

## Policies and Policy Actions

### Mayor and City Council at Time of Budget Adoption



**Left to Right:** Council Member Alan Shealy, Council Member Maryanne Jordan, Council Pro Tem Jon Mason, Mayor Carolyn Terteling-Payne, Council Member Paula Forney, Council President Jerome Mapp, Council Member Vernon Bisterfeldt

#### Profiles

Carolyn Terteling-Payne, Mayor

Vernon Bisterfeldt, Council Member

Paula Forney, Council Member

Maryanne Jordan, Council Member

Jerome Mapp, Council President

Jon Mason, Council Pro Tem

Alan Shealy, Council Member

#### Mayor Of Boise

**Carolyn Terteling-Payne**

Carolyn was appointed as Mayor of the City of Boise on February 18, 2003. Carolyn brings a broad background in community volunteer efforts, serving in various organizations for more than three decades. Her leadership and organizational abilities have benefited the Boise Museum of Art, the Idaho Historic Preservation Council, the Morrison Center for the Performing Arts, the Boise Philharmonic, the Idaho Law Foundation, and the Idaho Zoological Society. Carolyn Terteling-Payne was appointed to fill a vacant seat on the Boise City Council in February of 1993. She was elected to serve the remaining two years of the term in November that same year. Election victories in November 1995 and November 1999 returned her to the Council for two full four year terms. After serving two years as Council Pro Tem, she served as Council President from 1996 to 2002. As a member of the City Council, Carolyn served on the Public Safety Policy Team which provides policy oversight to the Fire and Police Departments. She was also a member of the Community Services Policy Team which provides policy oversight to the Boise Public Library and Boise Parks & Recreation.

She completed her primary and secondary education in Boise, then graduated with highest honors from the University of Idaho where she was also a member of Phi Beta Kappa. She attended graduate school at Arizona State University where she worked as an Associate Professor of English.

Mayor Terteling-Payne is the immediate Past President of the Boise Public Library Foundation. Carolyn retired in October of 2002 as a trustee for St. Luke's Regional Medical Center after 27 years of service, was a Past President/Director of the University of Idaho Foundation, a past member of the Board of Directors of the Boise River Festival, and a member of the advisory board for both the Learning Lab and the Warm Springs Counseling Center.

Carolyn is the mother of four grown sons, three of whom live in Boise.

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**Council President**  
**Jerome Mapp**

Jerome Mapp was appointed to the City Council in February, 1993, to fill the remainder of the term of Brent Coles, who resigned to become Mayor. He was elected to full, four-year terms in 1993, 1997 and 2001. Jerome served as Council Pro Tem from January 8, 2002 to January 7, 2003. His current term expires in 2006.

As a member of the Council, Jerome serves on the Transportation Policy Team, which provides policy oversight to the Airport, Boise Urban Stages, and Parking services division in the City. He serves as vice-chair of the board of directors of the Capital City Development Corporation (CCDC), Boise's downtown redevelopment agency.

As a Council member, and currently as a Board Member of ValleyRide, Treasure Valley's Regional Transportation Authority, he has been a leader in regional transportation issues. Jerome has been leading the effort to retain rail right-of-way between Boise and Nampa for future transit uses.

Jerome brings to the city many years of experience in the fields of land use planning, urban design, facility planning, grantsmanship, transportation, growth management and public-private sector coordination. With the issues surrounding Boise's rapid growth topping the agenda for both the Council and the community, Jerome's work as a community planner proves invaluable.

He holds degrees in Architecture and Sociology from Idaho State University. His professional experience includes serving as City Planner for the City of Pocatello, Design Review and Zoning Analyst for the City of Boise, State of Idaho Facilities Planner, Executive Director of the Elmore County Impact Steering Committee, Community Development Specialist for Ida-Ore Planning and Development Association and Director of Planning for the Association of Idaho Cities. He also established the firm Planning and Facility Management in 1987.

As a community planning consultant, Jerome currently serves as Land Use Planning Consultant for Moore Smith Buxton Turcke, Chartered-Attorneys at Law, City Planner for the Cities of Horseshoe Bend and Notus, and Hearing Examiner for the City of Caldwell and Canyon County.

Jerome has lived in Idaho for almost 40 years, the

majority of which was spent living in Boise. His wife, Lynn, is a schoolteacher. They have three sons.

**Council Policy Team Assignments:**

- ADMINISTRATIVE POLICY TEAM  
(Human Resources (Personnel), Div. of Financial Mgmt and Legal)
- TRANSPORTATION POLICY TEAM  
(Airport, Valleyride, Parking, ACHD, Air Quality)

**Representative to:**

- CCDC

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**Council Member  
Vernon Bisterfeldt**

Vern Bisterfeldt was elected to the Boise City Council on November 6, 2001. His public service spans almost a half-century, including service in the military, as an Ada County Commissioner, and 28 years as a member of the Boise Police Department.

He chaired the Ada Planning Association Board (now COMPASS), the Ada City-County Emergency Management Board, the Commissioners and Clerks Association of the Idaho Association of Counties and various committees of the Idaho Association of Counties. He is a founding member and first president of the Treasure Valley Partnership and co-founder (with Commissioner Roger Simmons) of the Treasure Valley Hydrologic Study.

Vern has completed course work at Boise State University and the University of Virginia. He completed the John F. Kennedy School of Government at Harvard and graduated from the FBI Academy and the National Intelligence Academy. He taught at the Idaho Police Officers Standards and Training (POST) Academy and served as director of the City/County Vice and Intelligence Squad.

He is one of only three Boise Police officers to ever receive the department's Medal of Honor. In 1999, he was honored by having the Vernon L. Bisterfeldt City-

County Law Enforcement Building named for him. He is active in the Grandparents as Parents organization.

He and his wife, Shirley, have three children and four grandchildren.

**Council Policy Team Assignments:**

- PUBLIC SAFETY POLICY TEAM  
(Police, Fire, Legal, Court, Code Enforcement)
  
- ADMINISTRATIVE POLICY TEAM  
(Human Resources (Personnel), Div. of Financial Mgmt and Legal)

**Representative to:**

- *Emergency Management*

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**Council Member  
Paula Forney**

Paula Forney was appointed to the Boise City Council in July, 1990. In November, 1991, she was elected to the Council and was reelected in 1995 and 1999. She served as the Council President from 1994 to 1996, after serving for two years as the Council President Pro Tem. Paula's current term expires in January, 2004.

As a member of the Council, Paula serves on Boards for Capitol City Development Corporation (CCDC), a downtown redevelopment agency; the Downtown Boise Association (DBA), working with merchants on downtown issues; Community Planning Association (COMPASS), providing long range transportation planning for the area; the Community House, and the City's Growth Management Policy Team, providing policy oversight to the Public Works and Planning and Development Departments.

She brings to the City a wide range of organizational skills. From 1985 to 1988 she owned and operated Events Unlimited, a small business specializing in the arrangements of special events. Paula's background also provides a strong understanding of government. She was employed by United States Senator James A.

McClure from 1977 to 1984. She worked in his Washington D.C. and Boise offices.

Paula graduated from Boise State University in 1977 with a degree in Secondary Education and emphasis in Political Science, Government and Sociology.

In addition to her responsibilities on the Council, Paula is an active community volunteer serving in leadership roles in St. Michael's Episcopal Church, school organizations, and community service groups.

She is an Idaho native and was raised in Fairfield, Idaho where her family still owns a working cattle ranch. She is married to Drew S. Forney. Their three children are fourth generation Boiseans.

**Council Policy Team Assignments:**

- COMMUNITY SERVICES POLICY TEAM  
(Parks and Recreation & Library)
  
- PUBLIC SAFETY POLICY TEAM  
(Police, Fire, Legal, Court, Code Enforcement)

**Representative to:**

- *Emergency Management (Alternate)*
- *DBA*
- *COMPASS*
- *CCDC*

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**Council Member**  
**Maryanne Jordan**

Maryanne was appointed to fill a vacancy in the Council on March 4, 2003.

Maryanne is a small business co-owner. She and her husband, Rocky, run Cop Shop Etc. She has substantial experience in local government, formerly serving on the Boise City Planning & Zoning Commission, as President of the West Valley Neighborhood Association, and as Facilitator of the Boise Neighborhood Alliance.

Maryanne has a Bachelor's Degree in Political Science from San Jose State University.

Maryanne has been active in various community projects, such as the Boise Foothills Open Space Campaign, Bench to Valley Study, and Celebrate Community. She has two step-children and two grandchildren.

**Council Policy Team Assignments:**

- GROWTH MANAGEMENT POLICY TEAM  
(Planning & Development Services, Public Works,  
Water Quality and Neighborhood Housing Services)

**Representative to:**

- *Senior Services*

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**Council Pro Tem  
Jon Mason**

Jon Mason was elected to the Boise City Council in November, 1999. Politics have not always been a way of life for Jon. With a background in engineering, the City's struggles with difficult growth issues attracted him to serve on the City Council. His current term expires in January, 2004.

As a member of the Council, Jon serves on the Growth Management Policy Team, which provides policy oversight to the Public Works and Planning and Development Services departments. He also serves on the Transportation Policy Team, which provides policy oversight to the Airport, Boise Urban Stages (now incorporated into VIATrans), and Parking services division in the City. Jon proves valuable in his guidance in the planning, design, and construction of major projects within the City of Boise.

In addition to his responsibilities on the Council, Jon also actively supports the arts in the community as a member of the Treasure Valley Concert Band (plays trombone). He is a registered Professional Engineer (PE) in the State of Idaho, and is certified as a Professional Constructor (CPC) by the American Institute of Constructors. In 2001, Jon retired from Boise State University, where he taught Construction Management and Engineering for 18 years.

He holds a BS degree in Chemical Engineering from the University of California, Berkeley, MS degree in Civil Engineering from Cal State-San Jose, and MBA from the University of Santa Clara.

Jon and his wife, Peggy, have three grown children and four grandchildren.

**Council Policy Team Assignments:**

- GROWTH MANAGEMENT POLICY TEAM  
(Planning & Development Services, Public Works, Water Quality and Neighborhood Housing Services)
- TRANSPORTATION POLICY TEAM  
(Airport, Valleyride, Parking, ACHD, Air Quality)

**Representative to:**

- COMPASS

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## **Council Member Alan Shealy**

Alan was appointed to the Council on March 4, 2003, to fill the vacancy created by Carolyn Terteling-Payne's appointment as Mayor.

Alan has a strong history in financial management. He has over 23 years of investment experience with such companies as the Union Bank of Switzerland, Citicorp Investment Bank, and North Lake Capital Advisors, where he currently serves as President.

Alan has degrees in History and Politics & Economics from Harvard and Oxford University, earning Cum Laude and honors recognition.

Alan is actively involved in the Idaho Conservation League, volunteers at Boise Elementary Schools, and is an actor with groups such as the Boise Little Theater. He is a two-time Olympian and World Champion in rowing. He and his wife, Laura, have three children.

### **Council Policy Team Assignments:**

- COMMUNITY SERVICES POLICY  
(Parks and Recreation & Library)

### **Representative to:**

- *Boise City Arts Commission*
- *Humane Society*
- *Drug Free Idaho*

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## Boise City Mission Statement

*The City of Boise's mission is to provide leadership, share the responsibility for advancing common community values, and, to the extent possible, provide services which foster a high quality of life through wise use of community resources.*

### Community values:

- **Quality of life** – promoting environmental integrity, economic stability and managed growth and fostering community and neighborhoods.
- **Customer service** – serving those who choose to live, work or play in Boise with quality services.
- **Equity and justice** – promoting civility, tolerance and celebration of diversity, and democratic practices.
- **Fiscal responsibility** – fostering wise use of public resources, value for fees and taxes paid, and City employee accountability.
- **Community identity** – Nurturing and enhancing Boise's unique advantages and marshalling and facilitating the resources of the community to achieve shared goals.

### Strategic Initiatives:

1. Maintain Community Health and Safety
2. Increase the Quality/Equity of the Built Environment
3. Focus Land Use Policies to Curb Urban Sprawl and Promote Planning for the Region
4. Protect the Quality of the Natural Environment
5. Continue Conservation of Natural Resources
6. Maintain Economic Vitality
7. Develop Neighborhoods and Protect Existing Neighborhoods
8. Increase the availability and accessibility of Public Amenities
9. Promote and Support Visual and Performing Arts
10. Focus On Youth
11. Explore Parking Programs to Encourage Alternative Transportation and Reduce the Number of Vehicle Parking Spaces needed in public/private Developments, while Maintaining Ample and Convenient Vehicle Access for Business Customers
12. Support the Operation, Expansion and Development of a Regional Airport System
13. Reduce the Cost of Government by Increasing Efficiency and Effectiveness of Services
14. Prioritize Services and Use of Resources
15. Empower Employees
16. Promote Opportunities for Intergovernmental Activities
17. Improve Internal and External Communication
18. Enhance Diversity within the Community
19. Improve Downtown Circulation and Parking

June 13, 2003



## Mayor's Recommended Budget Transmittal Letter

Putting together the City budget is an energizing process. I am grateful to many people who cooperated to create a workable plan for the next two years. I especially appreciate Jim Thompson, all the Department Heads and their staffs, and the Division of Financial Management who have participated extensively in building the budget. Members of the Division of Financial Management have all worked countless hours to bring this entire effort together.

We have utilized a new style of openness and frank discussion in this process. We have held meetings with all employees to inform them about finances and to listen to their comments. Department Heads met often with me to review and discuss budget choices. They put together recommendations for us about citywide priorities. They developed cooperatively a list of recommendations for the use of available money for capital projects, for changes in the operating budget, for compensation, and for other key issues

This budget focuses upon the future. The recent past has been difficult for the City as an organization and as a community. But we have worked through it. We have focused on building upon our strengths. We have filled some gaps. We have corrected problems. Now it is time to move forward.

**Minimal Budget Increases.** The City's FY 2004 total operating budget for all funds and departments will total \$194.9 million. That is down \$1.7 million from FY 2003. The FY 2004 General Fund operating budget, which supports police, fire, parks, libraries, planning and development services and tax supported public works such as street lighting and water quality programs, totals \$114.4 million, an increase of less than one percent (0.7%), made possible because of major cost cutting by departments during this fiscal year. This minimal increase is in contrast to the 3.4 percent increase in FY 2003 and the average of almost 7.5 percent increases in the five preceding years.

**Conservative Budget.** The FY 2004 and FY 2005 Two Year Budget (2YB) provides a plan to get the City through the next two years that will be difficult financially. This budget plan will maintain all City services that the public has learned to depend upon. In this budget, we will not have to make any cuts or lay off any employees. We will also not be able to give any employee salary increases, but we will try to keep all employee benefits whole.

Departments have demonstrated in FY 2003 their willingness and ability to continue to provide excellent customer services while tightening their belts and budgets. They have pledged to continue to do so in the coming 2YB period.

In line with budget tightening, I have concluded that we cannot continue to operate the downtown shuttle. There are many reasons for this and they are identified in the budget detail. Additionally, I am further recommending that we pursue sale of the shuttle parking property.

There are a number of themes in my Two Year Budget recommendations. I have provided recommendations for key changes for many of them and I have identified further work that will be needed on others.

### **Public safety – one of our core responsibilities:**

#### **Police**

When citizens call, they expect an officer to respond quickly and expertly. Our first responders, patrol officers, have been increasingly called upon to service a greater number of calls. The number of calls for service has increased faster (over 9 percent) than the growth in our community. It is important to address this phenomenon.

In the last several years, we have added specialty positions to strengthen the department. Now it is time to add patrol officers. I recommend that we add officers during both years to get abreast of demand.

The cost for the proposed 15 new police positions – 14 sworn and one civilian – will use much of the available new General Fund money during the 2YB. However, these changes are key to protecting the public.

#### **Fire**

Fire services protect properties and individuals and are the backbone of neighborhoods. It is time to agree upon a plan that will allow us to implement the third ladder truck. The need for that unit has been recognized for many years as a way to strengthen our ability to fight fire and complete rescues.

We must immediately press forward with the station remodel at Sycamore in order to house the third ladder truck company. To do so, we must build the new station on Hill Road. When both projects are completed, the Sycamore station engine company will be better situated to serve the neighborhood and the ladder company can then move into the renovated station.

To accomplish this, we will need to take the financing for the new station and the remodel to the courts for judicial validation. This will be an opportunity to gain resolution of the debt issue problem that began with the Judge Copsy decision.

It is also time to press forward with the Harris Ranch fire station to provide protection to that important growing part of our community. This station can be funded with development fees and new property tax revenues.

We also must find one-time money to allow Boise to join with the Whitney Fire District to construct the new Hollandale fire station. That facility will create improved fire service for the Southwest and will continue a remarkable cooperative and innovative program with the Whitney Fire District.

### **Water quality - one of our core responsibilities**

To better protect water quality, we need to encourage water users to utilize dual irrigation systems. We also need to continue important water protection programs. To accomplish this, I am recommending a one percent (1%) increase in the water franchise fee.

### **Neighborhood Enhancements - one of our core responsibilities**

For many years, the Lowell, South, and Fairmont Pools have been magnets for kids during the summer. Attendance at these pools is down, perhaps because of competing interests. The Parks Department projects that we will experience a \$78,000 decrease in revenues and that new chlorine systems must be installed at these pools. However, I believe that neighborhood swimming pools continue to be very important. We must keep them in operation during the 2YB while Parks can continue to study ways to improve their efficiency.

Libraries are also key to viable neighborhoods. We have adopted a long-range plan to place branches throughout the City. In the meantime, our open access agreements with Ada Community, Eagle, and Garden City provide de facto branch libraries. We must work with those libraries to find a way to continue the agreement that allows Boiseans to use libraries throughout the Treasure Valley.

We should press forward to find a solution to the question of funding these libraries. I suggest that we take a test case, the Hill Road Fire Station and Sycamore Station remodel, for judicial validation to clarify our ability to use debt financing.

### **Neighborhood Reinvestment**

I am recommending that we continue our commitments to neighborhood reinvestment programs by allocating \$200,000 to the program for both FY 2004 and FY 2005. I believe this is unique way to support neighborhood directed initiatives.

## **Organizational Improvements**

I have pondered ways to improve the City organization. With that in mind, I have trimmed and streamlined the Mayor's Office and have moved several functions to other Departments. I have suggested that, over the next year, we discuss whether it is reasonable that Human Resources, Information Technology, and the Division of Financial Management each be made departments, which would be more focused and accountable.

I have recommended moving Government Buildings into Public Works. The move will make them even stronger. It will provide them with better resources and access to engineering support. We need a comprehensive maintenance plan for City Hall and Public Works can assist in that important task.

I have recommended augmentation of the Internal Auditor Function by utilizing a senior staff person to provide direction and mentoring to the new Internal Auditor position.

## **Information Technology – one of our core responsibilities**

Like most organizations, we are reliant upon our data systems and communication networks. The Information Technology Advisory Team (ITAT) has prepared recommendations to protect our strengths and to fill gaps in our ability to use technology effectively.

I have recommended several staffing additions to protect the security of our data networks and to improve our IT programs. Those key resources will allow the City to push forward in providing a robust web site to make City Hall even more accessible to our customers, while deterring those who might abuse our systems.

## **The Institutional Network – INet**

We have received the final report on the feasibility of options for the City to obtain a high speed, high bandwidth network. The study recommends a redundant ring that is much more economical than had been earlier estimated. This will allow us to better serve the public more effectively through web transactions. I am hopeful we can devise a funding mechanism, involving the General Fund, the Enterprise funds, and other partners in the community that will allow the INet to become a reality during the 2YB period.

## **Security**

We must be cognizant of our security needs. We have had time to evaluate the CSHQA study, which suggested options for a citywide security system. We have also applied for Federal Homeland Security grant funding to allow installation of improvements at City Hall, in police and fire operations, and in the wastewater treatment facilities. I have recommended creation of a

permanent position to coordinate physical security. I believe we must take prudent and reasonable first steps to enhance security in all our facilities.

### **Annexation – Special Considerations**

As growth occurs in the area of impact, City planning standards are replicated only to the degree that Ada County agrees to do so. It makes sense over the long term for the entire area of impact to fall within the City’s planning and zoning standards. However, that would require annexation, which is a controversial effort at best.

