

MINUTES OF A CONTINUED MEETING OF THE CITY
COUNCIL OF THE CITY OF COEUR D'ALENE, IDAHO,
HELD AT THE LIBRARY COMMUNITY ROOM

October 13, 2025

The Mayor and Council of the City of Coeur d'Alene met in a continued session of said Council at the Coeur d'Alene City Library Community Room on October 13, 2025, at 12:00 p.m., there being present the following members:

Woody McEvers, Mayor

Christie Wood) Members of Council Present
Dan Gookin)
Amy Evans)
Kenny Gabriel)
Dan English)
Kiki Miller) Member of Council Absent

CALL TO ORDER: Mayor McEvers called the meeting to order.

Mayor McEvers noted that the purpose of the workshop was to provide an opportunity for Council to discuss retirement incentives and commercial wastewater rates, as requested by Council.

RETIREMENT INCENTIVE FINANCIAL ANALYSIS: Finance Director Katie Ebner presented a financial analysis regarding a potential retirement incentive program. Her presentation covered the rationale for considering such an incentive, including budget savings and strategies to reduce the city's current \$1.8 million deficit. She explained that retiring employees can be replaced by entry level salaried staff, creating long-term savings, and that some positions could remain vacant temporarily for one-time savings. Ms. Ebner also reviewed the city's history with retirement incentives, noting their usefulness in avoiding layoffs and enabling departmental reorganizations. She detailed the methodology used in the analysis, which involved identifying 30 employees eligible or nearing eligibility for retirement under PERSI, across various departments and roles. While acknowledging the complexity and variability of individual cases, she noted that the model aimed to provide a realistic sample for evaluating potential financial impacts.

Councilmember Gookin asked for clarification on what constitutes full PERSI retirement. Ms. Ebner explained that for non-public safety employees, it follows the "Rule of 90" (age plus years of service equals 90), while for public safety employees, it's the "Rule of 80." Human Resources Director Melissa Tosi added that general employees must also be at least age 55 to collect benefits, and public safety employees must be at least 50. Councilmember Gookin asked about the number of directors included in the model, to which Ms. Ebner responded that 7 Directors were included out of a total of 12. She added that while some employees have declared intent to retire, others were included based on assumptions and potential interest. She also outlined key assumptions affecting the financial model, such as how long positions might remain vacant, whether replacements would be lateral or entry-level hires, and the impact of overtime costs especially in departments like fire,

where constant staffing is required. Councilmember Wood noted the Fire Department's limited ability to participate in retirement buyouts due to constant staffing needs but suggested that a one-time amendment negotiated with the union could make it feasible.

Ms. Ebner discussed key assumptions in the financial model, including the potential for training overlap between retirees and new hires, which she noted can be highly beneficial for preserving institutional knowledge. She also explained how promotions within departments, such as a Police Lieutenant retiring and triggering a series of promotions, can lead to additional budget savings. Councilmember Wood shared an example from the Police Department, where a Lieutenant position remained vacant for several months after a previous incentive program, resulting in significant savings. Ms. Ebner noted that managerial decisions on how long positions remain vacant could greatly influence the overall savings. Mayor McEvers asked whether employees must be paid when temporarily performing duties of a higher-level job. Ms. Tosi confirmed that if an employee performs the full scope of a job classification for more than 30 days, they must be compensated accordingly. She added that the pay rule applies to individuals doing the full job, but departments can distribute duties among staff and use assignment pay for partial responsibilities.

Ms. Ebner explained how retirement incentives were calculated in the past, using a formula of 1% of an employee's current annual salary multiplied by their years of service. She gave an example involving a long-tenured employee, noting that the calculation includes wages, PERSI, and FICA, but excludes other benefits due to their variable nature. She highlighted that hiring a new employee at the lower end of the pay scale could result in ongoing savings, estimated at \$32,108 annually, and additional one-time savings if the position remains vacant, such as \$21,064 for two months. Ms. Ebner noted that some departments like police may be able to leave roles open longer than two months due to seasonal activity changes.

