cutoff Road and bridge project is completed, the next project is the future Wastewater Treatment Plant project.

Ms. Syth noted that the Construction Reserve Policy is project specific and only for the SURA funded downtown streets. The policy provides that whenever projected costs indicate that the Capital Project Reserve Fund may result in a shortfall, the Finance Director in consultation with the City Administrator should determine if the additional costs are within the scope of SURA funding. If not, then additional financing needs shall be addressed during the budget process. Once the project is completed, the SURA reimbursement allocation dollars can be used to replace or enhance the funding in the emergency or operating reserve, it can provide funding for other projects or purchase equipment that was postponed due to the requirement of the cash flow requirements and it can be used for future one-time capital projects, equipment and other opportunities.

Public Works Director Ryan Luttmann replied to **Councilman Camp** that the sewer main replacement project is currently out to bid for the project on First Avenue from the Bonner County Courthouse to the Panida Theater. They also have to do sewer main replacement from the Panida Theater to the intersection on Second Avenue and Cedar Street. The re-bid for the downtown revitalization is on Cedar Street from Second Avenue to Fifth Avenue with the goal to start this project during spring and summer season next year. After some of the sewer project is completed, then they will proceed with the project on Cedar Street to Bridge Street during the following spring/summer season and finish the revitalization project from Bridge Street to Pine Street. This will include pedestrian bulb-outs, pedestrian crosswalks, sidewalks and storm water improvements.

**Councilman Eddy moved** that City Council approve the proposed resolution, City of Sandpoint Fund Balance Construction Reserve Policy. **Councilwoman Ruehle seconded the motion.**

A roll call vote of Council resulted as follows:

Councilman Aitken	Yes
Councilman Camp	Yes
Councilman Snedden	Absent
Councilwoman Williamson	Yes
Councilwoman Ruehle	Yes
Councilman Eddy	Yes

**The motion passed unanimously by Council present.**

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**G. STAFF PRESENTATION – ELECTED OFFICIALS COMPENSATION**

City Administrator Jennifer Stapleton stated one of the items in the budget is to consider elected official salaries at the request of the Mayor. When reviewing benchmarks for elected official compensation, City staff reviews salaries within Region I in Idaho that include the Cities of Post Falls, Coeur d'Alene, Hayden and Rathdrum. Sandpoint City Council's current salary is \$400 per month with the average within Region I under \$667 per month. Our elected official salaries continue to trend lower than other cities within our region. The salary for our part-time Mayor is \$1,200 per month with the average at \$1,600 per month with the same pool of cities which is trending lower than the average for part-time mayors. The last compensation increase approved by City Council was in July 2014 which became effective January 2016 as allowed by Idaho Code. The prior salary for City Council was \$275 and increased to \$400 per month and the Mayor's salary increased from \$1,000 to \$1,200 per month. If there was a compensation increase approved by City Council it would become effective January 1, 2018. The change in the salaries that became effective January 2016 was due to the significant difference when comparing the benchmark in 2014 with other cities and the increase in insurance premiums with a majority of City Council having to pay for benefits. A stipend was also approved for Planning and Zoning Commissioners at \$30 per month.

**Councilwoman Ruehle** asked if the averages provided considered population and tax base of other cities. She commented there's an extreme gap in the highest compensation and suggested it should be pulled out of the average equation. **Councilman Eddy** agreed. We should consider the population and tax base of other cities. **Councilwoman Williamson** felt it would be reasonable to recalculate the averages and would like to see a summary on how it would impact the budget.

Jennifer Stapleton noted there will be a more robust narrative and more data based on the priority direction from City Council. At the July 19<sup>th</sup> regular Council meeting, City Council will adopt the preliminary budget and the budget hearing will be held at the August 16<sup>th</sup> regular Council meeting. City staff has moved to project based systems that provides more detail on how much is spent within each department such as how much is spent for snow removal and road maintenance and how much is spent on maintaining each City park. One to two budget workshops will be held this year. She said staff can include the proposed increase in elected official salaries in the budget with City Council making a decision to keep it in the budget or remove it during a workshop. The current proposed budget is balanced.

**Councilman Eddy** preferred leaving the elected officials compensation as is. **Councilman Aitken** suggested to find out how many meetings other City Councils attend. Ms. Stapleton said another factor to consider is that all the cities' benchmarks used in Region I have a full time City Administrator. **Councilman Camp** suggested pursuing other factors mentioned when looking at benchmarks. **Councilman Aitken** agreed. **Councilwoman Ruehle** suggested that City staff bring back a recalculation before including an increase in elected official compensation within the budget.

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**ADJOURNMENT** The meeting adjourned at 6:37 p.m.

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Shelby Rognstad, Mayor

**ATTEST:**

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Maree Peck, City Clerk

DRAFT