I have recommended that enclaves be brought into the City. Many can be annexed without added costs because they are completely surrounded by the City and by City services. The Warm Springs Mesa enclave is more of a challenge because we would need to provide fire service through a new Harris Ranch area fire station. I have recommended that we add this fire station to the budget and that we prepare an implementation timeline to allow annexation of the Mesa. With this planning we can add that important station to the City’s operations.

### **Need for one time money**

The 2YB has very little unallocated money. It has required us to delay the library branches, the police facility, and the operations of the ladder company to balance the 2YB. In FY 2003, departments have created \$1.5 million in one-time savings that could be strategically used to free up base money. ValleyRide alone achieved over \$800,000 in savings, and Parks delayed construction of one park for another \$445,000 in savings.

Among the priorities for use of one-time money are the following:

- Construction of the Hollandale fire station to service the Southwest (\$683,750)
- “Bridge financing” for the City’s bus services (\$570,000 in FY 2004 and \$770,000 in FY 2005). This financing would allow us to continue operating the current routes.
- Construction of the Institution Network (\$1.6 million)
- Buying down the Aquatic Center and other taxable debt (\$1.5 million)
- Early hiring of the ladder truck crew (\$977,000)

These unfunded requested uses alone total over \$4 million.

### **Judgment levy – special consideration**

The decision related to the judgment levy is key to creating one-time money to provide for priorities. The Micron tax valuation lawsuit reduced the City’s property tax proceeds in FY 2003 by \$2,288,356. \$164,433 of this loss will affect the Foothills Levy. State law allows the City to capture the lost property tax revenue through a one-time judgment tax levy in the following year.

I recommend that the city certify a judgment levy either all in one year, or by spreading it out over two years, to capture this one-time money. This would allow us to go forward with all or some of the unfunded high priority initiatives mentioned above.

**Strong financial foundation for the future**

This budget maintains a strong financial foundation. All long-term liabilities are funded. The proposed 2YB preserves “rainy day fund” and assures that all other reserves are strengthened to prudently prepare for emergencies. This budget also demonstrates that we have the will and the skill to meet the challenges of a struggling economy. We will manage throughout the next two years carefully and conservatively.

This is a time to build a foundation for a prosperous City and to continue to make Boise the place of choice for business, families and visitors. I believe that my budget recommendations will accomplish this goal.

Respectfully submitted,

Carolyn Terteling-Payne  
Mayor, Boise City



**Boise City**  
**Mayor's Budget Recommendations: Attachment**  
June 13, 2003

## **Specific Budget Recommendations**

For ease of review by the City Council, I have made my operating budget recommendations by department and division. The recommendations are generally arrayed in the order that they appear in the printed 2YB book. My recommendations for capital projects are based upon the categories and priorities recommended by the Executive Management Team (EMT).

I suggest that the City Council use the recommendations as a checklist for motions on the budget.

### **Airport – Enterprise Fund.**

No tax funding is provided for the Airport or for any of these budget enhancements. Revenues are generated by airport fees and charges.

I recommend that operating costs for the new terminal be added to the budget (Airport # 1: \$343,000 in FY 2004). Normally operating costs are approved at the time a capital project is approved. However, the terminal project scope has changed and the operating costs were not included in the original capital request.

I recommend the airport maintenance mechanic positions (Airport # 2: 3.0 FTE and \$135,275) and the airport security positions (Airport # 3: 6.0 FTE and \$417,342) be funded in FY 2004 on a contingent basis. The Airport Commission, MBT and City Council can remove the contingencies through review.

I recommend approval of the additional airfield costs (Airport # 4: \$143,123) and for airport rescue and fire fighting with the Boise City Fire Department (Airport # 5: \$155,000) to reflect commitments made.

I recommend that the cost to transition to a new parking management contract be approved (Airport # 6: \$100,000) to assure competitively procured contract management for the airport's parking system.

### **City Shop – Internal Service Fund.**

I recommend that a team, comprised of representatives from the Airport, the Mayor's Office, DFM and shop users prepare a plan to achieve a balanced budget and to fully fund balance sheet requirements. The plan should be reported to City Council no later than October 2003.

## **Contract Services.**

I recommend the following allocations:

Animal Control services (provided by the Idaho Humane Society):

\$620,000 in FY 2004 and \$631,500 in FY 2005, increased only for the cost of medical insurance. The IHS has done a good job of providing services and reducing animal control problems in the community.

I also recommend equipment funding to allow IHS to replace a truck each year of the 2YB - \$8,500 in FY 2004 (combined with carried forward FY 2003 funds) and \$30,840 in FY 2005.

The budget does not yet include the projected revenues from the June 10 change in animal licensing fees that were brought to us by the Idaho Humane Society. Those revenues will reduce the net cost to the tax funds of the animal control programs, beginning in August 2003.

Boise Art Museum:

I recommend that we provide \$120,400 each year in the 2YB to cover utility and maintenance costs and \$32,500 in FY 2004 to replace some humidifiers, roof safety ladders and roof repair, and \$40,000 in FY 2005 to replace other humidifiers.

Senior Services (provided by Senior Solutions):

I recommend \$204,500 in FY 2004 for operations and \$8,800 to replace the copier and three computers at the senior center, and \$210,660 for operations in FY 2005. The senior center is an intensively used, much beloved facility.

I recommend that Senior Solutions and the senior center staff, and the Parks and Recreation Department staff discuss opportunities for cooperation and for the potential integration of the senior center with Fort Boise Community Center programs and the Parks and Recreation Department.

TVTV, (public access television).

TVTV has been successful in seeking and obtaining funding for their operations. Therefore,

I recommend that the City provide one-time operating funding of \$30,000 in FY 2004 and \$20,000 in FY 2005. TVTV has made great strides in becoming independently successful and the City can nurture this progress. I also recommend that \$35,000 be provided from the cable Public Education and Government (PEG) capital funds in both FY 2004 and FY 2005, if the PEG revenue stream warrants those amounts, to allow TVTV to maintain a modern and efficient system.

## **Transit and Alternative Transportation**

### ValleyRide.

I recommend approval of the dues assessments of \$117,559 for FY 2004 and \$117,559 for FY 2005 to support the regional public transportation program and to encourage ValleyRide's progress toward a transit program funded through dedicated revenue sources.

### Boise Urbanized System – bus services.

Funding for bus services in FY 2004 and FY 2005 poses a challenge. The BUS will lose operating grant eligibility without intervention by the US congressional delegation. The City's base contribution to BUS of \$2.5 million in operating subsidy and \$200,000 in capital match would be far short of the amount needed for current operations if other funding could not be found or if service cuts were not made.

ValleyRide and BUS have been clever in reducing the shortfall from the \$877,000 projected last February to about \$547,000 in FY 2004 and \$757,000 in FY 2005. Those shortfalls must be covered unless bus services are to be reduced.

I believe that it is important to maintain the system during this 2-year period. There are clearly some routes that are not highly productive and these routes and services provided should be studied and improved to enhance efficiency. However, I do not think this is the time for service cuts. Therefore,

I recommend, **IF** one-time money is available, that the City provide "one time bridge funding" of \$547,000 in FY 2004 and \$757,000 in FY 2005.

- **IF** one time money is **NOT** available to provide the bridge funding, I recommend the City Council consider a \$.25 fare increase for adults and youth, \$.15 fare increase for seniors, \$.75 fare increase for ACCESS (service for persons with disabilities), and \$.10 increase in tokens in FY 2004 and additional fare increases in passes in FY 2005. That will provide about \$148,000 when all fare and passes increases are in place in FY 2005 (reflecting the impact of fare increases on ridership in the calculations).
- Also, **IF** one time money is **NOT** available, cuts in services to reduce costs would be required to achieve the balanced budget.

Downtown Shuttle service. This has been a remarkable program designed to keep cars out of the downtown through a convenient, flexible and efficient park and ride service. However, the service has proven to be excessively costly. \$174,000 is provided by the City to support about 100 customers, which is \$145 per customer per month. This cost seems even more untenable since CCDC has available parking spaces that cost between \$40 and \$70 per month in downtown parking structures.

Moreover, CCDC has opted to discontinue management and operation of the shuttle at the end of September 2003. ValleyRide has studied the service and proposes to operate the service at a cost of \$376,600. With projected continuation of City support of \$174,000, with advertising revenue of \$10,000, and with an additional 150 customers, ValleyRide projects that the net additional subsidy to the City would be \$138,600. With that level of ridership, the cost per customer would be \$104 per month.

If ValleyRide were to be able to attract a total of about 500 riders, the cost per month would be \$37 per month.

In this very difficult budget time, I find it hard to recommend subsidy to shuttle users in excess of the cost of the most expensive downtown parking spaces.

I therefore recommend that the shuttle be discontinued. I hope that ValleyRide can identify a way to achieve a cost-effective downtown shuttle in the future. For the time being, the 25<sup>th</sup> and Fairview site can be used as a park and ride lot with customers using the regular bus service to ride to the downtown.

I recommend, in the meantime, that the City actively pursue sale of the 25<sup>th</sup> and Fairview property to return the sale proceeds to the General Fund.

I recommend that \$20,000 be provided to employees to help offset the cost of parking in garages in the downtown area for the next two years or until ValleyRide can find an economical way to provide the downtown shuttle, whichever comes first. This represents a benefit of \$20 per month for employees.

### **Customer and Support Services.**

I recommend that the update of the City Hall voice mail system (software and equipment) (CSS # 1: \$28,000) be funded. Communication is a key to our effectiveness as an organization and the voice mail system enhances our productivity.

I recommend that parking meters be added in the downtown area to replace 36 meters taken out of service in the vicinity of the Statehouse. (CSS # 2: revenue enhancement of \$4,280 in FY 2004 and \$14,000 in FY 2005.) I also recommend that we increase the penalty from \$5.00 to \$10.00 for those who choose to not pay their tickets within the first 17 days from the date of issuance of the ticket. (CSS # 3: \$37,000.)

I also recommend a reorganization of CSS to improve the support provided to the Government Buildings, as follows:

The Executive Management Team strongly recommended to me that I consider the transfer of Government Buildings from Customer and Support Services to Public Works. The EMT suggested that a master plan should be developed for scheduled maintenance at City Hall. The master plan should be a well-engineered and comprehensive program of repair and replacement for systems and facilities. I have also asked that a study of the most cost effective approach to

custodial services at City Hall be completed to test the difference between staff provided and contract services. Therefore,

I recommend that Government Buildings be transferred to the Public Works Department. Public Works is expert in planning, scheduling and administering future maintenance for facilities, a strength of engineers. For example, Public Works staff funded and obtained an engineering analysis of HVAC needs in City Hall building #1. They have shown their expertise in leading planning and implementation of City Hall facilities improvements. I believe Government Buildings will prosper with this recommended change.

I recommend development of a master plan for repair, maintenance and planned systems and facilities replacement in City Hall. The EMT strongly recommended that the FY 2004 and FY 2005 capital budget for repair and maintenance be conditioned upon the preparation of a master plan for City Hall's scheduled repair and maintenance. A team including Government Buildings, Public Works, and other interested staff can develop this plan.

I recommend completion of a report and recommendations on the methods for custodial services at City Hall. This study is important in order to understand whether current funding for custodial services at City Hall is adequate. The budgetary needs for custodial services can appropriately be addressed when the study is complete.

### **Division of Financial Management.**

The DFM staff has studied the JeffersonWells forensic audit and they have recommended a number of important financial policy changes. They will recommend others over the coming months. One glaring problem in the DFM that became apparent during the audit is the lack of analysis staffing in Accounting to review transactions on a regular and recurring basis. Therefore:

I recommend funding for an Accounting Analyst (DFM # 1: 1.0 FTE and \$60,443) to provide analysis capacity within the Accounting Office and within DFM. The position will review compliance, research more complicated control issues and transactions, and do sampling and other daily auditing.

I recommend funding for replacement of the collections software in the Treasury office (DFM #2: \$70,000) to maintain the excellent productivity of the collections bureau.

I recommend funding of \$6,800 in equipment for the Risk Management Fund safety programs (DFM Risk Management # 1 and # 2.) The defibrillator training and units will enhance the life safety of employees.

I recommend that organizational changes for DFM be studied. The audit caused us all to reexamine the assumptions upon which the DFM organization was based - a matrix team without a leader and coordination. I believe it is important to consider creating an organization with a clear mission, with a department head, and with the independent accountability for fiduciary responsibilities that we now understand to be so important. The new organization could include

other units that have similar mission in a new department of finance or administration. I will leave this to the new Mayor and City Council because it is a key way to impact the organization.

### **Fire Department.**

In FY 2001, the City Council recognized the need for a third ladder truck company to provide rescue and fire fighting for the northern portion of the City. That unit, and the 13 firefighters that will staff it, have been delayed because of the difficulty in obtaining debt financing. I believe that it is important that we proceed immediately to seek approval of financing to facilitate the new ladder truck company station at Sycamore Street.

I recommend that the City prepare and submit a debt financing plan for construction of the new Hill Road station which will relocate the Sycamore Street Fire Station engine company to a more efficient site.

In that debt package, I recommend that we include the remodel of the Sycamore Street station as a site for the ladder company and the purchase of a ladder truck.

I recommend that when the Sycamore Street remodel is complete that we make operational the ladder company. That will entail hiring the 13 firefighters sufficiently early to complete their training. To facilitate that objective, I recommend that the Budget Office work with the departments to seek to secure funds in FY 2005 to allow the hiring.

I recommend that Fire receive a supplemental equipment allocation of \$357,000 for FY 2004 to purchase equipment that was not replaced in FY 2002. Providing safe and efficient equipment to our emergency services is a high priority.

I recommend the Fire Department's requests for a medical control officer for emergency calls (Fire # 1: \$10,000) and for firefighter wellness program enhancements (Fire # 2: \$35,000) be approved.

### **Human Resources Division.**

The Human Resources division is studying the viability of self funding for employee medical insurance. I suggest that we encourage the Fire Union and the Police Union to participate in that effort to find a way to reduce the significant variation and cost of current medical plans. I would hope that the unions would recognize the financial constraints the City faces and would participate in a proactive and cooperative manner.

I recommend that the City Council consider in the future making Human Resources a department with a level of independence conducive to its role in providing advice and assistance to all of the departments and to the City Council.

## **Information Technology – Background Analysis.**

Information Technology Advisory Team (ITAT) is recommending a coordinated approach to information technology by including appropriate individuals from all departments in tactical and strategic decision-making. This collaborative process ensures compatibility of departmental initiatives with citywide efforts and provides efficiencies from a high degree of standardization throughout the City. This process foundation provides operational and strategic planning.

The IT Division budget reflects the effort to capitalize on the strengths of the division and remedy some of the issues resulting from the recent reorganization of the division.

Departmental computer equipment replacement. The ITAT Standards Team is developing recommendations for standards related to computer equipment and software. These recommendations will be available soon after the June budget workshops and will result in more precise citywide IT equipment costs in the 2YB. Meanwhile City Council has deferred computer equipment purchases until ITAT completes its work, unless an emergency need arises.

To adopt budget allocations that will facilitate the efforts of the ITAT, the budget has been prepared to replace computer equipment on schedules that departments have used in the past. When the ITAT standards are produced the money in the department budgets can be reexamined. If changes are required at that time – because department budgets are too high or too low – the budgeted money for computer items can be moved between department equipment accounts.

All General Fund departments have budgeted a combined budget of \$715,000 for “major” computer equipment in FY 2004 and \$630,000 in FY 2005, primarily for replacement. Some computer equipment has been budgeted in “minor equipment” accounts.

### Information Technology Division.

The IT team, led by Greg Whyte, with the assistance of the ITAT under Jim Hall’s leadership have identified a long list of recommendations for bolstering and enhancing the City’s information technology programs. IT will continue to work with the ITAT to establish a City-wide IT master plan.

I recommend that the City Council consider making the IT a department with a level of independence conducive to its role in providing advice and assistance to all of the departments and to the City Council.

With the tight budget for the next 2YB, we will need to be creative in order to achieve these enhancement objectives. However, there are a number of crucial improvements that I believe are important to allow the master plan to be successful.

I recommend that we renegotiate dial tone (the phone services contract for the City), with a minimum estimate ongoing base savings of \$170,000.

I recommend funding of the PeopleSoft Financials Upgrade - \$160,092 in one time FY 2004 funding. The City's investment in PeopleSoft requires that regular upgrades be completed to retain warranty and to take advantage of the enhancements to the personnel (HR) and financial software. Upgrades will be required every 18 months to 4 years for both the HR and the financial software. However, this is a unique upgrade because it will require hardware changes and is a major change in format in that it moves processing to a web based approach. Future upgrades are not anticipated to require additional budget.

This allocation will upgrade the financials (accounting, budget, purchasing). The HR system upgrade is currently underway during FY 2003.

This is a crucial upgrade because it offers greater efficiency by moving to a web-based platform that will allow users to achieve transaction speeds better than at present. The web-based upgrades may also reduce the cost of equipment needed to operate PeopleSoft in the departments.

*Caution:* PeopleSoft may be subject to a threat resulting from acquisition by a competitor, Oracle. However, this upgrade is still deemed to be a very high priority.

I recommend that we reestablish the IT Security Administrator position (1.0 permanent FTE and \$82,969 base cost) and provide an incremental salary increase for the Chief Information Officer position (\$32,031 for a total \$115,000 base cost). The security position has been the cornerstone for the protection of the City's networks and is imperative, given our extensive reliance upon these systems. The FTE and funding for the Security Administrator position was used to fund the CIO position this spring. It is important that full time security oversight be returned to the City's information technology assets.

I recommend funding of the IT Project Manager (1.0 permanent FTE - \$74,023 including \$3,000 in equipment). This position will provide all City departments with expert support in identifying and procuring least cost, effective software solutions for their IT needs. Currently, departments must reinvent software procurement as they seek to make their operations more efficient.

I recommend base funding for network storage for the network - \$20,000 in FY 2004 and FY 2005. This provides needed storage capacity (hard drives) to PeopleSoft, ProClarity and GroupWise databases as well as capacity for user files on City Hall's servers.

I recommend purchase of web content management software - \$91,500 in FY 2005. This software manages the tens of thousands of files on City web servers. It provides for automated features like scheduling documents to appear on or expire from the web, enforces security so only authorized individuals are capable of publishing to certain areas of the web, and creates an environment that is more effective for web authors throughout the City. Overall, a significant productivity enhancement for this increasingly important set of resources.

I recommend funding Citywide eCommerce software - \$13,300 in FY 2005. This is required to continue facilitating transactions between customers and City departments in a secure

financial setting. Proposed is a single server to handle all web-based transactions as well as those originating at the counters. This greatly enhances security of these transactions and reduces costs over having multiple individual servers each dedicated to one set of transactions.

I recommend funding IT equipment needed to establish employee “self service” through PeopleSoft personnel (HRMS) software (\$30,450 in FY 2005.) Server and software to allow automated, web-based self service by employees for benefits and other transactions. Replaces the six year old PeopleSoft HRMS server, and obtains a license to enable all City employees to use web-based tools to submit timesheets and sign up for and check on benefits (when these modules are implemented).

The total proposed for the IT division is a net cost of \$199,115 in FY 2004 and \$135,259 in FY 2005.

Institutional Network (the “INet”) (\$1.6 million over the next few years). A key to effective City electronic communication is high bandwidth and high-speed networks. The INet will enable centralized security monitoring and surveillance. It greatly improves IT application response time. It can result in a reduction in the number of servers throughout the City. It can provide high quality video for training, briefings and meetings. It could generate revenue for the City by selling capacity to other users. It is a valuable infrastructure asset upon which other services can be developed (e.g., “voice over IP”).

I recommend that funding for the INet be provided using one time money and in a phased project that will result in completion of the system during the 2YB period.

Because the City has requested grant funding for INet construction, I recommend that we include the \$1.6 million budget allocation in FY 2004, fully offset by the grant. If the grant is not awarded, we should seek to allocate one time money in the General Fund and the enterprise funds during the 2YB period for this important project. There is an opportunity that other entities can partner with the City to share the cost of construction and operation.