Councilmember English asked about the retirement incentive shown in the model, wondering if it would be a one-time taxable bonus and whether it might push retirees into a higher tax bracket. Ms. Ebner clarified that the amount represents the city's total cost, including PERSI and FICA, and not the employee's gross pay. While the bonus could be taxed more heavily depending on annual earnings, it wouldn't necessarily affect other wages due to graduated tax rates. She then outlined how various assumptions such as lateral hires, promotions, vacancy durations, overtime, and training overlap impact savings. For police, she estimated lateral hires would occur about 50% of the time and assumed four-month vacancies without overtime costs. For fire, lateral hires were estimated at 25%, but contractual obligations and training timelines limit vacancy savings and increase overtime costs. Councilmember Wood suggested that the administration should consider discussing with the firefighters' union to allow flexibility in staffing requirements, potentially enabling some to take advantage of retirement incentives. Councilmember Gabriel responded that while discussions could happen, the current contract requires positions to be filled to maintain staffing levels and leaving them vacant would still incur costs due to constant staffing needs. He argued that filling positions sooner would likely save more money. Ms. Tosi added that the fire contract includes specific staffing requirements per station and engine, meaning even short-term vacancies could disrupt minimum staffing levels, especially when factoring in vacation and sick leave. Ms. Ebner discussed the financial modeling for director-level retirements, noting that lateral hires are likely for higher-level management roles, especially when recruiting externally due to regional economic factors. However, internal promotions could occur in some cases, offering

potential savings. She estimated that three out of seven director retirements in the model could result in promotions and that training overlap would be beneficial in those same cases. She also noted that some departments are already understaffed, making it difficult to leave positions vacant for long, though she modeled vacancy durations from 0 to 4 months. She mentioned the risks of burnout and turnover from understaffing. For exempt staff, Ms. Ebner estimated lateral hires would occur 50% of the time, with two-month vacancies and training overlap also modeled at 50%. Promotions were not included in this category. For hourly employees, lateral hires and promotions were not factored in, and she assumed two-month vacancies without overtime or training overlap costs.

On projected savings, Ms. Ebner estimated \$1.4 million in ongoing savings for FY26, based on partial-year calculations and assumptions applied to the 30 identified employees. Councilmember Evans asked whether the incentive cost model represented the highest possible expense. Ms. Ebner confirmed it was based on the 1% salary-times-years formula and noted that a flat \$25,000 per retiree model resulted in even higher costs, emphasizing the need to find a balanced amount that would effectively encourage early retirement.

Ms. Ebner summarized the financial impact of the retirement incentive program, stating that for FY26, the net cost would be approximately \$87,822, based on partial-year ongoing costs and various assumptions. She emphasized the need to amend the FY26 budget by \$1.164 million to account for leave payouts, which are inevitable regardless of the incentive.

Councilmember Wood asked if the model accounted for the “trickle-down” effect of promotions and wage differences. Ms. Ebner confirmed that the model included such assumptions and acknowledged the complexity of calculating savings due to variables like assignment pay and vacancy durations. She noted that while her estimates aren't perfect, they are informed by past data and departmental input. Police Chief Lee White added that even immediate replacements following retirement could result in over \$60,000 in annual savings, with longer vacancies increasing that amount. Ms. Ebner stated that her calculations were close to those shared by the chief, and she could adjust the model to reflect longer vacancies in higher-ranking positions if needed.

Councilmember Wood asked about past practices, recalling that positions were left open during previous incentive programs to generate savings. City Administrator Troy Tymesen explained that in the past, the City Administrator worked closely with department heads to make strategic staffing decisions, factoring in seasonality and readiness for promotion. Mayor McEvers asked whether vacant positions still result in someone doing the work and being paid. Chief White clarified that if one person takes on all duties of a vacant role, they must be compensated at a higher rate per contract, but if duties are split among several employees, extra pay may not be required. Mr. Tymesen noted that the city continually evaluates positions that may not need to be refilled. Councilmember Gabriel recalled that in past programs, departments submitted proposals showing the financial impact of staffing changes, and despite the effort involved, the city saved \$100,000 in the first year. Ms. Tosi added that the most significant savings came from eliminating positions entirely, such as merging two Parks and Recreation Director roles into one during a previous incentive year. Councilmember English emphasized that lateral transfers and new hires bring valuable experience, making their higher costs worthwhile over time. He also expressed concern

about the hiring timeline, suggesting that waiting too long to fill positions could create staffing gaps. Additionally, he challenged assumptions about further consolidation, noting that the city has already streamlined extensively.