### **Legal Department.**

The City’s attorneys are “at will” and have the opportunity for promotion when they achieve specified skills and competencies. Salary increases are also provided with those promotions. The 2YB budget includes a promotional account of \$40,000 to allow the City Attorney to advance attorneys through the three-tier grade structure as they achieve specified expertise and experience.

### **Library Department.**

To provide clarity in budgeting and to stabilize costs, the Library has agreed to negotiate modified open access agreements with other Treasure Valley libraries. They will negotiate a flat fee with the Ada Community Library and with the Garden City and Eagle Libraries. Therefore, the amounts for the payments to those libraries are not yet finalized.

Flat fee agreements will stabilize the cost of the agreements while allowing us to continue to provide this service. It is a remarkable cooperative Treasure Valley wide service approach that offers our citizens de facto branch library services at many locations throughout the valley.

### **Mayor's Office.**

Transition of leadership: Coincidental with the new 2YB period, Boise will have a new Mayor. I have prepared this budget to provide a strong foundation to maintain the excellence of services and facilities.

We have significantly narrowed the focus of the Mayor's Office and the related budget. We have decreased staffing. We have moved special projects, HC\*HY, the Boise Depot and other activities to appropriate departments at the same time. We have put together a budget that will provide the new Mayor with lean but adequate office resources.

\$200,000 Neighborhood Investment allocations are included in base budget for both FY 2004 and FY 2005.

### **City Council.**

#### Internal Auditor.

The Mayor and City Council approved an internal audit function in May 2003. The function was created using an existing FTE out of the Mayor's Office that had been assigned for labor negotiations and was not needed because the City will contract for a lead negotiator, as we successfully did with the Fire Union contract. Therefore, there will be no added cost for the position.

I recommend that we augment the internal auditing function by converting an existing staff expert to be the Director of Internal Audit and Special Projects. His assignments will include planning and directing the internal audit program, supervising audit projects and mentoring the staff position during the development and startup of the internal audit function (3 to 5 years.) He will continue to administer special projects and will mentor and provide general oversight to City legislative efforts as well as participating in the financial monitoring of benefit plans, such as PERSI, medical insurance, PEHP and wellness. He will bring to the internal audit function a broad background in auditing and accounting practices and knowledge of the City organization. He demonstrated his objectivity in coordinating the JeffersonWells audit. There will be no added cost to the City for this addition to the internal audit program.

I recommend that the auditor position created in May 2003 be recruited consistent with the position description for Internal Auditor that has been approved by the City Council. The Director of Internal Audit and Special Projects will be able to direct and mentor the internal auditor to provide a sophisticated on-going audit throughout the year. I also recommend that \$20,000 be provided for external contracts for specialized auditing engagements. That amount is a contingent allocation and, if more were to be needed, the Director can request it through the City Council audit committee.

These changes will create a strong and competent internal audit function. The costs will be borne by budgetary transfers from within the Mayor's Office and DFM. We are also looking into a physical location that will be more visible within the City Structure.

### Dues

I recommend that we continue to pay the assessed dues for the Association of Idaho Cities (\$74,315), Treasure Valley Partnership (\$20,810), and the US Conference of Mayors (\$10,877.) Those organizations provide benefits by representing the City's interests in important policy development and in planning. The US Conference of Mayor's provides a voice in federal issues that impact Boise's grant revenue

I also recommend that the City fund dues to the National League of Cities for \$9,481. The NLC is the lead agency in representing cities' interests in cable franchise fee legislation, an important revenue source for Boise. The NLC also works with the Congress and with federal officials representing cities' interests broadly. If there were to be a choice between continuing the US Conference of Mayors dues and initiating the NLC's dues, I would recommend participation in the National League of Cities.

I recommend that the City continue to participate in the Emergency Management program. However, I am concerned that the City's dues assessment is being increased to offset the reduction from the loss of ACHD's share. It seems to me that the County could use the E911 revenues that will accrue from the new cell phone charge to fund Emergency Management and other emergency service needs, such as the unfunded portion of Opticom installations at new intersection traffic signal locations. If 40,000 cell phone users were to pay the E911 charge, nearly \$500,000 could be generated annually.

The City's base budget includes funding for Emergency Management at the FY 2003 \$.29 per capita level (\$56,820). I believe that is reasonable, pending information about the County's plans for the new E911 funds.

### **Parks and Recreation Department.**

The Parks staff have worked creatively and persistently to leverage City tax support with donations and partnerships. They have managed impact fees to maximize the opportunity for development of park facilities in all neighborhoods throughout the City. The impact on the operating budget of these new projects is a key consideration in my recommendations as is the concern about maintaining neighborhood services through this difficult 2YB period.

I recommend funding the shortfall in swimming pool revenues (Parks # 1: \$89,074) to assure that neighborhood pools remain intact and in service. Lowell, South and Fairmont pools serve neighborhoods that are greatly enhanced by a nearby swimming pool. Because private pools have absorbed some of the demand and are projected to do so in the 2YB period, these pools will continue to experience reduced fee revenue. However, I believe that we should keep operating these pools while Parks seeks a longer-term solution to providing swimming opportunities to

these neighborhoods. This request also funds conversion of the pools to liquid chlorine water treatment.

I recommend that the operating cost for park capital facilities that came on line during the current 2YB period be funded (Parks # 2: \$78,849). These facilities were approved outside the normal capital budgeting process, often through partnerships, and were not therefore covered with operating funding.

### **Planning and Development Services.**

I recommend that the funding be provided to maintain the City-owned portion of the railroad line (PDS # 1: \$25,000.) The money will provide for maintenance and will fund a contract with Idaho Northern Railroad Company for monitoring of the tracks. This is an asset that must be maintained until its use can be resolved.

Multiple options for use or disposition of the railroad line have been identified. However:

I recommend that we keep the track and the railroad rights-of-way intact until there is a clear consensus about their use by the community.

### **Police Department.**

Police data systems. Police are dependent upon good support systems.

I recommend funding of a third computer technical support position for the Police Department (Police # 1: \$60,393) to assure police systems remain responsive and accurate.

Patrol services. Demand and need for police services is reflected in the number and kinds of calls for service. As the community has grown during the last few years, Police staffing has been added but primarily in specialty positions - neighborhood traffic, school resource officers and victim witness.

During calendar year 2002, the number of calls for service to patrol rose by 9.8 percent. Maintaining prompt and effective service is a function of the availability of trained and competent officers.

I recommend that the City fund 10 patrol officer positions in FY 2004 (Police #2: revised to include 10 FTE and \$760,600) to meet calls for service increases and to continue to maintain good customer service. I recommend that the officers be partially funded by grant support estimated to be \$109,800, which will result in a net cost of \$650,800. If the grant is not funded, the number of officers would have to be correspondingly reduced to eight.

I also recommend approval of 4 additional patrol officer positions in FY 2005 (Police 2005 # 1: \$325,594) to continue to keep abreast of growth and calls for service and to assure that we maintain prompt and responsive service. I recommend that two of the officers be partially funded, if possible, by grant support estimated to be \$74,900. I believe that the addition of the

officers will reduce overtime costs by \$125,000. Therefore, the net cost of the 4 officers in FY 2005 would be \$125,964.

Changes were made to the Police patrol requests to address grant funding requirements.

Other service enhancements in FY 2004. Police have also studied the demand for service provided by their child abuse and violent crimes units and by the crime lab and have concluded that they must make changes to effectively address those priority needs by adding positions.

While I cannot recommend funding for those positions at this time, because of the lack of base money, I concur with their analysis of need. They have indicated their desire to engage in a discussion with City Council about offsetting modifications in current services to allow them to establish the capabilities in these units in any case. I suggest that is an appropriate general discussion during the budget workshops. However, we will know about the grants in September. At that time, it will be appropriate to consider changes that the action on the grant will entail.

It seems appropriate to adopt the budget with these recommended positions and tax support funding amounts and then to address the issue again after the decisions on our grant application are announced.

#### **Public Works – General Fund.**

Street lighting is an important neighborhood amenity. As the number of lights has increased with growth, maintenance and repair costs have increased.

I recommend that \$20,000 be allocated to the street light maintenance and repair account (Public Works #1: \$20,000) to address that gap.

#### Water franchise fee increase in FY 2004.

I recommend that the water franchise fee with United Water Company be increased, effective October 1, 2003, from 3 % to 4 %. (Public Works # 12: \$280,000 in additional revenue) A customer with a \$50 water bill would pay an additional \$.50 because of the rate increase.

The change can be accomplished by resolution and will allow the City to pursue important water quality and protection issues. The revenue will fund water protection efforts in the Public Works General Fund budget and will free up \$130,680 in General Fund base money.

I recommend use of a portion of the additional revenue from the 1 % water franchise fee increase be allocated to provide additional support for the Irrigation Fund (Public Works # 2: \$24,320 and Public Works # 7: \$125,000) and to provide incubation funding for this relatively new dual irrigation program. The funding will allow the Public Works staff to market the irrigation service to new and existing subdivisions with the objective of increasing participation and reducing unit cost of service.

### **Public Works - Sewer Enterprise Fund.**

The Public Works Commission has reviewed and approved the proposed service enhancements to address workload changes.

I recommend, based on support from the Public Works Commission, that sewer rates be increased by five percent (5%) in both FY 2004 and FY 2005. I ask staff to review and update, if necessary, the methods by which depreciation expense is calculated prior to the implementation of any rate increase for FY 2005.

I recommend that Sewer Fund budget balancing alternatives # 1 through 13 and 15 through 25 be approved for a total cost of \$992,943 in FY 2004 and \$694,916 in FY 2005. Sewer # 14 can be studied by the ITAT and a recommendation can be returned through the interim budget process.

### **Public Works - Solid Waste Enterprise Fund.**

I recommend, based on support from the Public Works Commission, that solid waste rates be increased by five percent (5%) in both FY 2004 and FY 2005. It is anticipated that a third increase may be required in FY 2006.

I recommend approval and funding of the youth environmental programs (Solid Waste # 1: \$17,140) one time as a pilot effort.

I also recommend funding for temporary staffing of the glass collection and City Hall recycling efforts (Solid Waste # 2: \$9,360) and of the pilot studies related to reducing the waste stream (Solid Waste # 3: \$10,000).

## **Capital Improvement Projects.**

On May 11, I delivered to the City Council the proposed priorities for capital improvement projects for FY 2004 and FY 2005. All of the department heads participated in developing the Citywide priorities list. The priorities generally addressed needs to maintain and repair existing facilities in the tax supported funds and the use of available revenues to complete priority projects in the enterprise funds and with earmarked revenue.

Note: The Six Year CIP book was provided to Council on May 4. You may refer to the detail project proposal sheets for each of the capital projects in each of the funds.
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### **Tax Supported Capital Fund.**

I recommend that we fund the projects indicated as priorities 1 through 33 in the tax supported Capital Fund in FY 2004 for a total tax support of \$1,273,666, funded through electric franchise fees and interest income and priorities and \$683,750 in one time funds (if available).

I recommend that we fund the projects indicated as priorities 1 through 23 in FY 2005 for a total tax support of \$1,301,418. I recommend approval of the associated operating costs for projects for both years (\$86,452 in FY 2004 and \$962,511 in FY 2005) in the recommended base operating budget for the year in which they are projected to come on line. The FY 2005 operating budget includes \$886,000 to staff the proposed Harris Ranch fire station, which will be funded through revenues from new construction and annexation in the area. The cost for construction and for operation of the station is contingent based upon annexation of the Warm Springs Mesa and upon construction in the area.

I recommend that we authorize, in the FY 2004 and FY 2005 capital budgets, the Harris Ranch fire station project. Including it in the budget will allow the City to obtain title to the construction site. The project will be conditioned upon receipt of revenue from the area. It would possibly be designed in FY 2004 and constructed in FY 2005 or FY 2006, depending upon the pace of construction in the area.

I recommend that the first “unfunded” priority be the new cooperative **Hollandale Fire Station** with the Whitney Fire District and that it be funded when one-time money becomes available. It is crucial to efficient fire service in the Southwest and to negotiations with the Whitney Fire District relating to their contract with the City for fire services. It will **NOT** entail any additional operating costs, since the fire engine company will transfer from the existing Whitney Fire Station # 1, which will be closed.

### **Art in Public Places in the 2YB**

The Public Art ordinance provides criteria for the portions of capital projects that are eligible for art funding. There has been some discussion about whether it is appropriate to fund art in a year in which money is scarce. There has also been discussion about whether small art allocations, particularly for utilitarian projects such as hydrant installation or sewer pipelines, should have art allocations.

Small art allocations for smaller capital projects can be pooled to provide meaningful projects. Further, the art ordinance provides that the City Council may change the amount allocated for art for any specific capital project. Modifications of the allocated art amount may be made by motion action by the City Council. An ordinance change is not needed.

I recommend that art allocations be left in place in the 2YB as noted in the capital priority list.

I recommend that City Council review the public art allocations item by item and that any changes be made by motion.

### **Airport Enterprise Fund Capital Projects.**

I recommend that Airport projects proposed for FY 2004 (\$7,425,410) and for FY 2005 (\$18,589,640) be approved, with the associated operating costs when the projects come on line.

The parking garage expansion is a significant \$16.5 million project, which will be developed during both years of the 2YB.

### **Public Works – Enterprise Fund Capital Projects.**

I recommend that Sewer Fund capital projects proposed for FY 2004 (\$8,442,069) and for FY 2005 (\$7,199,504) be approved, with the associated operating costs when the projects come on line.

I recommend that the Geothermal enterprise fund projects in FY 2004 (\$538,516) and in FY 2005 (\$280,401) be funded.

### **City Shop Capital Project.**

I recommend funding of the floor resurfacing project (\$34,223) for the City Shop in FY 2004, contingent upon City Shop's submission of balanced budget plan.

### **Planning and Development Services – Housing Rehabilitation Fund.**

I recommend funding for the contingencies to provide an allocation for possible foreclosures in the housing funds be approved to provide a tool for the administration of CDBG and Housing grant programs.

## **Other recommended changes to the base budget.**

These are recommendations related to citywide actions and address important strategic issues.

### **“Buy down” Taxable Debt.**

I recommend that we use one-time money to pay off the outstanding Aquatics Center, Willow Lane improvements, and Murgotio debt issue. The cost to do so in FY 2004 is \$1.463 million. Eliminating the debt will free \$420,000 in golf course revenue that is currently supporting base debt service. The proceeds can be used to provide much needed golf course improvements (\$125,000 annually) and to offset the costs of recreation programs for youth. This will ultimately make available \$295,000 in base resources.

### **Employee compensation.**

The City will negotiate in good faith with the Police Union seeking their cooperation in meeting the City's police service responsibilities under the financial constraints the 2004 and 2005 2YB impose. All contract cost obligations for the Fire Union are included in the balanced 2YB.

I recommend that the balanced 2YB plan include funding for a compensation increase for general employees and for police union employees of approximately 2.5 percent. The

recommended priority for use of that money is to meet the cost of medical insurance. The 2.5% increase amount is roughly equivalent to a 15 percent increase in premium cost. The premium cost will not be known until Fall 2003. **IF** medical insurance is less than the 2.5 percent increase, money **NOT** needed after covering the cost of medical insurance increases could be awarded to employees in 2004 and/or 2005.

- Self funding medical insurance costs: We are seeking to continue to provide medical insurance coverage for all permanent employees within the financial constraints of this 2YB. This will include investigation of self-funding, medical reimbursement arrangement and other cost reducing approaches.

We are seeking to obtain cooperation from the police and fire unions in order to reduce costs by using only one program for all employees. The projected cost for police and fire union medical insurance coverage in FY 2004 is more than the Preferred Provider Option plan by \$759,000. Any savings in that amount would be base savings available going forward.

- Post Employment Health Plan: Unions PEHP contributions are funded throughout the 2YB for both police and fire sworn employees. **IF** money becomes available, I would very much like to provide this benefit to the general employees, as we have done for the union workers.

I recommend that we seek to implement PEHP for general employees if the compensation allocation proves to be sufficient to cover medical insurance costs with a balance that can be used for this tax free benefit.

Note: Public Employment Retirement System: The cost increases imposed by the State PERSI Board have been included in the 2YB. The increases are necessary to make up for the significant reductions in the investment market in order to meet funding level requirements for the retirement system.

### **Annexations during the 2YB period.**

It is appropriate to consider annexations in the two-year budget period. However, City initiated annexations are potentially fraught with conflict. Bringing properties adjacent to the City within our community makes a great deal of sense in terms of land use and services planning. However, annexations can be controversial to individuals that may not understand the value of residency in Boise City or that are unaware that they are subject to annexation because they are living in the City's area of impact.

The Annexation Committee has identified three categories of annexations for consideration by the City Council.

I recommend that the City Council adopt an annexation strategy to address each of the three categories. (See the attached map.)

Property tax revenues for annexed areas will not accrue to the City until the October following the January 1 after the annexation is official. That is, annexations completed and recorded prior

to December 31, 2003, would result in increased revenue beginning October 2004 (the FY 2005 budget year).

The costs of new services for the annexed areas from the date of annexation until the following October (assuming that the annexations would be effective by December 31) would have to be covered by other sources. My recommendations recognize this circumstance.

Category I: Enclaves that can be served without any additional costs. Planning has identified 22 enclaves in which some or all of the enclave area appears to be annexable. The revenue projected from those areas is between \$125 thousand and \$170 thousand annually depending upon the number of parcels that might be deleted. If City Council approves these annexations, revenue could be recognized in the FY 2005 budget.

I recommend that the staff initiate annexation in 2003 for the 22 enclaves, which can be served with existing City services.

Category II: Enclaves that will require additional services and costs. These enclaves include the Warm Springs Mesa and Golden Dawn Estates and annexation would require construction and operation of the Harris Ranch area fire station.

I recommend that we create a time line for the annexation of the Warm Springs Mesa contingent upon the development of the Harris Ranch area fire station.

I recommend that the Harris Ranch area fire station be approved and budgeted within the capital improvement plan in the 2YB, contingent upon receipt of revenue from new construction and annexation property tax revenues. The new revenue must come from the fire station's service area and be sufficient to support debt service and operation of the fire station, including eight new fire fighters in a new engine company.

Category III: Southwest area annexation(s). The staff annexation committee recommends annexation of the area bounded by Overland, Cole, and Victory roads and the City's western area of impact boundary. The area would require significant police staffing, additional library costs, park development and operations costs, and other services.

The analysis of the costs and revenues indicate that revenues derived from the area could ultimately cover the cost of services and facilities. However, the costs to provide services from January following the annexation until the next October are beyond our means at this time in the 2YB.

I do not recommend the Southwest area annexation at this time.

The disadvantages of choosing not to annex the southwestern areas means that City planning standards cannot be enforced and that it will likely be much more difficult to annex in the future even though finances may make it more feasible.

I recommend, because of the importance of planning issues in the Southwest, that we use FY 2004 to study the feasibility of annexation of the proposed Southwest area and to educate the public through community meetings to explain the advantages of annexation into the City, including park development, growth management services and other City activities.

### **Security program for City Hall and other facilities**

While the heightened concerns after September 11, 2001, have waned to some degree, security necessary to provide safe City facilities for our customers and taxpayers and a safe working environment for employees continues to be an important priority.

I have asked Chuck Mickelson and a staff team to review the CSHQA Security Study to determine the best approach to improve security at City Hall and throughout City facilities. They have identified a variety of activities that I believe are prudent and reasonable first steps to maximize the available money. Because \$102,000 is available in FY 2003 money, we can start immediately, upon City Council approval, with implementation of the highest priority City Hall site “hardening” activities. We have applied for grants for most of the following recommended activities.

I recommend funding for a staff position (1.0 permanent fte and \$81,708, which includes \$55,000 in salary and benefits and \$16,708 in equipment and supplies) to coordinate Citywide security activities, including implementation of the security enhancements at City Hall. The position will administer the security tag system (which requires most of the supplies budget) and will work with the departments and Government Buildings staff to install feasible, low cost and no cost changes in physical security at City Hall and other City facilities. The position will also work with departments to implement the capital projects that Council will approve. The position is not grant eligible and would be an on-going base cost.