Ms. Ebner provided an explanation of the financial model related to retirement incentives, clarifying that the current approach includes incentives for all identified staff, unlike past models based solely on savings. She emphasized that while the projected \$1 million in ongoing savings for FY27 is promising, much of it is already naturally accounted for through attrition in the budget process. Ms. Ebner cautioned against double-counting these savings, noting that retirement incentives could reduce the funds typically used for merit increases and cost adjustments. She also expressed that many small departments cannot hold the types of positions identified and stressed the importance of preserving institutional knowledge through training overlaps. Lastly, she recommended a natural and staggered turnover of retirees is preferred in the current state of the city's staffing and recruiting abilities.

DISCUSSION: Councilmember Gabriel clarified that he did not intend to exclude any department from retirement incentive considerations, emphasizing that similar approaches have worked in the past and could again yield both financial and operational benefits. He stressed the importance of departments being able to forecast retirements to better manage service delivery and costs. Ms. Ebner stated concern about the financial impact of overlapping staffing during transitions, particularly in departments like the fire service, where savings may not materialize due to simultaneous employment of outgoing and incoming staff.

Councilmember Wood noted that in the last budget workshop, the city's ongoing budget deficit is projected through 2029, and she commented that relying solely on foregone revenue is not sustainable. She emphasized the need to find alternative solutions to balance the budget without compromising city services. She stated that the City Administrator can work with the department heads to help right-size the budget and explore more effective cost-saving measures.

Councilmember Gookin expressed a preference for receiving data without opinions, emphasizing that decisions should be based on objective information. He pointed out that the financial projections were built around a single variable, an incentive of 1% of annual salary, and questioned whether other scenarios had been considered. Ms. Ebner clarified that the 1% figure was based on past council-approved incentives and that she had also modeled a flat \$25,000 per employee, which resulted in higher costs. Ms. Tosi confirmed that the 1% was previously approved by Council, and Ms. Ebner clarified that the retirement incentive model is not fixed and can be adjusted based on various assumptions and variables. She explained that the data presented was generalized to avoid revealing potentially identifiable employee information. Councilmember Gabriel acknowledged that the 1% incentive model was simply a starting point and could be adjusted as needed. Councilmember Evans thanked Ms. Ebner for clarifying that multiple calculation methods were considered and requested to hear from the City Administrator on the potential impacts of these decisions. Mr. Tymesen explained that the retirement incentive is a useful tool, though its impact is limited compared to past years due to fewer eligible positions and the likelihood that not all will participate. He noted that in previous efforts, the city aimed for at least \$20,000 in annual savings per participant and emphasized the importance of setting clear parameters for evaluating potential savings. While some departments, like fire, may offer opportunities, the overall savings are less

compelling if positions must be backfilled. He also said that staffing gaps in the Legal Department have led to unintended savings but stressed that such situations aren't ideal or sustainable. He acknowledged the complexity of the issue and the many variables involved. He added that the proposal wasn't presented earlier because it didn't guarantee significant savings.

Councilmember Wood expressed appreciation for the thoughtful discussion and emphasized the importance of aligning retirement incentive planning with broader budget strategies, especially given the city's continued reliance on foregone revenue. She suggested that with thorough analysis of all variables, there may be an opportunity to avoid taking foregone in the future. She proposed authorizing the City Administrator to work with department heads to implement retirement incentives, focusing on positions that could be held open for up to four months to generate savings for the city.

FIRST MOTION: Motion by Wood, seconded by Gookin, to authorize the City Administrator to move forward on the retirement cost savings plan, with some positions hold up to four months.

DISCUSSION: Councilmember Gabriel raised concern about limiting the retirement incentive policy by specifying a maximum of four months to hold a position open, suggesting that more flexibility could lead to greater savings. Councilmember Wood noted the importance of giving the City Administrator discretion while avoiding negative impacts on departments. Councilmember Gookin stated that the County just adopted a new policy that says if a position is vacant for four months, it's out of the budget. Mr. Tymesen shared concerns about the County's new policy that removes vacant positions from the budget after four months, noting that such a rule could negatively impact departments struggling to fill roles, like the Legal Department. He expressed hope that the retirement incentive would result in meaningful annual savings, ideally around \$20,000 per participant, based on past benchmarks. However, he acknowledged that savings would vary depending on whether positions are backfilled or reorganized, especially in departments like fire where constant staffing complicates cost reductions. The incentive should be substantial enough to encourage participation, but cautioned against flattening the formula, which could feel unfair to long-tenured employees. He concluded that the incentive should serve as encouragement to retire earlier.