I recommend funding for physical security and “hardening” projects at City Hall - \$43,700. This project will provide specific “hardening” actions at City Hall, which could include bollards at entrances, changes at vehicle access entrances to City Hall, installation of additional gates and fencing. \$56,000 would be grant funded. If the City Council wishes more detail about the components of this project, I suggest that we go into executive session to protect the integrity of the security enhancements.

I recommend funding for an access control and alarm monitoring software/hardware system including hardware, panels, and proximity readers at City Hall – not to exceed \$200,000. This project provides the “backbone” for the City’s electronic based security system. The staff committee on security will prepare specific proposed system and implementation proposals based on bidding and analysis of the least costly way to effectively implement improved access control and alarm monitoring.

The intent of this recommendation is that the most cost effective approach be identified that can use as much of the current hardware as possible. The intent is also to create a system that can achieve efficiencies throughout the City’s facilities. \$190,000 would be grant funded.

I recommend funding for additional Closed Circuit Television and Digital Video Recording System enhancements - \$89,600. If funding can be found within the available budget in FY 2004 and FY 2005, additional CCT and recording equipment and supporting systems could be added to enhance the access control and alarm facilities. \$80,000 would be grant funded.

I recommend funding of contingent grant funded budget appropriations for other facilities security needs be approved. I recommend that those budget appropriations be approved, fully offset by Homeland Security grants administered by the State, to fund the eligible City Hall, Main Library, Police, Fire, and Public Works facilities. Those grant applications were submitted in May 2003. Decisions related to the grant applications are anticipated in August 2003.

The funding for the position will require tax fund support. Funding for the capital projects can come from the FY 2003 existing \$102,000 appropriation (for non-grant eligible activities) or from the federal grants administered by the State of Idaho.

If the City does not obtain the grants, or if grants are not allocated to the priority projects, I recommend that we reconvene the staff committee and ask them to provide recommendations about reasonable priority next steps and associated funding.

### **Judgment Levy.**

The Micron tax valuation lawsuit reduced the City's property tax proceeds in FY 2003 by \$2,288,356. \$164,443 of the loss will affect the Foothills levy. State law allows the City to capture the lost property tax revenue through a one-time judgment levy in a following year. A key budget decision is whether Boise City will choose to certify the judgment levy.

### Background Analysis.

- The Boise School District and Ada County Highway District all may certify a judgment levy. None have taken formal action at this time.
- Boise's share of the total property tax bill is about 30 percent.
- The foothills levy will not be on FY 2004 tax bills. This will result in an estimated reduction of 7.1 percent.
- Unfortunately, the tax estimates provided by the County Assessor on the tax value notices that were mailed out in May did not reflect the elimination of the foothills levy portion of the tax rate. Therefore, all of the notices included an estimate that did not reflect the 7.1 % rate reduction.
- If the City were to certify the full judgment levy, the property tax rate would still be reduced by 4.1 % in FY 2004.

- If the City chooses to certify the full amount of the Micron property tax loss in a single judgment levy, the average homeowner in tax code area 1, with a \$145,000 home, will pay \$16.40 (less than one percent of the total tax bill).
- The City can levy for an amount less than the total and may spread the amount over at least two years. State Tax Commission staff indicate that the City might lose the opportunity to certify a judgment levy if it is not done in the year following the loss. However, they also indicate that the amount the first year could be a smaller amount to show the City's intent. They indicate that, should it not be necessary, the City would not be committed to levy the second year.
- The judgment levy would create one-time money and would replace the property tax loss from the Micron appeal in FY 2003.
- One-time money plays a prominent role in my FY 2004 and FY 2005 budget recommendations. Uses for one time money, in excess of \$4 million, include:
  - Construction of the Hollandale Fire Station to serve the Southwest (\$683,750)
  - "Bridge financing" for the City's bus services (\$547,000 in FY 2004 and \$757,000 in FY 2005)
  - Construction of the Institutional Network (\$1.6 million less enterprise fund participation and funding by other government partners)
  - Buying down the Aquatics center and other taxable debt (\$1.5 million)
- The departments have worked very hard, because of our cost consciousness, to create savings in 2003. We have about \$1.5 million in unallocated savings set aside. It is possible that more could be achieved by the end of the fiscal year, but without a judgment levy, that money must be used to balance the FY 2003 budget.

Regarding the judgment levy, we have several choices:

1. We can certify the judgment levy for the full amount of \$2.2 million and free up the savings in FY 2003 for priorities such as those mentioned above.
2. We can certify a portion of the judgment levy in FY 2004 and another in FY 2005.
3. We can decide not to do the levy at all and cover the loss in property tax in FY 2003 with savings during this year. This could force us to make additional cuts in the FY 2004 budget to cover the \$2.124 million loss.

I recommend that the City certify either a one-year judgment levy in FY 2004 for the full amount or to spread the levy over two years to recover the Micron property tax loss. Because of the critical importance of one-time money to the 2YB, I believe it is appropriate to do so. I believe that the uses of that one time money are of such a benefit to the community that this one time increase in the levy is reasonable and necessary.

## Conclusion

I suggest that the City Council use the recommendations as a checklist for motions after all departments have made their presentations.

The recommendations are generally presented in the order that they appear in the printed 2YB book. I would be happy to respond to any questions about the recommendations and my reasoning in support of them and the departments and Budget Office would be pleased to provide any needed information. I would hope that the presentations on June 16, 17 and 23 will provide sufficient information and discussion to allow action on the recommendations. I look forward to lively and productive workshops on the 2YB -- June 16, 17, 23, and 24, 2003.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carolyn Terteling-Payne".

Carolyn Terteling-Payne  
Mayor, Boise City

# Boise City 2YB: FY 2004 and FY 2005

## **CITY COUNCIL MOTIONS: June 24, 2003 BUDGET WORKSHOPS** and subsequent City Council meetings

The Boise City Council met in budget workshops for the FY 2004 and FY 2005 Two Year Budget on June 16, 17, 23 and 24, 2003. On June 24, the City Council enacted the “Preliminary Budget” through a series of motion actions. The maker of the motion and the second are indicated with the vote.

The budget changes from the base budget, which were proposed by the City departments, are indicated in parentheses. The detailed proposal will be published in the City’s web site at [cityofboise.org](http://cityofboise.org) (It is now published on the Intranet – Boise “Inside.”)

At the City Council meetings of July 1, and July 15, 2003, City Council modified some of the motions. Those changes are indicated. On July 22, the City Council will make a final review preparatory to the publishing of the Public Hearing Notice for the August 12 public hearing on the FY 2004 budget.

### **Motion actions**

**Council Salaries:** City Council and Mayoral salaries will stay at current FY 2003 level for FY 2004 and FY 2005. Shealy, Jordan. 6-0.

- *Boise City Ordinance number 6082, adopted August 21, 2001, established the City Council salary of \$18,810, effective January 1, 2003. The Mayor’s salary was also increased effective January 1, 2003. No future changes are approved.*

**Judgment Levy:** The City will not certify a JUDGEMENT LEVY to recover the Micron loss. Shealy, Forney. 5-1 (Mapp).

**Airport Enterprise Fund:** Approval of operating cost additions for the new terminal (Airport #1: \$343,000 in FY2004; of airport maintenance mechanic positions (Airport #2: 3.0 FTE and \$135,275) and airport security positions (Airport #3: 6.0 FTE and \$417,342) **to be** funded in FY 2004 on a contingent basis; of additional airfield costs (Airport #4: \$143,123) and for additional funding for airport rescue and firefighting (ARFF) with the Boise City Fire Department (Airport #5: \$155,000); and of funding for costs related to procuring a new contract for management of airport parking. (Airport #6: \$100,000). Mapp, Forney. 6-0.

**City Shop Internal Service Fund:** Direction that a team, with representatives from Airport, the Mayor’s Office, DFM and shop users, prepare a plan to achieve a balanced budget and to meet balance sheet requirements. The study is to also include a feasibility of contracting and other approaches to improve efficiency. Forney, Mason. 6-0.

**Animal Control:** Approval of the Animal Control operating budget of \$620,000 in FY 2004 and \$631,500 in FY 2005 (increased only for the cost of medical insurance); and of equipment funding to allow Idaho Humane Society to replace a truck each year of the 2YB, \$8,500 in FY 2004 (combined with carry forward FY 2003 funds) and \$30,840 in FY 2005. Staff is directed to report back in Quarterly Report on the effect on animal control revenues of the recently revised Animal Control Ordinance. Forney, Mason. 6-0.

# Boise City 2YB: FY 2004 and FY 2005

**Boise Art Museum:** Approval of \$120,400 in FY 2004 and \$120,400 in FY 2005 to cover BAM utility and maintenance costs and of \$32,500 for capital maintenance in FY 2004 to replace humidifiers, roof safety ladders and roof repair, and of \$40,000 in FY 2005 to replace additional humidifiers. Mapp, Bisterfeldt. 6-0.

**Senior Center:** Approval of \$204,500 in FY 2004 for operations and \$8,800 to replace the copier and three computers at the senior center and of \$210,660 for operations in FY 2005. Direction that Senior Solutions, senior center staff, and Parks and Recreation Department staff discuss opportunities for cooperation and for the potential integration of the senior center with Fort Boise Community programs and the Parks and Recreation Department. Bisterfeldt, Forney. 6-0.

**TVTV:** Approval of the one-time operating funding for TVTV of \$30,000 in FY 2004 and of \$20,000 in FY 2005. Mapp, Mason. 6-0.

**TVTV:** Approval of \$35,000 to be provided to TVTV in FY 2004 and of \$35,000 in FY 2005 from the Public Education and Government (PEG) capital portion of the City's cable franchise fees, if available, to allow TVTV to maintain a modern and efficient system. Mason, Forney. 6-0.

**ValleyRide Dues:** Approval of payment of City dues assessment of \$117,559 for FY 2004 and \$117,559 for FY 2005 as the City's share in supporting the regional transportation agency. Mapp, Mason. 6-0.

**Downtown Shuttle:** Approval of discontinuance of the City's downtown shuttle service. Forney, Mason. 6-0.

**Sale of 25<sup>th</sup> & Fairview:** Approval of pursuing sale of property at 25<sup>th</sup> and Fairview, including working with ACHD to vacate the streets within the property. Staff is directed to bring the issue of the use of the sale proceeds back to Council. Forney, Mason. 5-1 (Mapp).

**Downtown Shuttle:** That staff explore discontinuance of the City's downtown shuttle service by August 1 and work with CCDC and ValleyRide to explore alternatives to the shuttle service. Forney, Mason. 6-0.

- Mayor Terteling-Payne has called together a committee of employees to explore alternatives to the shuttle, including working with ValleyRide to use the future police HQ building site and other options.

*(The City Council's action on the issue of a parking subsidy to City employees to provide a transition from the use of the shuttle is at the end of the motions.)*

**City Hall Voice Mail System:** Approval of funding for software and equipment to update City Hall voice mail system (CSS #1: \$28,000). Bisterfeldt, Mapp. 6-0.

**Parking Meters and Fines:** Approval of the addition of 36 parking meters in the downtown area to replace meters taken out of service in the vicinity of the Statehouse (CSS #2: revenue enhancement of \$4,280 in FY 2004 and \$14,000 in FY 2005) and approval of an increase of the late-payment penalty from \$5.00 to \$10.00 (CSS #3: \$37,000). Mapp, Bisterfeldt. 5-1 absent.

# Boise City 2YB: FY 2004 and FY 2005

**Government Buildings:** Approval of the transfer of Government Buildings Division from Customer and Support Services into Public Works Department; of development of a master plan for repair, maintenance and replacement of systems and facilities in City Hall; and of completion of a report and recommendation on the methods for providing custodial services at City Hall. Shealy, Mapp. 6-0.

- City Council action on July 15, 2003: The effective date for budget changes is July 16, 2003.

**Accounting Analyst:** Approval of funding for addition of an Accounting Analyst position (DFM #1: 1.0 FTE and \$60,443) to provide analysis capacity within the Accounting Office and within DFM. Mapp, Bisterfeldt. 6-0.

**Collections Software:** Approval of funding for replacement of the collections software in Treasury Office (DFM #2: \$70,000) with half of funding to be provided from General Fund and half (\$35,000) to be provided from Sewer and Solid Waste Funds. Bisterfeldt, Mapp. 6-0.

**Risk Management Defibrillator:** Direction that Risk Management work with the Fire Department to prepare a strategy for defibrillator purchase and training by Risk Management. Forney, Mason. 3-3 (Jordan, Shealy, Mapp). Mayor votes no.

**Risk Management Defibrillator:** Approval of funding of \$6,500 for defibrillator equipment and training programs (DFM Risk Management #1 and #2) Fire and Risk are to provide a report on implementation of defibrillator at City Hall. Mapp, Jordan. 5-1 (Forney)

**Organizational Study of the Division of Financial Management, Human Resources, and Information Technology:** Approval of an organizational study of DFM, HR, and I.T to determine whether each should be an individual department or part of a Department of Administration. Study to be completed by September 15. A subcommittee to prepare the study should be appointed by Mayor. Bisterfeldt, Forney. 6-0.

**Hill Road and Sycamore Fire Stations Financing Plan:** Direction that staff prepare and submit a financing plan for construction of the new Hill Road Station (for the relocation of the Sycamore Street engine company) and for remodel of the Sycamore Street Fire Station to allow its use as the site for the third ladder company. Forney, Jordan. 6-0.

**Judicial Validation for the Sycamore Street Station Remodel and Ladder Truck Purchase:** Approval of seeking, as a test case, judicial validation for debt funding of the Sycamore Street Fire Station remodel and ladder truck purchase. Jordan, Bisterfeldt. 5-1 (Mason).

- *The Barber Road fire station (formerly identified as the Harris Ranch fire station) is approved in connection with the annexation discussion below.*

**Dial-Tone:** Approval of renegotiation of dial tone phone services to achieve on-going base cost savings estimated to be \$90,000. Mapp, Jordan. 6-0.

**PeopleSoft Financials:** Approval of funding of the PeopleSoft Financials upgrade (\$160,092 in one time FY 2004 funding), with a caveat that the staff should obtain a written agreement for ongoing support if PeopleSoft were to be sold to a different corporation. Shealy, Jordan. 6-0.

# Boise City 2YB: FY 2004 and FY 2005

**IT Requests:** Approval of reestablishment of the IT Security Administrator position (1.0 permanent FTE and \$82,969 base cost), of providing an incremental salary increase for the Chief Information Officer position (\$32,031 for a total \$115,000 base cost); approval of a new IT Project Manager position (1.0 permanent FTE - \$74,023 including \$3,000 in equipment); of the network storage equipment (\$20,000 in FY 2004 and \$20,000 in FY 2005); of purchase of web content management software (\$91,500 in FY 2005); of Citywide eCommerce software (\$13,300 in FY 2005); and of IT equipment needed to establish employee “self service” through PeopleSoft Personnel (HRMS) software (\$30,450 in FY 2005). Mapp, Shealy. 6-0.

**I-Net:** Approval of \$1,600,000 for implementation of a City Institutional Network fully supported by grants or other funding or through partnerships with participating organizations. Mapp, Forney. 6-0.

**Information Center Service:** Approval of moving the Funding Information Center Service (1.0 FTE position) from the Library Department to the Community Development Department. Forney, Bisterfeldt. 6-0.

- At the July 1, 2003 meeting, the City Council rescinded this motion, leaving the Funding Information Center in the Library pending further review.

**Internal Audit professional services:** Approval of \$20,000 in professional services to provide for external contracts for specialized auditing. Shealy, Mason. 6-0.

**Association of Idaho Cities dues:** Approval of membership and payment of assessed dues for the Association of Idaho Cities (AIC) of \$74,315 in FY 2004 and \$74,325 in FY 2005. Mapp, Mason. 6-0.

**Associated Taxpayers of Idaho dues:** Approval of membership in and payment of assessed dues for the Associated Taxpayers of Idaho of \$60 for FY 2004 and of \$60 for FY 2005. Mapp, Forney. 6-0.

**Treasure Valley Partnership dues:** Approval of membership in and payment of assessed dues for Treasure Valley Partnership of \$20,810 for FY 2004 and of \$20,810 for FY 2005. Mapp, Forney. 6-0.

**Boise Metro Chamber of Commerce dues:** Approval of membership in and payment of assessed dues for the Boise Metro Chamber of Commerce of \$310 for FY 2004 and of \$310 for FY 2005. Mapp, Mason. 6-0.

**US Conference of Mayors:** Discontinuance of membership in the U.S. Conference of Mayors during the 2YB. Mapp, Shealy. 6-0.

**National League of Cities dues:** Approval of membership in and payment of assessed dues for the National League of Cities of \$9,481 in FY 2004 and of \$9,481 in FY 2005. Mapp, Mason. 6-0.

**Sage:** Approval of membership in and payment of assessed dues for IDA-ORE (SAGE) in FY 2004 and in FY 2005. Mapp, Mason. 2-4 (Motion failed)

# Boise City 2YB: FY 2004 and FY 2005

**Chamber of Commerce Economic Development Committee dues:** Approval of membership in and payment of assessed dues for the Chamber of Commerce Economic Development Committee of \$30,000 in FY 2004 and \$30,000 in FY 2005. Mapp, Bisterfeldt. 5-0 (Forney absent).

**COMPASS dues:** Approval of an allocation of \$85,000 for dues for COMPASS for FY 2004. Jordan, Mason. 6-0.

**Emergency Management:** Approval of participation in and payment of assessed dues for the Emergency Management program at the rate of \$.33/Capita for an FY 2004 allocation of \$64,657. Bisterfeldt, Mapp. 6-0.

- *Council member Forney requested that Council member Bisterfeldt pursue the availability of e911 funds to support the emergency management program.*

**Swimming Pools:** Approval of funding of the shortfall in swimming pool revenues in both years of the 2YB (Parks #1: \$89,074). Forney, Mapp. 6-0.

**Parks MIS's:** Approval of funding of the operating costs for park capital facilities that have come "on line" and into service during the current 2YB period (Parks #2: \$78,849). Forney, Mapp. 6-0.

**Railroad Maintenance:** Approval of funding for maintenance of the City-owned railroad lines (PDS #1: \$25,000). Approval of keeping the City's options related to the user or disposition of the track and railroad rights-of-way intact until a clear consensus can be development about their use by the community. Mapp, Mason. 6-0.

- *The City Council directed that Planning and Development Services seek reimbursement from the Union Pacific Railroad for storage of UP rail cars on the City owned railroad track.*

**Police Computer Technical Support FTE:** Approval of funding of a third computer technical support position for the Police Department (Police #1: 1.0 FTE and \$60,393) to assure police systems remain responsive and accurate. Bisterfeldt, Forney. 6-0.

**Patrol Officers:** Approval of funding of ten (10) patrol officer positions in FY 2004 (Police #2: 10.0 FTE and \$760,600, with \$109,000 in offsetting COPS grant funding for a net cost of \$658,600). If the grant funding is not approved, eight patrol officer positions will be approved for FY 2004. Approval of an additional 4 patrol officer positions in FY 2005 (Police 2005 #1: \$325,594). If grant funding is received in FY 2004, the FY 2004 positions may be reduced to 2.0 FTE. The Police Department and Budget Office are directed to report back to the City Council on the outcome of the grant to provide a basis for making the final determination related to the FY 2005 positions. Forney, Bisterfeldt. 6-0.

**Street Light Maintenance:** Approval of a base increase of \$20,000 to be allocated to the street light maintenance and repair account (Public Works #1: \$20,000). Mapp, Bisterfeldt. 6-0.

**Water Franchise Fee:** Approval of an increase of one percent (1%) in the water franchise fee with United Water, effective October 1, 2003, increasing the rate from three percent (3 %) to four percent (4 %) (Public Works #12: \$280,000 in additional revenue). Approval of the use of a portion of the additional revenue from the one percent United Water franchise fee increase to provide additional

# Boise City 2YB: FY 2004 and FY 2005

support for the Irrigation Fund (Public Works #2: \$24,320 and Public Works #7: \$125,000). Mason, Bisterfeldt. 4-1 (Shealy) (Forney absent).

**Sewer Rate Increase:** Approval of an increase in sewer rates of five percent (5 %) in FY 2004 and of an additional five percent (5 %) in FY 2005. Mapp, Mason. 6-0.

**Sewer Fund Requests:** Approval of Sewer Fund budget balancing alternatives 1 through 13, and 15 through 25 be approved for a total of \$992,943 in FY 2004 and \$694,916 in FY 2005, and that Sewer Fund BBA #14 be studied by the Information Technology Advisory Team, with direction that a recommendation be processed through the Interim Budget Process. Forney, Mason. 6-0.

**Solid Waste Rate Increase:** Approval of increases of solid waste rates of five percent (5 %) in FY 2004 and of an additional five percent (5 %) in FY 2005, with a review of the need for an additional rate increase in FY 2006. Mapp, Forney. 6-0.

**Youth Environmental Programs:** Approval of the Youth Environmental Programs one-time, pilot project in FY 2004 (Solid Waste #1: \$17,140). Forney, Mapp. 6-0.

**Temporary Staffing for Pilot Studies:** Approval of funding for temporary staffing of the glass collection and City Hall recycling efforts (Solid Waste #2: \$9,360), and of pilot studies related to reducing the City's solid waste generation (Solid Waste #3: 10,000). Forney, Mapp. 6-0.

**Tax Funded Capital Projects and Percent for Art:** Approval of funding of capital projects with priority numbers 1 through 9 in FY 2004, with the identified associated operating costs and with elimination of the associated "Percent for Art" allocations. Forney, Jordan. 6-0.

**Other General Fund Capital Projects:** Approval of funding of capital projects with priority numbers 10 through 33 for FY 2004, with the identified associated operating costs, with authorization that the Optimist Youth Sports Complex project may commence in FY 2003, and with the caveat that the "Percent for Art" allocations for each of these projects will be reviewed when the projects are ready to be designed or implemented. Mapp, Shealy. 6-0.

**Barber Road (Harris Ranch) Fire Station:** Approval of the Barber Road fire station (formerly known as the Harris Ranch fire station) project in the FY 2004 and FY 2005 capital budget, with the identified capital and operating costs supported by revenues from annexations authorized for FY 2003. Mapp, Shealy. 6-0.

**FY 2005 General Fund Capital Projects:** Approval of funding of capital projects with priority numbers 1 – 23 in FY 2005, with the identified associated operating costs, and with elimination of the "Percent for Art" allocations for projects with priorities 5 and 6. Forney, Shealy. 5-1 (Bisterfeldt).

- Recommended changes in FY 2005 tax supported capital projects: The FY 2005 tax supported capital projects with priority numbers 12 through 14 were not recommended in the Mayor's Budget Recommendations because of funding insufficiency, particularly related to operating costs. The Mayor's recommended strategy is to place those projects on the unfunded list and consider them when grant funding is known and to consider them for additional funding as it becomes available during the 2YB period.

# Boise City 2YB: FY 2004 and FY 2005

**Unfunded Tax Supported Capital Priorities:** Approval of the Hollandale Fire Station as the designated first unfunded priority in the 2YB tax supported capital projects. Bisterfeldt, Forney. 6-0.

**Ladder Truck Company:** Approval of the ladder truck as the second unfunded priority in the 2YB. Bisterfeldt, Jordan. 5-1 (Mason)

**Airport Fund Capital Projects:** Approval of Airport Enterprise Fund capital projects proposed for FY 2004 (\$7,425,410) and for FY 2005 (\$18,589,640), with the identified associated operating costs when projects come on line. Mapp, Forney. 6-0.

**Sewer Fund Capital Projects:** Approval of Sewer Fund Capital Projects proposed for FY 2004 (\$8,442,069) and for FY 2005 (\$7,199,504), with the identified associated operating costs when the projects come on line. Jordan, Forney. 6-0.

**Geothermal Fund Capital Projects:** Approval of funding for Geothermal Enterprise Fund capital projects in FY 2004 (\$538,516) and FY 2005 (\$280,401). Forney, Mason. 6-0.

**City Shop Fund Capital Project:** Approval of funding of the City Shop floor resurfacing Capital Project in FY 2004 (\$34,223), contingent upon City Shop's submission of a balanced budget plan, including the cost of the proposed resurfacing project. Mapp, Forney. 6-0.

**Housing Rehabilitation Funds Capital Projects:** Approval of funding of the Housing Rehabilitation Fund capital project for \$500,000. Forney, Shealy. 6-0.

**Medical Insurance Cost increases in the 2YB:** Approval of funding for compensation increases for general employees and police union employees of approximately 2.5 percent in each year of the 2YB to cover the City's share of cost increases for medical insurance premiums. If the full 2.5 % is not needed for medical insurance cost increases, the balance remaining is to be returned to the savings account for allocation in the tax supported funds. Shealy, Forney. 5-1 (Bisterfeldt).

- Mayor Terteling-Payne has recommended that any balance available be used to provide Post Employment Health Plan funding for general employees during the 2YB.

**Annexation:** Approval of annexation of the identified enclaves (category #1-a in the staff report of June 20, 2003) and the Southeast Parcels (category #1-c in the staff report) that are identified as annexable. Forney, Mason. 6-0.

**Annexation of Warm Springs Mesa:** Approval of the annexation of the Warm Springs Mesa. Staff is directed to create a timeline for annexation of the Warm Springs Mesa, contingent upon a development of the Barber Road fire station. Shealy, Forney. 6-0.

**Annexation Study:** Direction that a feasibility study and timeline for annexation of the proposed Southwest area be prepared that includes activities to educate the public through community meetings regarding the advantages of annexation into the City, including the opportunity for park development, growth management services and other City activities. Mapp, Forney. 6-0.

# Boise City 2YB: FY 2004 and FY 2005

**Security:** Approval of funding for a staff position (1.0 permanent FTE and \$81,708, which includes \$55,000 in salary and benefits and \$16,708 in equipment and supplies) to coordinate Citywide security activities, including implementation of the security enhancements at City Hall. Approval of funding of \$43,700 for a physical security and “hardening” project at City Hall and of funding of \$200,000 for an access control and alarm monitoring software/hardware system including hardware, panels and proximity readers at City Hall. The project and system costs are to be funded by grants, if eligible. Shealy, Bisterfeldt. 6-0.

**Security:** Approve funding for additional Closed Circuit Television and Digital Video Recording System enhancements (\$89,600). The project and system costs are to be funded by grants, if eligible. Forney, Mapp. 6-0. Approval of appropriations for security projects for Police (\$615,581), Fire (\$788,813), Public Works (\$2,881,725) and City wide (\$1,673,539), offset by Homeland Security grant funding. Current FY 2003 security allocations (\$102,000) are to be used for any grant ineligible costs or for the hardening and access control system if the associated grant is not approved. Any remaining portion of the FY 2003 security allocation is to be reported to City Council for allocation to tax supported priorities. Forney, Mapp. 6-0.

**Medical Control Officer:** Approval of funding for a medical control officer to advise Fire Department response during emergency calls (Fire #1: \$10,000). Forney, Jordan. 6-0.

**Firefighter Wellness Program:** Disapproval of the proposed Firefighter Wellness Program enhancements. Forney, Jordan. 6-0.

**Unfunded Fire Equipment from FY 2002 (the fire equipment “bubble”):** Approval of a supplemental equipment allocation of \$300,000 to the Fire Department to purchase equipment that was not replaced in FY 2002. Forney, Shealy. 6-0.

**Employee Parking Subsidy:** Approval of an allocation of \$20,000 to reimburse part of the cost of parking in garages in the downtown area, during FY 2004 and FY 2005 or until ValleyRide can find an economical way to provide downtown shuttle services, whichever comes first. The allocation will be available to eligible employees, up to \$20/month per employee. Bisterfeldt, Mapp. 6-0.

**Art Commission Travel:** Reduction of \$2,300 in the base Art’s Commission travel budget in FY 2004 and FY 2005 to \$5,250 in FY 2004 and to \$5,250 in FY 2005. Jordan, Forney. 6-0.

**Preliminary Approved FY 2004 FY 2005 Budget:** Approval of the City’s FY 2004 and FY 2005 Two Year Budget and of the Preliminary Budget for FY 2004 as amended by Council Action and to be published as a basis for the scheduled August 12 public hearing on the budget. Mapp, Mason. 6-0.

# Boise City 2YB: FY 2004 and FY 2005

## **CORRECTIONS TO:**

**CITY COUNCIL MOTIONS:** June 24, 2003 BUDGET WORKSHOPS **and subsequent City Council meetings**

Page 4:

**Information Center Service:** Approval of moving the Funding Information Center Service (1.0 FTE position) from the Library Department to the Community Development Department. Forney, Bisterfeldt. 6-0.

- At the July 1, 2003 meeting:

Moved by FORNEY and seconded by MASON to reconsider the motion from the budget workshop on June 26, 2003 regarding approval of moving the Funding Information Center Service (1.0 FTE position) from the Library Department to the Community Development Department.

Roll call on the motion resulted as follows: YEAS: FORNEY, JORDAN, MAPP, MASON AND SHEALY.

Moved by FORNEY and seconded by JORDAN that the Mayor, Council Liaisons and Library explore options regarding the funding of the entire Information Center, not just 1.0 FTE position from the Library, and that a plan be presented to the Council by October 1, 2003.

Roll call on the motion resulted as follows: YEAS: FORNEY, JORDAN, MAPP, MASON AND SHEALY.

Page 5:

**Chamber of Commerce Economic Development Committee dues:** Approval of membership in and payment of assessed dues for the Chamber of Commerce Economic Development Committee of \$30,000 in FY 2004 and \$30,000 in FY 2005. Mapp, Bisterfeldt. 5-0 (Forney absent).

# Boise City 2YB: FY 2004 and FY 2005

Boise City

FY 2004 and FY 2005 Two Year Budget

July 22, 2003

## Suggested motions: 2YB amendments

1. Fire equipment “bubble” unfunded in 2002 and 2003: “I move that the Fire Department equipment budget for FY 2004 be increased by \$57,000 to replace vehicles and IT equipment scheduled for replacement.” Forney, Mason. 5-0 (Mapp absent).
2. Priorities for One Time Money during the 2YB: “I move that the priorities for use of available one time money during the Two Year Budget include: 1) the City’s share of the Hollandale Fire Station; 2) the fire ladder truck company operational costs; 3) current bus services that would otherwise be cut; 4) the construction of the Institutional Network; and 5) buying down of current City taxable debt. I further move that decisions on allocation of one time money in the General Fund be deferred until end of year results for FY 2003 are reported and until sufficient time has passed to test the assumptions for revenues and costs in FY 2004.” Mason, Bisterfeldt. 5-0 (Mapp absent).
3. FY 2005 tax supported capital projects: “I move that FY 2005 capital projects assigned priority numbers 12 through 14 (Brownfield grant construction, Optimist Youth Sports Complex 2005 construction phase, and grant funded Hyatt Wetlands project) be removed from “funded” status and that a decision on them be deferred to the FY 2005 budget update in order to determine whether sufficient match and operating funds are available in the FY 2005 budget.” Forney, Mason. 5-0 (Mapp absent).
4. Airport contingent positions: “I move that the funding and fte associated with positions designated as contingent positions in the 2YB be added into the funding reflected in the Public Hearing Notice for FY 2004 and in the FY 2005 budget.” Mason, Shealy. 5-0 (Mapp absent).
5. Preliminary Approved Budget: “I move that the preliminary approved budget, as amended, be published and set for public hearing on August 12, 2003.” Jordan, Bisterfeldt. 5-0 (Mapp absent).

## **Citizens Comment Forum**

### **Press Release: Boise City welcomes comment on the City budget.**

May, 2003

On May 20th and June 3rd, Mayor Terteling-Payne and the City Council will hear ideas and suggestions from taxpayers and other interested people about the City's budget. The format will be an open forum during the regular City Council meeting.

The City, like many other governmental units, is facing a challenge in developing a budget to continue to provide the police, fire, library, park and other municipal services that are important to the community – with limited resources. The City has been extremely conservative in the current budget and has not had to cut any services. The upcoming budget appears to be even tighter and the City is looking for ways to lower costs while continuing services.

The City is considering postponing new capital facilities, such as neighborhood parks and branch libraries, to balance the budget. The City is studying ways to reduce costs.

All who live, work, play and care about Boise are encouraged to come and share your thoughts about the City and about the priorities for the next two years – 2004 and 2005.

An informational brochure providing background information about the challenge of the next two years is on the City's website at [http://cityofboise.org/financial\\_management](http://cityofboise.org/financial_management) or may be obtained by calling 384-3726.

### **Press Release: Boise City welcomes comment on the City budget.**

May, 2003

Boise City provides many services that enhance quality of life in our community... parks, libraries, police and fire protection, bus, environmental enhancement, planning and managing growth, street lights, flood control, water quality treatment and protection, airport, geothermal... the list is long.

The next two years are projected to be very difficult financially for the City. Similar to the State of Idaho and other municipalities, Boise will need to reduce costs wherever possible while responding to the needs of a growing population. It appears that Boise will have to postpone new parks, libraries, fire stations and other facilities during the next two years. Recent events have further constrained the City's revenues.

Your suggestions about priorities the City will be welcomed by Mayor Terteling-Payne and the City Council at the regular City meetings on May 20th and June 3rd . Come and share your thoughts about City services and facilities and about budget priorities for the next two years.

An informational brochure providing background information about the challenge of the next two years is on the City's website at [http://cityofboise.org/financial\\_management](http://cityofboise.org/financial_management) or may be obtained by calling 384-3726.

**Notice of Public Hearing**  
**City of Boise, Idaho**  
**Proposed Budget for Fiscal Year 2004**  
**First Year of the Two Year City Budget**

A public hearing for consideration of the proposed Boise City budget for the fiscal year that begins October 1, 2003 and ends September 30, 2004 will be held in the City Council Chambers, City Hall, 100 North Capitol Boulevard, Boise, Idaho on September 12, 2003 at 11:00 am, pursuant to Idaho Code 50-1002. Written or oral comments about the proposed budget are welcome.

The City of Boise utilizes a two year budget cycle to encourage strategic planning. The budget provides information about revenue sources and allocated costs for City services and facilities proposed for FY 2004 and FY 2005. This public hearing is to hear comments about amending Boise City's FY 2004 and 2005 Two Year Budget to reflect August 2003 property tax data provided by Ada County. The City budget is posted on the City's web site (<http://cityofboise.org>).

This public hearing on the proposed budget is required for formal adoption of the first year (FY 2004) of the two year budget, although any aspect of the two year budget may be discussed. A public hearing will also be held in 2004 related to the FY 2005 portion of the two year budget. City Hall is accessible to persons with disabilities. Any persons with disabilities desiring accommodations for the public hearing, please contact the Budget Office, 384-3725 at least 48 hours prior to the public hearing.

	FY 2002 Actual Expenditures	FY 2002 Actual Revenues	FY 2003 Adopted Expenditures	FY 2003 Adopted Revenues	Use of Fund Balance	FY 2004 Proposed Expenditures	FY 2004 Proposed Revenues	Use of Fund Balance
<b>Tax Supported Funds</b>								
<b>General Fund</b>								
Customer and Support Services	3,722,151	2,490,441	3,691,208	2,591,640		3,755,477	2,559,752	
Fire Department	23,250,329	2,662,821	24,630,031	1,973,027		28,205,241	4,104,814	
Legal Department	3,408,383	492,954	3,049,166	421,225		3,243,019	575,457	
Library	4,589,900	370,545	4,902,359	340,509		4,801,376	430,215	
Mayor and Council	1,909,399	355,144	2,004,643	307,266		1,659,902	420,927	
Boise City Art Commission	404,555	167,603	366,259	210,315		288,444	107,304	
Division of Financial Management	3,903,678	1,285,029	4,028,675	1,561,996		3,885,898	1,361,400	
Human Resources	1,218,293	269,020	1,217,068	323,187		1,129,610	397,884	
Information Technology	2,651,027	1,472,434	2,200,704	1,507,308		3,894,279	3,537,684	
Intergovernmental	12,460,191	18,391,506	14,145,533	19,138,547		10,130,267	20,042,433	
Parks and Recreation	13,357,660	4,076,628	13,777,184	4,063,534		14,084,605	3,785,385	
Planning and Development Services	6,910,003	5,722,273	7,937,184	6,259,162		7,811,442	5,413,111	
Police Department	28,872,865	3,021,768	29,392,629	2,704,432		32,054,197	3,122,480	
Public Works	2,280,119	515,262	2,219,172	479,533		2,366,825	922,017	
Subtotal - Operating Costs	108,938,554	41,293,429	113,561,816	41,881,681		117,310,581	46,780,863	
Property Tax Revenue	0	64,047,782	0	67,824,000		0	71,690,533	
Property Tax Contingency	0	0	0	0		0	0	
Subtotal - Current Costs/Revenues	108,938,554	105,341,210	113,561,816	109,705,681	3,856,135	117,310,581	118,471,396	(1,160,815)
Contingent/Rebudget/Deferred Debt Appropriation	0	0	9,907,891	0	9,907,891	5,051,465	0	5,051,465
<b>General Fund Total</b>	<b>108,938,554</b>	<b>105,341,210</b>	<b>123,469,707</b>	<b>109,705,681</b>	<b>13,764,026</b>	<b>122,362,046</b>	<b>118,471,396</b>	<b>3,890,650</b>
<b>Capital Fund</b>								
Customer and Support Services	99,598	0	251,400	0		100,000	0	
Fire Department	671,998	871,134	4,194,000	0		929,250	783,750	
Legal Department	0	0	0	0		0	0	
Library	2,606,676	31,115	13,000,000	0		210,760	0	
Intergovernmental	9,925,951	15,977,881	0	18,587,295		0	1,275,149	
Parks and Recreation	2,453,550	6,832,707	8,716,515	7,687,541		4,926,447	2,658,117	
Planning and Development Services	0	0	0	0		0	0	
Police Department	3,052,317	0	0	0		0	0	
Public Works	112,222	0	343,046	230,125		311,190	190,125	
Subtotal - Capital Projects	18,922,312	23,712,837	26,504,961	26,504,961	0	6,477,647	4,907,141	1,570,506
Subtotal - Current Costs/Revenues	18,922,312	23,712,837	26,504,961	26,504,961	0	6,477,647	4,907,141	1,570,506
Serial Levy for Foothills Preservation - Contingency			0	0	0	0	0	0
Contingent/Rebudget/Appropriation			27,000,000	0	27,000,000	0	0	0
<b>Capital Fund Total</b>	<b>18,922,312</b>	<b>23,712,837</b>	<b>53,504,961</b>	<b>26,504,961</b>	<b>27,000,000</b>	<b>6,477,647</b>	<b>4,907,141</b>	<b>1,570,506</b>
<b>Tax Support Funds Total</b>	<b>127,860,866</b>	<b>129,054,048</b>	<b>176,974,668</b>	<b>136,210,642</b>	<b>40,764,026</b>	<b>128,839,694</b>	<b>123,378,537</b>	<b>5,461,157</b>



BY THE COUNCIL:

BITERFELDT, FORNEY, JORDAN, MAPP, MASON AND SHEALY.

AN ORDINANCE, TO BE TERMED THE "ANNUAL APPROPRIATION ORDINANCE," APPROPRIATING SUMS OF MONEY AUTHORIZED BY LAW AND DEEMED NECESSARY TO DEFRAY ALL EXPENSES AND LIABILITIES OF THE CITY OF BOISE CITY, IDAHO, FOR THE FISCAL YEAR COMMENCING OCTOBER 1, 2003, AND ENDING SEPTEMBER 30, 2004, FOR ALL GENERAL AND SPECIAL MUNICIPAL PURPOSES; PROVIDING FOR A WAIVER OF THE READING RULES; AND PROVIDING AN EFFECTIVE DATE.

Whereas pursuant to Section 50-1002, Idaho Code, the City of Boise City has prepared a budget and has tentatively approved estimated revenues and expenditures for the fiscal year commencing October 1, 2003, and ending September 30, 2004; and

WHEREAS, on Tuesday, August 12, 2003 and on Friday, September 12, 2003, pursuant to Section 50-1002, Idaho Code, the City of Boise held public hearings at the Council Chambers, at the City Hall, Boise City, Idaho, on the proposed two year budget and considered public comment on services, expenditures and revenues planned for fiscal years 2004 and 2005; and

WHEREAS, pursuant to Section 50-1003, Idaho Code, Boise City is required to pass an annual appropriation ordinance prior to the commencement of each fiscal year.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF BOISE CITY, IDAHO:

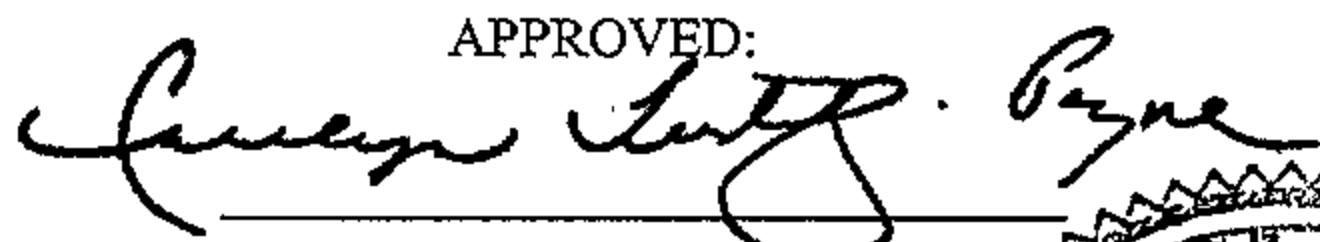
Section 1. That the sums of money, or as much thereof as may be authorized by law, needed, or deemed necessary to defray all expenses and liabilities of Boise City, as set forth in Exhibit "A", which is annexed hereto and by reference made a part of this Ordinance be, and the same, are hereby appropriated for the general and special municipal and corporate purposes and objects of the City of Boise City, Idaho, for the fiscal year commencing October 1, 2003, and ending September 30, 2004.

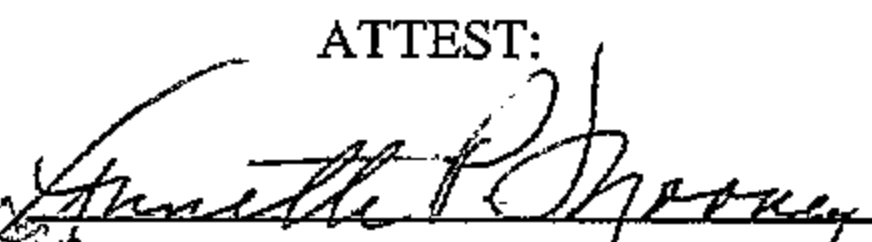
Section 2. That the summary of monies appropriated pursuant to the budget prepared and approved by the Council, by which to pay and defray all necessary expenses and liabilities for general and special municipal and corporate purposes is as follows:

\$71,690,533	Appropriated from the tax authorized to be levied upon all corporate property for general corporate purposes
\$367,848,371	Appropriated from sources other than taxation, based upon estimated receipt from various sources and fund balance
\$439,538,904	Total Amount Appropriated

Section 3. That pursuant to the affirmative vote of one-half (1/2) plus one (1) of the Members of the full Council, the rule requiring two (2) separate readings by title be, and the same is hereby, dispensed with and, accordingly, this Ordinance shall be in full force and effect immediately upon being read once by title and once in full and its passage, approval and publication.

PASSED by the Council of the City of Boise City, Idaho, this 23rd day of September, 2003.  
APPROVED by the Mayor of the City of Boise City, Idaho, this 23rd day of September, 2003.

APPROVED:  
  
\_\_\_\_\_  
Carolyn Terteling-Payne, Mayor

ATTEST:  
  
\_\_\_\_\_  
Annette Mooney, City Clerk



**Notice of Public Hearing**  
**City of Boise, Idaho**  
**Proposed Budget for Fiscal Year 2004**  
**First Year of the Two Year City Budget**

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	FY 2002 Actual Expenditures	FY 2002 Actual Revenues	FY 2003 Adopted Expenditures	FY 2003 Adopted Revenues	Use of Fund Balance	FY 2004 Proposed Expenditures	FY 2004 Proposed Revenues	
<b>Enterprise Funds</b>					Retained Earnings or Fund Balance			Retained Earnings or Fund Balance
Airport Fund - Operations	18,059,061	22,104,626	20,080,199	39,160,453	(19,080,254)	24,849,397	22,583,829	2,265,568
Airport Fund - Capital	808,509	13,446,905	5,027,203	8,420,000	(3,392,797)	7,410,150	10,105,000	(2,694,850)
Contingent/Rebudget/Appropriation			99,769,243	0	99,769,243	0	0	0
BUS Fund - Operations	6,858,185	6,038,009	6,758,148	5,675,978	1,082,170	0	0	0
BUS Fund - Capital	202,751	3,437,299	1,081,200	864,960	216,240	0	0	0
Contingent/Rebudget/Appropriation			2,500,000	0	2,500,000	0	0	0
Geothermal Fund - Operations	418,162	485,172	385,993	642,840	(256,847)	326,976	380,813	(53,837)
Geothermal Fund - Capital	920	0	112,320	0	112,320	553,340	477,000	76,340
Contingent/Rebudget/Appropriation			249,388	0	249,388	0	0	0
Municipal Irrigation Fund - Operations	36,829	33,696	97,201	125,380	(28,179)	48,565	31,506	17,059
Municipal Irrigation Fund - Capital	1,877	0	20,180	0	20,180	0	0	0
Contingent/Rebudget/Appropriation			110,000	0	110,000	0	0	0
Parking Garage Fund - Operations	456,785	472,232	475,795	494,110	(18,315)	481,626	481,245	381
Parking Garage Fund - Capital	283,361	0	0	0	0	0	0	0
Contingent/Rebudget/Appropriation			1,000,000	0	1,000,000	0	0	0
Sewer Fund - Operations	25,131,799	21,959,392	25,882,486	22,826,146	3,056,340	31,060,198	27,712,311	3,347,887
Sewer Fund - Capital	861,499	9,631,850	12,306,776	6,256,384	6,050,392	9,920,788	6,575,220	3,345,568
Contingent/Rebudget/Appropriation			49,932,272	0	49,932,272	0	0	0
Solid Waste Fund - Operations	14,374,387	13,021,561	14,523,774	13,676,530	847,244	14,909,176	14,285,403	623,773
Solid Waste Fund - Capital	2,307	0	5,205	0	5,205	2,600	0	2,600
Contingent/Rebudget/Appropriation			2,987,232	0	2,987,232	0	0	0
<b>Enterprise Funds Total</b>	<b>67,496,433</b>	<b>90,630,742</b>	<b>243,304,616</b>	<b>98,142,781</b>	<b>145,161,835</b>	<b>89,562,816</b>	<b>82,632,327</b>	<b>6,930,489</b>
<b>Special Funds</b>								
City Shop	1,440,733	1,353,040	1,429,351	1,373,014	56,337	1,439,300	1,514,723	(75,423)
Contingent/Rebudget/Appropriation			240,945	0	240,945	0	0	0
Community Development	1,714,350	1,714,350	1,821,392	1,512,063	309,329	1,982,091	1,684,539	297,552
Contingent/Rebudget/Appropriation			2,994,613	0	2,994,613	0	0	0
Debt Service	34,716,460	33,760,876	4,887,862	4,872,253	15,609	3,107,926	3,332,871	(224,945)
Contingent/Rebudget/Appropriation			5,000,000	0	5,000,000	0	0	0
Deferred Compensation	1,378,090	104,151	876,800	1,942,618	(1,065,818)	1,500,000	3,250,000	(1,750,000)
Contingent/Rebudget/Appropriation			100,000	0	100,000	0	0	0
L M Cunningham Fund	4,846	23,368	20,000	21,050	(1,050)	20,000	18,058	1,942
Contingent/Rebudget/Appropriation			10,000	0	10,000	0	0	0
Local Improvement District	0	0	0	0	0	0	0	0
Dedicated Trust Funds a	72,391	192,811	126,582	199,050	(72,468)	126,000	130,920	(4,920)
Contingent/Rebudget/Appropriation			10,000	0	10,000	203,615,000	0	203,615,000
Housing Programs Funds b	2,206,663	2,910,409	3,770,145	4,457,113	(686,968)	4,560,949	4,492,031	68,918
Contingent/Rebudget/Appropriation			9,917,396	0	9,917,396	0	0	0
Risk Management	2,691,144	3,135,825	2,984,193	3,347,220	(363,027)	4,785,129	4,826,548	(41,419)
Contingent/Rebudget/Appropriation			1,637,182	0	1,637,182	0	0	0
<b>Special Funds Total</b>	<b>44,224,677</b>	<b>43,194,831</b>	<b>35,826,461</b>	<b>17,724,381</b>	<b>18,102,080</b>	<b>221,136,395</b>	<b>19,249,690</b>	<b>201,886,705</b>
<b>City Subtotal Operations</b>	<b>218,498,440</b>	<b>212,650,730</b>	<b>197,681,737</b>	<b>210,031,499</b>	<b>(12,349,762)</b>	<b>206,507,914</b>	<b>203,196,193</b>	<b>3,311,721</b>
<b>City Subtotal Capital</b>	<b>21,083,537</b>	<b>50,228,891</b>	<b>45,057,845</b>	<b>42,046,305</b>	<b>3,011,540</b>	<b>24,364,525</b>	<b>22,064,361</b>	<b>2,300,164</b>
<b>City Subtotal Rebudget/Carry Forward</b>	<b>0</b>	<b>0</b>	<b>213,366,162</b>	<b>0</b>	<b>213,366,162</b>	<b>208,666,465</b>	<b>0</b>	<b>208,666,465</b>
<b>City Grand Total</b>	<b>239,581,976</b>	<b>262,879,620</b>	<b>456,105,744</b>	<b>252,077,804</b>	<b>204,027,940</b>	<b>439,538,904</b>	<b>225,260,554</b>	<b>214,278,351</b>
Property tax revenues		64,047,782		67,824,000			71,690,533	
Total of all other revenues		198,831,839		184,253,804			153,570,021	
Use (Source) of Fund Balances/Ret Earn from Yr		(23,297,644)		204,027,940			214,278,351	

\* Property tax revenues relate to "Tax Supported Funds" (General Fund and Capital Fund) only. Contingent/Rebudget/Appropriation reflects projects that were approved in prior years and have been carried forward to the current year. Publication of this notice of public hearing as required by State Code (Section 50-1002) will be made on September 5 and September 12, 2003 in the Idaho Statesman.

<sup>a</sup> This grouping includes the Cemetery Perpetual Care Fund, Humane Society Trust Fund, and Boise Trust Fund.

<sup>b</sup> This grouping includes the Affordable Housing Fund, the Housing Rehabilitation Fund, the Local Home Trust Fund, and the Rental Rehabilitation Fund.

<sup>c</sup> This grouping includes the Risk Management Fund and the Workers Compensation Fund. The Workers Compensation Fund did not exist prior to FY99.

**LEGAL NOTICE  
ORDINANCE NO. 6267**

BY THE COUNCIL: BISTERFELDT, FORNEY, JORDAN, MAPP, MASON AND SHEALY.

**AN ORDINANCE, TO BE TERMED THE "ANNUAL APPROPRIATION ORDINANCE," APPROPRIATING SUMS OF MONEY AUTHORIZED BY LAW AND DEEMED NECESSARY TO DEFRAY ALL EXPENSES AND LIABILITIES OF THE CITY OF BOISE CITY, IDAHO, FOR THE FISCAL YEAR COMMENCING OCTOBER 1, 2003, AND ENDING SEPTEMBER 30, 2004, FOR ALL GENERAL AND SPECIAL MUNICIPAL PURPOSES; PROVIDING FOR A WAIVER OF THE READING RULES; AND PROVIDING AN EFFECTIVE DATE.**

Whereas pursuant to Section 50-1002, Idaho Code, the City of Boise City has prepared a budget and has tentatively approved estimated revenues and expenditures for the fiscal year commencing October 1, 2003, and ending September 30, 2004; and

WHEREAS, on Tuesday, August 12, 2003 and on Friday, September 12, 2003, pursuant to Section 50-1002, Idaho Code, the City of Boise held public hearings at the Council Chambers, at the City Hall, Boise City, Idaho, on the proposed two year budget and considered public comment on services, expenditures and revenues planned for fiscal years 2004 and 2005; and

WHEREAS, pursuant to Section 50-1003, Idaho Code, Boise City is required to pass an annual appropriation ordinance prior to the commencement of each fiscal year.

**BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF BOISE CITY, IDAHO:**

Section 1. That the sums of money, or as much thereof as may be authorized by law, needed, or deemed necessary to defray all expenses and liabilities of Boise City, as set forth in Exhibit "A", which is annexed hereto and by reference made a part of this Ordinance be, and the same, are hereby appropriated for the general and special municipal and corporate purposes and objects of the City of Boise City, Idaho, for the fiscal year commencing October 1, 2003, and ending September 30, 2004.

Section 2. That the summary of monies appropriated pursuant to the budget prepared and approved by the Council, by which to pay and defray all necessary expenses and liabilities for general and special municipal and corporate purposes is as follows:

\$71,690,533	Appropriated from the tax authorized to be levied upon all corporate property for general corporate purposes
\$367,848,371	Appropriated from sources other than taxation, based upon estimated receipt from various sources and fund balance
<del>\$439,538,904</del>	Total Amount Appropriated

Section 3. That pursuant to the affirmative vote of one-half (1/2) plus one (1) of the Members of the full Council, the rule requiring two (2) separate readings by title be, and the same is hereby, dispensed with and, accordingly, this Ordinance shall be in full force and effect immediately upon being read once by title and once in full and its passage, approval and publication.

PASSED by the Council of the City of Boise, Idaho, this 23rd day of September, 2003.  
APPROVED by Carolyn Terteling-Payne, the Mayor of the City of Boise, Idaho, this 23rd day of September, 2003.

ATTEST: Annette P. Mooney, City Clerk

Pub. Sept. 26, 2003

17572

# COMPREHENSIVE FINANCIAL AND HUMAN RESOURCES POLICIES

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## Policy statement - FY 2004 and 2005 Two Year Budget Development

**Comprehensive Policy Review:** Boise City's financial and human resources policies are reviewed comprehensively at least every two years in connection with the development of the Two Year Budget. During the interim, individual policies may be revised by City Council action. Policies are reviewed through the Mayor's Executive Management Team and City Council policy liaison groups. Policies and revisions to policies are adopted by the City Council, usually by resolution or ordinance.

During preparation of the FY 2004 and FY 2005 Two Year Budget, the City was embroiled in a scandal related to Mayor's Office unauthorized spending and other serious matters. Consequently, the review of policies was limited to those that were imperative in order to balance the two year budget and to those identified in a forensic audit as in need of correction.

During the Long Term Financial Planning process that provided the strategic context for the two year budget (January through March, 2003) policies imperative in order to balance the budget were reviewed by the EMT, Mayor and City Council. Those policy revisions were adopted March 4, 2003.

In the aftermath of the release of the JeffersonWells Forensic Audit, financial control policies were reviewed and adopted. Policies were adopted beginning on May 6, 2003.

### Summary of FY 2004 and 2005 recommendations and changes:

- 1. Use of electric franchise fees related to "excess rates." Continue to redirect portion of electric franchise fees beyond 2000 historical in the FY 2004 and FY 2005 two year budget:** Franchise fees, except for electric, are general, non-earmarked revenue in the General Fund. Electric franchise fees are earmarked for capital costs. In the FY 02 and 03 2YB, electric and gas franchise fees related to the "excess rates" approved by the Public Utilities Commission during the "energy squeeze" in 2000 and 2001 were held aside to be used to cover costs for City facility utilities costs beyond the historical actual levels and for one time uses. (Approved by City Council July 31, 2001)
  - Adopted recommendation:** Continue to redirect the portion of electricity and natural gas franchise fees beyond a base level calculated based on pre-rate "energy squeeze" rates and to allocate those excess proceeds to departments to cover tax fund cost increases for utilities and to provide education and implementation of energy conservation by the City and City rate payers. Continue that approach until all "excess rates" are eliminated from rate base.
- 2. 5 % debt and cash flow designation.** By policy for the tax funds, set the goal of designating 5 percent of the annual General Fund budget to meet cash flow needs and to assure City bond holders of the City's ability to fund debt service. Achieve the full amount over a number of years. (Approved by City Council July 31, 2001)
  - Adopted recommendation:** Extend the phase in period for achievement of the full 5 % cash flow designation in the tax funds to **FY 2006**. In the interim, the City will maintain at least the same percentage of the total General Fund, excluding unfunded contingent appropriations, as in the prior year (or 3.9 % achieved in the FY 2002 year end).
- 3. Funded contingency accounts.** Contingency accounts provide budget authority to address unanticipated needs that prudently may be expected to occur during a typical budget year. Contingency accounts include both funded and unfunded accounts.

Funded contingent accounts are approved in the budget by the City Council and are supported by current revenues. Such accounts are provided in the General Fund (within the Mayor's Office) and in many other funds. The contingent accounts are budgeted to address emergencies and other possible needs, while reducing the amount that might be budgeted if all potential contingencies were to be funded. Departments are discouraged from including contingent amounts in their budgets and are encouraged to rely on the availability of the contingent account to meet unanticipated needs.

Unfunded contingency accounts are included in the budget to provide authority to activate projects or purchases that were not anticipated in the budget planning. Some are routine (e.g., re-budgeted remaining budget amounts for capital projects approved and initiated – but not completed - in prior years) and some are unique (e.g., a new federal grant category.) All unfunded contingency amounts can only be activated and used with express authority by City Council motion, resolution or ordinance action. Departments or agencies are accountable for identifying the source of funding to be used to allow activation and use of unfunded contingent accounts.

- **Adopted recommendation:** The tax funds funded contingent account will be funded at 0.035 percent of total new appropriations within the General Fund.

4. **Electronic budget.** Implement an electronic format beginning with the 2002 & 2003 Two Year Budget document. (Approved by City Council July 31, 2001)

- **Adopted recommendation:**
  - a) Modify the electronic budget to reflect City Council's desires for hard copy review documents for the FY 2004 and 2005 Two Year Budget
  - b) Continue to publish the 2YB electronically on the City web site in a user-friendly format.

5. **Structural Balance within all Funds.** Match expenditures for programs, services and facilities with associated revenues on the basis of predicted availability over time. Fund base (on-going) expenditures with current base revenues. Mitigate the effect of cyclical fluctuations in revenues by matching cyclical revenues to costs that can be adjusted to reflect revenue changes. Use one time sources to fund one time costs. Identify and fund with base revenues the operating costs of all capital facilities and equipment. Finally, develop budget plans in which budgets are structurally balanced over the full six year financial planning window.

- **Adopted recommendation:** Defer new debt in order to balance the first two years of the six year financial planning period. Balance the FY 2004 and 2005 budget with current base revenues supporting all base costs. Use cyclical revenues to cover cyclical costs in development and user fee supported services. One-time resources could be applied to non-recurring costs.

**Policies and Revisions Adopted May 6, 2003:** In response to the findings of the Forensic Audit report released on March 11, 2003, the Mayor and City Council directed staff to review all financial policies and to bring recommended revisions to financial control policies for public review. At the May 6<sup>th</sup> City Council meeting, the City Council adopted five significant revisions to City financial control policies by Resolution 17564 (previously annotated R-219-03.) Other significant revisions to City policies related to procurement card use, city vehicle use, purchase of information technology, and general city procurement and purchasing were adopted subsequently and after the development of the Two Year Budget.

Summaries of the six revised policies adopted on May 6<sup>th</sup> include:

- 6. Department Head Authority for Budget Changes.** By policy, adopted in FY 99, departments are allowed to move operating budgeted amounts from any line item to any line item, except for certain identified non-discretionary accounts. Budgets may be moved from personnel accounts to M & O accounts or to equipment accounts in any combination. Budgeted amounts approved for capital projects may not, however, be transferred outside of the project. Departments are accountable for informing the City Council of any service objectives that might not be achieved as a result of changes in budgetary accounts.

  - **Adopted recommendation:**
    - a) Budgeted amounts for special projects may not be transferred outside of the project.
    - b) Funds remaining at the completion of a special project or a capital project become available for City Council allocation.
    - c) Departments may not increase their base budget in future years without action by the Mayor and City Council at a Council meeting.
    - d) Departments may not exceed their approved FTE count without approval by the Mayor and City Council at a Council meeting. Departments may, however, create a “pilot” position for one year to test its viability. Upon creation, the pilot position must be reported to MBT and City Council, and must be approved for permanent status by City Council after the one-year trial period.
    - e) Departments may not use contingent funds without approval by the Mayor and City Council at a Council meeting.
- 7. Chart of Accounts.** This is a new policy to formally define the chart of accounts used for financial reporting to address the needs for internal control and for management planning and oversight. The policy outlines revenue and expenditure categories and balance sheet accounts. Key to this policy is the separation of contingent and special project expenditure accounts and of intergovernmental activities.
- 8. DFM Fiduciary Responsibility.** This is a new policy to identify the Division of Financial Management's responsibility for protecting the City's and Citizens' financial interests and appropriately managing the City's finances, financial transactions and internal control processes. DFM personnel are prohibited from conducting City business in a manner that would knowingly result in personal gain and are responsible for reporting violations of the law or City policy.
- 9. Quarterly Financial Reports to the City Council.** This is a new policy to define the purpose and objective of quarterly financial reports and to determine responsibility of the information reported. Quarterly reports are prepared to a) communicate significant financial events, trends, issues, and concerns, b) test the validity of the budget plan with budget to actual comparisons, c) project results, d) and provide City Council with context for making financial decisions and recommendations. Department and division heads are responsible for preparing their quarterly reports, identifying issues and concerns, and reporting on material budget changes. DFM is responsible for assembling department and division reports, reviewing for accuracy and consistency, performing due diligence review of budget changes and budget to actual variances, identifying Citywide trends and issues, and transmitting the final report to the Mayor and City Council.
- 10. Rebudgeting Budgeted Projects or Accounts to a Subsequent Year.** This is a new policy to identify departments' responsibility related to the Mayor and City Council approving projects or accounts to be rebudgeted into a subsequent fiscal year. Projects or accounts must meet the rebudget criteria or be identified as an exception to be included in the rebudget resolution that City Council approves. Only the net unspent budgeted cost may be rebudgeted.
- 11. “Revenue Offset” Projects.** This is a new policy to recognize departments' responsibility to disclose to the City Council all projects and programs that are fully or partially offset by earmarked revenues. Project managers are responsible for revenues and informing the Mayor and City Council of the status of those revenues. Annually and at the end of the project or program, the project manager is responsible for reporting the costs, revenues, and net cost of the project. Any changes in the project status that may affect the outcome of the project are to be reported to the Mayor and City Council for review and action.

## **Six Year Financial Plan: Policies and Statuses**

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### **Update for the FY 2002 and 2003 Two-Year Budget**

**Background:** On April 12, 1994, the City Council adopted the City's first "Five Year Financial Plan". In September 1996, the financial plan was incorporated as a component of the City's Strategic Plan. The scope of the financial plan was subsequently changed to six years to be consistent with the two-year budget cycle. The six-year financial plan has been a key element in budget development in each two-year budget cycle since FY 94 and 95.

Financial policies are a key component of the financial plan to document and record Council policy decisions and provide context for decision-making. However, the policies are not cast in bronze. The City Council's determination for each agenda item is made with regard for the circumstances of the specific issue at hand. Policies provide a context but the City Council applies the policy, as they deem necessary.

Long-term financial policies provide broad context for the City's financial system. The policies provide a framework for individual financial decisions, including the development of the operating and capital budget. Budgetary guidelines translate the policies and focus on key strategies for budget development and implementation.

### **Strategic Planning Goals**

**The Strategic Plan.** The City will implement a longer-term business planning approach to anticipate the future and to develop appropriate City and community strategies to accomplish the strategic objectives. The City budget will be developed consistent with the Strategic Plan to anticipate the future and to develop appropriate City and community strategies for action.

✓ *Status: Boise Visions was completed in 1991. In May 1996, Mayor Coles reported to the community that 85 percent of the recommendations in that report had been implemented. In September 1996, the City completed the Strategic Plan, which identifies the City's mission, focuses on community values, and establishes initiatives and action steps to address priority community concerns. In March and April, 1999, the Strategic Plan was updated with initiatives and action step. An initiative was added during the mid-biennium budget process in FY 2000.*

- *Mayor Tertelling-Paine has established the immediate goal in FY 2003 to revisit the City's mission and values.*

**Quality through Process Improvements.** As the key strategy for the City's quality of service approach, Departments are encouraged to improve the efficiency of services and facility operations through innovation, application of available technology and other cost reducing techniques. Departments are also encouraged to be entrepreneurial. The quality program is a fundamental model to address the budgetary constraints projected and to improve cost efficiency and productivity.

✓ *Status: Implemented through departments. All departments have been provided training through Boise State University.*

**Performance Management and Accountability.** The City seeks to maintain a high level of accountability to the public for the wise use of public resources. The City's human resources management system provides tools to reinforce that goal. Other City systems also support the goal of accountability.

✓ *Status: With the focus on internal controls and management accountability in February 2003, this goal will be a significant focus during the 2YB period.*

### **Human Resource Policies/Goals**

**Structure** - The City will strive to examine organizational units for opportunity to broaden span of control and eliminate layers of management and supervision wherever possible, while maintaining efficiency, and effectiveness. Human Resources staff will work collaboratively with customers to ensure that organizational structure and reporting relationships work toward the end of this broadening and flattening objective.

✓ *Status: Departments have worked diligently and have met this goal, they should be commended for their efforts. There is concern that, in some situations, this philosophy is not working. Even though there is an unlikely potential to add new positions, approval to create new levels of supervision will be received from the Mayor. The current expectation is consideration to span of control of supervising 10 – 15 employees.*

**Supporting Teams** - A key initiative to be continued by all City Departments will be the cultural transformation from an organization systemically geared toward recognition of individual contributors to one wherein teaming skills are considered core competencies, and systems are balanced to reward both individual and team performance. Departments are encouraged to empower employees through strategic use of self-directed, permanent work, and project teams. In addition, sound methods such as team, customer, peer and subordinate evaluations should be utilized to the greatest extent possible in determining team impact and guiding reward systems.

**Career Development** - As layers of supervision and management are flattened, it follows that opportunity for advancement through a traditional management career track is diminished. The City, through career development planning, competency development, and revised reward systems, will strive to provide opportunities for employees and managers to increase their value to the organization based on lateral movement and broadened span of control.

✓ *Status: Though funds are limited, the City seeks to be a learning organization. Training funds will be spent judiciously, with emphasis on in-house training, purchased programs, e-training, and local consultants.*

*Council guidance is requested in support of a succession plan.*

**Pay Benchmark Philosophy** - The Human Resources Division will conduct pay benchmark surveys on a regular basis to examine the City's positioning in relationship to the relevant labor market. Total compensation (direct pay, indirect pay, and incentive pay) will be reviewed and a pay benchmark strategy developed. It is the City's goal to be competitive for recruitment and retention.

✓ *Status: The City of Boise is competitively positioned in the market with existing salary ranges. Actual employee base salaries continue to lag somewhat behind market*

**Position Change Contingent Funding** - As the duties of positions change, through evolution and development of current employees, or assumption and imposition of new functions to current workload, changes in pay may be warranted. Departments are asked to seek first to fund such changes within the budget allocation. If it is determined to be unfeasible to fund the change, the Department must analyze whether the additional responsibilities can be placed with another position already structured to assume that level of duty. When neither course of action is possible, HR will work with the Department to determine relationship to market for the new responsibilities, and seek funding from a general allocation designated for career banding adjustments. It is our intent to provide a framework that allows Department managers latitude within sound guidelines.

✓ *Status: The affected department will fund all reclassification salary changes. Salary changes become base changes in the following year and must be covered within the base budget. (Adopted by City Council January 2003)*

**Department Authority** - Within the philosophy of striving for a broader, flatter structure, each Department should have significant authority to utilize human and financial resources, and use innovation to provide the best possible services. Budget Implementation Guidelines allow latitude to managers in moving money within the budget, with certain limitations. Full flexibility within the budget parameters is encouraged by Human Resources to ensure the ability to respond to customer needs satisfactorily.

✓ *Status: City controls on full time equivalent positions allow departments to develop pilot positions up to 12 months without increasing the base budget.*

*Departments are encouraged to develop management teams throughout the City and within each department. They are also encouraged to follow City policy and to consult Human Resources for employment law and consistency in order to limit liability to the City organization.*

**Pay for Performance Philosophy** - The City will promote a culture of Pay for Performance, through use of the City's Individual Contribution and Development Plan. Managers are encouraged to examine how individual performance, balance of technical and interpersonal competencies, and team interaction, impact the mission of the organization. Close review will be given to known areas for development to ensure everyone has the opportunity to succeed.

Managers are strongly encouraged to differentiate between levels of performance within the organization and reminded that with limited resources the method of rewarding outstanding performers in order to retain them is of paramount importance.

✓ *Status: Managers have been offered the choice of continuing to utilize the City's Individual Contribution and Development Plan (ICDP) or use the Employee Appraiser software package. The Employee Appraiser is currently being evaluated, along with PeopleSoft performance management software, to find a system that is user-friendly, cost effective, and efficient.*

**Recruitment and Retention.** The City's ability to recruit and retain top talent will be significantly enhanced by providing flexibility to managers to hire more towards the midpoint and to meaningfully reward top performance outside of the annual merit increases, and to hold managers accountable for rewarding top performers and dealing effectively and fervently with those employees who cannot or will not perform.

✓ *Status: Depending upon Mayor and Council direction and available financial funding, Human Resources proposes expanding the current Criminal History Check policy to include pre-employment checks of all new employees for convictions in areas such as workplace violence, homeland security issues, etc. Depending upon the scope of this policy change, we anticipate budget costs to range up to \$67,000. If current records of employees in security sensitive positions are checked once a year anticipated costs could increase an additional \$28,000. These costs are somewhat equal to overall testing costs within Boise City's Drug-Free Workplace Program and will be reviewed in the budget process.*

**Multiple Management Layers/Span of Control.** In keeping with the City's strategic initiative of empowering employees, and keeping to a belief that we will increasingly be asked to do more with fewer staff, our ability to compensate employees for their primary contribution and worth without arbitrarily assigning supervisory responsibility, is essential. The creation or revision of jobs that add layers of supervision will not be approved. We believe that transitioning to a far less bureaucratic and hierarchical structure will be necessary moving forward. Many divisions and departments have already made significant headway in this regard and are to be commended for having taken the initiative.

**Market Definition.** The City of Boise will continue to be a competitive employer. We believe that when one compares the workload, health benefits, wages, and work environment that the City of Boise provides as an employer compares favorably with other employers in our market area.

### **Financial Policies**

**Six-Year Financial Plan.** A Six Year Financial Plan will be prepared and periodically updated to guide budget development and other key financial decisions. The plan will provide an environmental scan of economic, demographic and other community factors that affect the City's ability to provide services and facilities. It will provide long term projections of the City's financial position and of resources and costs that are anticipated or that may potentially impact the City.

✓ *Status: The first Five Year Financial Plan was approved by the City Council in May 1994. Because the City has moved to a two year budget process, the term of the plan was altered to equal three budget cycles or six years. The Six Year Financial Plan is a foundation document for the two year budget development process.*

**Structural Balance.** Fund current base expenditures with current base revenues. Mitigate the effect of cyclical fluctuations in revenues by matching cyclical revenues to costs that can be adjusted to reflect revenue changes. Use one time sources to fund one time costs. Identify and fund with base revenues the operating costs of all capital facilities and equipment.

- **Adopted recommendation:** Balance the FY 2004 and 2005 budget with current base revenues supporting all base costs. Use cyclical revenues to cover cyclical costs in development and user fee supported services. One-time resources could be applied to non-recurring costs. *(Adopted March 4, 2003)*

**Policy Development Process.** The City Council and Mayor will provide the broad direction through policy determinations to guide the activities of the departments. The staff will be encouraged to support the policy development process by bringing policy matters to the City Council, through the Mayor and the appropriate internal processes.

✓ *Status: This policy was added by City Council during the May 1994 sessions whereby the Five Year Financial Plan was discussed. Six council policy groups, comprised of two Council members each and of associated staff, were established for administrative, transportation, growth management, public safety, community services, and external policy concerns. Policy issues are generally reviewed with the appropriate group prior to action by the City Council.*

**Department Head Authority for Budget Changes.** By policy, adopted in FY 99, departments are allowed to move operating budgeted amounts from any line item to any line item, except for certain identified non-discretionary accounts. Budgets may be moved from personnel accounts to M & O accounts or to equipment accounts in any combination. Budgeted amounts approved for capital projects may not, however, be transferred outside of the project. Departments are accountable for informing the City Council of any service objectives that might not be achieved as a result of changes in budgetary accounts.

• **Adopted recommendations:**

- c) Budgeted amounts for special projects may not be transferred outside of the project.
- d) Funds remaining at the completion of a special project or a capital project become available for City Council allocation.
- e) Departments may not increase their base budget in future years without action by the Mayor and City Council at a Council meeting.
- f) Departments may not exceed their approved FTE count without approval by the Mayor and City Council at a Council meeting. Departments may, however, create a "pilot" position for one year to test its viability. Upon creation, the pilot position must be reported to MBT and City Council, and must be approved for permanent status by City Council after the one-year trial period.
- g) Departments may not use contingent funds without approval by the Mayor and City Council at a Council meeting.

*(Adopted May 6, 2003)*

**DFM Fiduciary Responsibility.** This is a new policy to identify the Division of Financial Management's responsibility for protecting the City's and Citizens' financial interests and appropriately managing the City's finances, financial transactions and internal control processes. DFM personnel are prohibited from conducting City business in a manner that would knowingly result in personal gain and are responsible for reporting violations of the law or City policy. *(Adopted May 6, 2003)*

**Quarterly Financial Reports to the City Council.** This is a new policy to define the purpose and objective of quarterly financial reports and to determine responsibility of the information reported. Quarterly reports are prepared to a) communicate significant financial events, trends, issues, and concerns, b) test the validity of the budget plan with budget to actual comparisons, c) project results, d) and provide City Council with context for making financial decisions and recommendations. Department and division heads are responsible for preparing their quarterly reports, identifying issues and concerns, and reporting on material budget changes. DFM is responsible for assembling department and division reports, reviewing for accuracy and consistency, performing due diligence review of budget changes and budget to actual variances, identifying Citywide trends and issues, and transmitting the final report to the Mayor and City Council. *(Adopted May 6, 2003)*

**Budgetary Policies**

**Funding of Operating Expenses through Current Sources.** As a key reflection of the "structural balance" concept, the City will plan, budget and manage to assure that current costs are funded through current revenues. One-time, cyclical or dedicated revenue will be applied to non-base costs to assure that the base budget is balanced with base revenues going forward.

✓ *Status: The Revenue Manual provides analysis of the characteristics of all revenue sources to support this concept in budget development. During implementation of the budget, the Budget Office and the Mayor's Budget Team work with departments and agencies to assure interim decisions are made in light of the need to structurally balance the costs against appropriate revenue sources.*

*The Revenue Manual was updated to provide the context for the FY2004-2004 budget development.*

**Biennium Budget Process.** The City uses a two-year budget process to encourage a longer-term planning and management perspective and to reduce the resources allocated to the budget development process.

✓ *Status: The City began biennial budgeting in FY 94. The FY 2004-2005 Two Year Budget is the sixth biennial budget prepared. The Government Finance Officers Association has recognized Boise's previous budgets as "distinguished and outstanding budgets" and have asked City representatives to share information about the system to the profession as best practices.*

**Electronic budget.** Implement an electronic format beginning with the 2002 & 2003 Two Year Budget document. (Approved by City Council July 31, 2001)

✓ *Status: The FY 2002 and 2003 Two Year Budget was developed to produce an electronic budget document that can be produced, reviewed, approved and read on the City's internet and intranet web sites. The electronic budget was recognized by the GFOA as a distinguished budget within the budget awards program.*

*The City Council directed that review documents for the 04 and 05 2YB should be provided in paper formats to facilitate reading and note taking. The final budget document will be published electronically.*

• **Adopted recommendation:**

- a) Modify the electronic budget to reflect City Council's desires for hard copy review documents.
- b) Continue to publish the 2YB electronically on the City web site in a user-friendly format.  
(Adopted March 4, 2003)

**Zero Based Program and Performance Budget Technique.** The City budgets using a modified zero based program and performance budget process focusing on priorities for services and facilities. The budget process identifies and clarifies choices related to units of services. Current service units are the basic building blocks of the budget. New service unit requests must compete with all other existing and new service units. The Mayor's Executive Management Team (EMT) will be used as the key organization unit in establishing draft priorities for all service unit and capital project requests. The EMT recommendations will be transmitted to the Mayor for his use in developing the recommendations to the City Council.

✓ *Status: Since FY 95, the Mayor and Council have considered priorities developed by the EMT as a key input into the budget process. Service unit budgeting continues to be a key aspect of the budget development process.*

**Budget Implementation Guidelines.** The City Council has adopted budget implementation guidelines to document department accountability and flexibility related to their budget allocations. The guidelines are reviewed periodically to assure that they are current and progressive and consistent with the City Council's goals and intent.

**Incentives to Departments and Agencies for Excellence in Budgetary Management.** The City encourages departments to strive for excellence through use of the tools of quality, through creativity, and appropriate risk taking and productivity efforts. The City recognizes cost savings attributable to actions by departments and agencies by providing "incentive reallocations" of a share of year-end savings to the departments. The incentive reallocations may be used at the discretion of the department or agency for any purpose consistent with their mission and with City Code. If unused, the balance in the incentive reallocation account for the department may be carried forward to succeeding budget years. Use of the incentive reallocation may not increase the base budget going forward.

✓ *Status: Since 1994, the Mayor and City Council have provided incentive reallocations of cost savings attributable to departments and agencies. In most years, the amount has been 50 percent of identified savings. Incentive reallocations have been spent on technology and equipment, for special projects, and other activities identified by departments and agencies.*

*In FY 2002, there were no net savings for the General Fund, which resulted in use of departments' savings to balance the fund at year end to achieve a "net zero" result. For FY 2003, and \$850 thousand "management target" for savings was assigned to departments to achieve a balanced budget.*

**Rebudgeting Budgeted Projects or Accounts to a Subsequent Year.** This is a new policy to identify departments' responsibility related to the Mayor and City Council approving projects or accounts to be rebudgeted into a subsequent

fiscal year. Projects or accounts must meet the rebudget criteria or be identified as an exception to be included in the rebudget resolution that City Council approves. Only the net unspent budgeted cost may be rebudgeted.

### **Revenue Policies**

**Property Tax Policy.** As the City's primary source of revenue for basic municipal services, such as public safety, the property tax will be managed to equitably share the cost of City services among all property owners in the community. The City will continue to seek to reduce the heavy reliance upon property tax (as a percentage of the general fund budget). The two primary methods of reduction will be (a) seeking to find replacement revenues to meet the increasing demand for services as a result of population increases and other community growth; and (b) working with the State Legislature to achieve alternatives to property tax. Changes in the State Code related to property tax will be studied to identify the impacts on the City's structurally balanced financial system.

✓ *Status: In 1995, the State of Idaho imposed 3 percent cap on the property tax growth is a major consideration in the City's capacity to provide services and facilities going forward. The City has not successfully diversified the General Fund revenue portfolio and the property tax comprises over 60 percent of the FY 2004 and 2005 2YB projected General Fund revenue budget.*

**Alternative General Fund Revenue Sources.** The City seeks to diversify general fund revenue sources to spread the cost of government services to users in the most equitable manner possible, to reduce the City's reliance on the property tax, and to develop a stable and reliable revenue program for municipal services. To accomplish this goal, the City will review opportunities for fees and other revenue sources within local control and will continue to support the idea of State sharing of income, sales and other tax revenues derived from the Boise economy.

✓ *Status: The City has few opportunities to create alternative revenue sources. The 2YB identifies alternatives currently available. The City continues to work, directly and through the Association of Idaho Cities, with the State Legislature to seek other revenue opportunities to reduce the City's reliance on property tax. The "three legged stool" concept embraced by the State of Idaho over the years countervails local efforts to reduce reliance on one of the legs of the stool – property tax.*

**User Fee Policy.** City services and facilities that provide a direct and identifiable benefit to individuals will generally be funded through user fees. The City will seek to recover the full cost of services provided directly to individuals, unless a City interest is identified and approved by the City Council to reduce a specific fee. Full cost is defined to include all direct costs to provide the service and appropriate related indirect costs. Indirect costs may be within the department providing the service or in the larger City organization. Examples include management costs, depreciation costs of equipment and facilities, administrative costs for payroll, accounting, purchasing, human resources administration, legal services, and other support costs.

Fees that will be assessed at less than full cost will be established to achieve an objective related to a user group, such as providing easier access to programs or encouraging participation by certain targeted groups such as youth or lower income persons.

Each department responsible for user fees will identify the full costs of the service and will develop recommendations for fees periodically. Fees will be reviewed at least biennially to assure that indexed inflationary costs are considered and, where administratively and strategically appropriate, passed along in the user fees.

The Mayor and Council will set the level of fee recovery after consideration of the recommendation of the department or agency and its board, commission or committee. Cost savings and increased productivity will be studied as alternatives to fee increases.

The City Council has approved a separate user fee policy for Parks and Recreation programs in which overhead costs are not included in the calculation of costs to be included in cost recovery.

**Fine Revenue.** The City seeks to optimize efficiency of public safety enforcement and the court system to maximize the effectiveness of fine revenue in supporting associated costs. Fine revenue is used to offset some of the cost of the administration of justice including police work, court administration and operation and prosecution. The State Legislature sets fine amounts. The City seeks to maximize collection of fine revenue consistent with the fair and effective administration of justice.

**Franchise Fees.** The City grants franchises and assesses franchise fees to allow use of the community's right-of-ways and other public assets and facilities. Franchise fees are assessed to provide general revenue. The goal of the fee program is to assure that franchised services are operated in the public interest and that franchise fees are fair and equitable.

✓ *Status: City Council directed that electric franchise fees be earmarked for capital projects. Cable One refused to collect franchise fees for cable modem services in 2002. The electric franchise agreement provides for an increase up to 2 %, which must be approved either by a majority of voters in a municipal election.*

*To address increased City utility costs, staff recommends that the electric franchise fees collected in FY 2002 and 2003, beyond the historical 2000 actual receipts plus inflation, be allocated to fund increases in utility costs and public education related to energy conservation.*

*Continue in FY 2004 to redirect the portion of electricity and natural gas franchise fees beyond a base level calculated based on pre-rate "energy squeeze" rates and to allocate those excess proceeds to cover tax fund cost increases for utilities and to provide education and implementation of energy conservation by the City and City rate payers. Continue that approach until all "excess rates" are eliminated from rate base*

*Council directed implementation of an additional 1 percent franchise fee for water sales in FY 2004. The increase was contested by the Idaho Public Utilities Commission and the City Council rescinded it.*

**Use of electric franchise fees related to "excess rates."** Continue to redirect portion of electric franchise fees beyond 2000 historical in the FY 2004 and FY 2005 two year budget: Franchise fees, except for electric, are general, non-earmarked revenue in the General Fund. Electric franchise fees are earmarked for capital costs. In the FY 02 and 03 2YB, electric and gas franchise fees related to the "excess rates" approved by the Public Utilities Commission during the "energy squeeze" in 2000 and 2001 were held aside to be used to cover costs for City facility utilities costs beyond the historical actual levels and for one time uses. (Approved by City Council July 31, 2001)

- **Adopted recommendation:** Continue to redirect the portion of electricity and natural gas franchise fees beyond a base level calculated based on pre-rate "energy squeeze" rates and to allocate those excess proceeds to departments to cover tax fund cost increases for utilities and to provide education and implementation of energy conservation by the City and City rate payers. Continue that approach until all "excess rates" are eliminated from rate base. (Adopted March 4, 2003)

**Growth Fees.** Growth fees are assessed to pay the cost of growth. Fees will be assessed to recover the full cost for managing and monitoring new construction within the community. Impact fees are implemented for park facilities. The cost of growth will be identified and analyzed and the growth related fees would be set in such a way to reduce the impact on current residents, businesses and others in the community. Growth related revenues will be used to offset growth management costs and for one time uses to avoid increasing base budget costs, consistent with the Structural Balance policy.

**Federal Funds.** The City will evaluate Federal funds in terms of the effects on City policy and on choices about services to assure that funds are accepted only in cases that are consistent with City goals and objectives. New grants will be evaluated in terms of City priorities and the effect on the cost of base services going forward.

✓ *Status: The City has benefited from federal funds for police services, environmental, housing and transportation programs.*

*As a result of Federal Transportation Administration grant regulations, effective in FY 2004, Boise may lose a significant amount of operating funding which will affect the City's support to the bus system operated by ValleyRide.*

*The City received Homeland Security grant funds and airport security funding in FY 2003.*

**Contingent Revenues.** The City will include contingent appropriations in the biennium budget to provide a mechanism for accepting and using unbudgeted revenues without reopening the budget. Such contingent appropriations will be made available for actual spending only when supporting funds have become available and after approval by the Mayor and Council.

✓ *Status: Contingent revenues are identified specifically in the 2YB to differentiate between appropriations expected to be used and those included for potential uses.*

**Partnerships, Gifts, Donations, and Bequests.** The City seeks to partner with community groups interested in creating facilities and services that benefit Boiseans. The City encourages gifts, donations and bequests from the community to provide for facilities or services that might not otherwise be funded. The City earmarks gifts; donations and bequests to assure that the funds are used for the intended purpose. The City provides matching funds to encourage partnerships.

✓ *Status: the City has received a tremendous number and amount of contributions in the last several years, which have been used to construct many park and recreation facilities and other public amenities. Gifts have been a significant resource and are remarkable in their quantity, public mindedness and sense of community that characterize them.*

**Revenue Collection.** The City actively pursues accounts receivable to assure that obligations to the City are paid in a timely and appropriate manner. The City's collections programs seek to maximize compliance.

✓ *Status: The Collections Office in the Division of Financial Management has been successful in reducing delinquent account. Library has used a private sector contract for collection services and has been pleased with the results.*

**"Revenue Offset" Projects.** This is a new policy to recognize departments' responsibility to disclose to the City Council all projects and programs that are fully or partially offset by earmarked revenues. Project managers are responsible for revenues and informing the Mayor and City Council of the status of those revenues. Annually and at the end of the project or program, the project manager is responsible for reporting the costs, revenues, and net cost of the project. Any changes in the project status that may affect the outcome of the project are to be reported to the Mayor and City Council for review and action.

### **Expenditure Policy - Operating Budget**

**Cost of Services and Operation of Facilities:** The City uses conservative budget techniques to encourage efficiency and accountability by departments and agencies providing services and facilities. All changes in budgetary amounts related to increased demand for services will be identified and considered in the biennial or budget update processes to reduce interim ad hoc requests. Departments are tasked with finding ways to increase productivity and reduce the cost of services. Changes in the cost of current services or additional costs for new or enhanced services will be identified and considered in light of the City's priorities and financial resources.

**Human Resource Costs.** The City seeks to be an "average market employer" by compensating employees at a level that is about average for compensation provided to area employees, when the City's benefit package is considered. The City provides an enhanced benefit package to attract and retain competent and skilled employees. The City will fully fund, within the operating budget, the annually accrued costs for post retirement benefits for current employees. The City will retain fund balance to fully support all post retirement benefits accrued from prior years. The City will seek to assure the compensation program reflects the goal of recruiting and retaining qualified and excellent employees within the constraints of financial resources.

**Materials and Services Costs.** The Budget recognizes inflationary impacts by using the most recent "prior year actual" costs, adjusted for inflation, as the basis for determining needed budget amounts in the projected budget. Budgetary decisions about costs related to increased demand for services will be addressed on a citywide priority basis.

**Equipment.** The City seeks to provide safe and current equipment to employees to allow them to efficiently and effectively provide service. Within funding limitations, equipment will be replaced when its useful life has expired and new equipment will be provided to meet efficiency and productivity needs. Safety is a top priority.

**Contingency Accounts.** Two kinds of contingent appropriations are budgeted.

**Funded contingency accounts.** Contingency accounts provide budget authority to address unanticipated needs that prudently may be expected to occur during a typical budget year. Contingency accounts include both funded and unfunded accounts.

Unfunded contingency accounts are included in the budget to provide authority to activate projects or purchases that were not anticipated in the budget planning. Some are routine (e.g., re-budgeted remaining budget amounts for capital projects approved and initiated – but not completed - in prior years) and some are unique (e.g., a new federal grant category.) All unfunded contingency amounts can only be activated and used with express authority by City Council motion, resolution or ordinance action. Departments or agencies are accountable for identifying the source of funding to be used to allow activation and use of unfunded contingent accounts.

Funded contingent accounts are approved in the budget by the City Council and are supported by current revenues. Such accounts are provided in the General Fund (within the Mayor's Office) and in many other funds. The contingent accounts are budgeted to address emergencies and other possible needs, while reducing the amount that might be budgeted if all potential contingencies were to be funded. Departments are discouraged from including contingent amounts in their budgets and are encouraged to rely on the availability of the contingent account to meet unanticipated needs.

- **Adopted recommendation:** The tax funds funded contingent account will be funded at 0.035 percent of total new appropriations within the General Fund. (*Adopted March 4, 2003*)

### **Expenditure Policy – Capital Facilities**

**Six-Year Capital Improvement Plan (CIP).** The Six Year CIP will be prepared to identify and fund projects on a priority basis. Projects are placed into funding categories and assigned citywide priorities. The Executive Management Team will assist the Mayor and Council in identifying priorities.

**Operating Impacts of Capital Projects.** The full projected operating cost impact of capital projects will be identified in connection with all capital project requests to allow understanding of the effect of the proposed facilities on the operating budget going forward. Cost projections will be updated, as information is available to provide the best possible information to the City Council. Approval of a capital project in the Two Year Budget or in the interim budget process should include approval of identified operating costs.

**Coordination with the Debt Policy.** The debt policy and the CIP must be coordinated to assure that debt is used for priorities and that projects are considered both on their merit as important infrastructure and on their credit worthiness.

### **Fund Balance Policy**

**Reserves and Designations:** The goal of fund management is to maintain a strong financial position. The City will retain all necessary reserves and will designate fund balance to cover identified uses consistent with accounting and budgetary policy. The City will retain a reserve in fund balance equal to five percent (5%) of the annual budgeted expenditures in the General and Debt Service Funds to provide reasonable assurance to purchasers of City debt instruments that the City will pay all obligations.

The City will accumulate fund balance or retained earnings necessary to meet future obligations in each fund, such as bond reserves, post retirement benefits or planned replacement of facilities or equipment. The City will meet Government Accounting Standards Board requirements for all funds and will maintain levels of retained earnings or fund balance necessary to assure financial stability, provide adequate cash flow, and to address approved plans for use of fund balance or retained earnings. Fund managers will provide periodic reports of the financial position of funds and of any unobligated and undesignated fund balance to the City Council for review.

The City Council directed, in 1994, that fund managers periodically review fund balances and retained earnings to identify whether any undesignated, unobligated amounts were available and to communicate those to the City Council. This wording returns to the language in the 1994 assignment.

### **Debt Policy**

**Debt Use.** The City will use debt when appropriate to assure that needed facilities are funded with a longer-term perspective that matches costs to the useful life of the facilities. The City will not issue debt for which the repayment schedule exceeds the useful life of the asset acquired. The City will demonstrate comprehensive, sound and well managed financial policies and practices to provide assurance to investors in City debt instruments of timely payment of all obligations. The City will assure that debt service can be fully supported within current revenues or income for the relevant fund.

### **Risk Management Policies**

**Risk Management Objectives.** The City's Risk Management program is intended to protect the City against the financial consequences of accidental losses which are catastrophic in nature; to minimize the total long-term cost to the City of all activities related to the identification, prevention, and control of accidental losses and their consequences; to preserve the City assets and public service capabilities from loss, destruction or depletion; to systematically assess fluctuating exposure to loss, loss bearing capacity and available financial resources, including insurance; and to establish, to the extent possible, a safe, secure and exposure-free work and service environment for City personnel and the public.

**Risk Retention.** The City shall self-insure all losses which occur with predictable frequency, and which will not have a significant impact on the City's fiscal position. The City will self-insure progressively upward to the extent that self-insurance is cost effective, does not endanger the City's fiscal stability, and the City's risk management capabilities are more fully developed and demonstrated. The Mayor and City Council shall approve the level of self-insurance and any changes in the level of self-insurance.

### **Cash Management Policies**

**Interest Maximization and Protection.** A broad based cash management program is used to maximize the interest earnings on available cash balances within appropriate protections to assure the public trust for the custody and use of public funds.

### **Investment Policies**

**Maximum Returns.** The City's investment portfolio shall maximize the return on idle cash while ensuring the safety of the invested principal and provide adequate liquidity to meet the purposes for each fund. Money not immediately needed shall be invested safely in securities allowed by State and City Code in order to earn additional revenues for the City. The program will provide accurate and timely forecasts of the City's cash flow needs and will apply available technology or improved practices to maximize the principal invested and interest earned

### **Accounting Policies**

**GFOA Recommended Practices.** The City strives to follow all generally accepted accounting principles and recommended practices as set forth by the Government Finance Officers Association (GFOA).

**Timely Processing.** The City processes invoices/bills within normal time frames, usually 30 days unless other terms have been agreed, in order to take advantage of discounts offered.

**Payroll.** The City pays employees accurately and on a timely basis, taking advantage of any efficiency possible within the constraints of City practice. During FY 99, the City restructured payroll to pay "after the fact" resolving a twenty-five year issue.

**Chart of Accounts.** This is a new policy to formally define the chart of accounts used for financial reporting to address the needs for internal control and for management planning and oversight. The policy outlines revenue and expenditure categories and balance sheet accounts. Key to this policy is the separation of contingent and special project expenditure accounts and of intergovernmental activities. *(Adopted May 6, 2003)*

**Unfunded Priorities**  
**Actions by City Council related Use of Future Available Money**  
**FY 2004 and FY 2005 Two Year Budget (2YB)**

**City Council Meeting of July 22, 2003**

Motion by City Council regarding Priorities for One Time Money during the 2YB:

"I move that the priorities for use of available one time money during the Two Year Budget include:

- 1) the City's share of the Hollandale Fire Station;
- 2) the fire ladder truck company operational costs;
- 3) current bus services that would otherwise be cut;
- 4) the construction of the Institutional Network; and
- 5) buying down of current City taxable debt.

I further move that decisions on allocation of one time money in the General Fund be deferred until end of year results for FY 2003 are reported and until sufficient time has passed to test the assumptions for revenues and costs in FY 2004."

Moved by Council member Mason. Seconded by Council member Bisterfeldt. **Passed 5-0 (Mapp absent).**

**City Council Meeting of August 26, 2003**

Mayor TERTELING-PAYNE announced that this was the time and place set for the Two Year Budget Update and the Follow-up on BUS Hearing of August 12, 2003. Alec Andrus and Heather Mink, Division of Financial Management, presented the staff report. Kelli Fairless, ValleyRide, answered the Council questions.

"Moved by [Councilmember] FORNEY and seconded by [Councilmember] MASON to change the priority list for 2004 to

- 1) BUS Operating Shortfall;
- 2) Buy down taxable debt;
- 3) Hollandale Fire Station;
- 4) Ladder Company operation, and
- 5) Institutional Network - phase 1.

Substitute motion by [Councilmember] SHEALY and seconded by [Councilmember] BISTERFELDT that we not approve the judgment levy for 2004.

Roll call on the substitute motion:

**YEAS: BISTERFELDT, FORNEY, JORDAN and SHEALY NAYS: MAPP and MASON.** Motion carried.

“Moved by [Councilmember] FORNEY and seconded by [Councilmember] MASON to change the priority list for 2004 to:

- 1) Buy down taxable debt;
- 2) BUS Operating Shortfall;
- 3) Hollandale Fire Station;
- 4) Ladder Company operation, and
- 5) Institutional Network - phase 1, and

The priority list for 2005 would be:

- 1) Hollandale Fire Station
- 2) Ladder Company operation.

Roll call on the motion:

**YEAS: FORNEY, MAPP, MASON and SHEALY-NAYS: BISTERFELDT and JORDAN.**

Motion carried.

### **City Council Meeting of December 9, 2003**

Moved by [Councilmember] **FORNEY** and seconded by [Councilmember] **MAPP** that the Mayor's recommendations be approved as presented tonight with the exception that the turn-back money/end-of-year savings of \$89,493 be swept into the contingency account and any dollars coming out of that would have to go through the Mayor's Budget Team and Council for approval and that the remaining \$54,051 be transferred from the turn-back money/end-of-year savings to Legal for the Case Management Program.

Roll call on the motion:

**YEAS: FORNEY, JORDAN, MAPP, MASON and SHEALY. NAYS: BISTERFELDT.**

Motion carried.

### **Mayor Terteling-Payne's Recommendations**

for use of FY 2003 End of Year savings (available money)  
as approved by the City Council (extract from report)  
December 9, 2003

**FY 2003 “End of Year” Available Money in the Tax Funds - \$3.677 million: This amount is available for allocation to our unfunded priorities.**

The preliminary end of year available balance in the tax funds is \$3,677,337. The end of year number is the result of rigorous cost containment by department, careful management of central accounts, and fourth quarter revenue gains. Earlier in the year, departments indicated their pessimism that such savings could be achieved. The end of year available balance is a remarkable achievement.

The available savings amount is preliminary and has not been reviewed by the external auditor. However, DFM has completed most of the end of year analysis of transactions and accounts and considers the number to be a reasonable representation of end of year savings. The “Financial Analysis” section includes narrative bullets on sources of the money.

**Sources of FY 2003 End of Year Available Money:**

The end of year bottom line result was generated through department savings, key revenue gains, some "intergovernmental" savings, and fund balance transactions.

**Funded priorities:**

**Top funded Priority # 1. Hollandale Fire Station.** Money is set aside in the FY 2005 budget (available in October 2004) to pay the Whitney Fire District for Boise's share of the cost of the new facility. In November 2003, City Council approved transfer of contract savings achieved by the Fire Department to the Hollandale station reducing the amount from \$683,000 to \$628,000.

**Funded Priority # 2. Third Fire Ladder Company.** Money was set aside beginning in FY 2005 budget (available in October 2004) for operation of the third ladder company. The unit will be initiated prior to the purchase of the planned new ladder truck by using the backup ladder unit. When debt or another funding source is available, the new ladder truck and the remodeling of the Sycamore Street Fire Station to house the unit will be completed.

**Funded Priority # 3. Bus operating deficit in FY 2004.** City Council adopted a funding plan to retain all bus services except for one route. The plan included carry forward of operating and capital savings from FY 2003, fare increases and reallocation of FY 2004 budget.

Note: The bus operating deficit for FY 2005 is not covered or funded. City Council determined that it is reasonable to defer action on FY 2005 until the State Legislature responds to the request from the Idaho Statewide Transportation Task Force for a new funding for transit. The unfunded amount for FY 2005 is estimated at approximately \$400 thousand.

Mayor's Recommendations for use of FY 2003 End of Year Results (\$3.677 million)

End of Year "available" funds	(3,677,337)
<b>1. Buy down the taxable debt</b>	<b>1,592,000</b>
Call the Aquatics Center, Murgoitio and Willow Lane taxable debt to free debt service in 2004 and beyond	
<b>2. Department savings "incentive turnback"</b>	<b>1,144,549</b>
Return 50 % of management target and EOY departments' Savings to departments as an incentive for good management	
<b>3. Institutional Network (INet) Phase I project</b>	<b>500,000</b>
Pilot project for high speed bandwidth network for City Facilities to reduce telecommunications costs going forward	
<b>4. Increase the "cash flow and debt service stabilization" account to 4.15 percent</b>	<b>440,500</b>
Make progress toward the 5 % target by increasing the account to \$4.87 million	