Councilmember Gookin asked whether the retirement incentive amount, previously set at 1%, had to remain consistent or could be adjusted if the City Administrator had the flexibility to do so. Mr. Tymesen confirmed that the figure is not fixed and could be modified. Mr. Tymesen discussed the potential impact of lowering the incentive, agreeing that reducing it might make it less appealing to employees. He also noted that a flat \$25,000 incentive turned out to be more costly than the 1% model, highlighting the complexity of choosing the most effective and financially viable approach.

Councilmember English suggested adding flexibility to the motion by allowing the four-month vacancy period to be extended with a majority vote from the Council. Councilmember Wood agreed and proposed including minimum savings of \$25,000. City Attorney Randy Adams raised a concern about the potential exposure of employee-specific data during Council discussions.

AMENDED MOTION: Motion by Wood, seconded by Gookin, to authorize the City Administrator to move forward on the retirement incentive cost savings plan, with some positions hold up to four months, with a savings of at least \$25,000.

DISCUSSION: Councilmember Gookin asked about the potential for reorganization to save money, and Mr. Tymesen explained that while significant cost savings may not be achievable in the Fire Department, the city is working on a proposal involving several changes, in coordination with the union, to ensure mutual agreement. He mentioned the recent vacancy in the Urban Forester position and suggested that the role might be restructured or retitled, with its responsibilities reassigned, rather than filled as-is. However, he noted that across the city, there are few positions that could be fully eliminated, making large-scale savings through reorganization unlikely.

Councilmember Wood clarified that the \$25,000 savings should apply as a one-time benefit for the next budget year, rather than requiring multi-year savings, to avoid discouraging participation. Ms. Tosi noted that previous incentives used a two-year savings model.

Ms. Ebner sought clarification on whether the goal of holding positions vacant was simply to offset the cost of the retirement incentive or to achieve an additional \$25,000 in savings from the difference between the retiree's salary and the new hires. Councilmember Wood suggested the City Administrator could evaluate those scenarios. Ms. Tosi clarified that the previous incentive aimed at a minimum of \$20,000 in savings over two years. Councilmember Wood reiterated her preference for a one-year savings model. Mr. Tymesen proposed that the \$25,000 savings could include both lower wages from new hires and the months the position remains vacant, noting that this could put pressure on departments. He further clarified that the \$25,000 could come from either vacancy duration or wage differences. Ms. Tosi recalled that the previous program required retirement by year-end and was approved by Council after an intent to separate was submitted, suggesting a similar process could be followed again.

Councilmember Evans expressed concern that the current motion might be too prescriptive, suggesting it should be broadened to give staff more flexibility to explore options and return to Council with refined recommendations after consulting with departments. Councilmember Wood withdrew her motion and proposed that the updated retirement incentive guidelines be brought to the next council meeting.

Motion withdrawn.

WASTEWATER COMMERCIAL RATES: Wastewater Director Mike Anderson gave a presentation to the Council to clarify how the city's wastewater department handles commercial billing. He explained that billing is based on water usage because wastewater cannot be measured directly at individual properties. The department first determines the cost of treatment, including personnel, power, and chemicals, and then categorizes customers into classes such residential or commercial high/low, to assign appropriate rate policies. Residential customers are charged a flat monthly rate due to consistent usage patterns, while commercial customers are billed based on actual water usage, which varies widely depending on the type of business. Mr. Anderson addressed the issue of irrigation and its impact on wastewater billing, explaining that residential properties are billed based on winter water usage, which excludes irrigation. This method assumes

that winter usage reflects actual wastewater generation, as summer water use increases significantly due to irrigation. For commercial properties, which are billed based on actual water usage, this can lead to inflated wastewater charges if irrigation water is not separated. To address this, the city recommends installing a dedicated irrigation meter, which ensures that water used for landscaping is not included in wastewater billing. Mr. Anderson illustrated this with examples of two similar commercial businesses, one with an irrigation meter and one without, highlighting the billing differences. He noted that while irrigation meters are now required for new installations, they were previously optional, leading to discrepancies in billing. Installing irrigation meter involves a cap fee and installation costs.

Councilmember Gookin inquired about a possible limit on the number of meters allowed in the city. Water Director Kyle Marine explained that the city's water and wastewater systems are designed based on Equivalent Residential Units (ERUs), which represent the amount of service capacity available. The city can only provide service up to its system's capacity, regardless of actual usage, because it must reserve enough supply for all customers. Councilmember Gookin asked whether installing irrigation meters for every commercial property would exceed the system's ERU limits. Mr. Marine noted that it's possible but would require calculations to confirm. Mayor McEvers asked if splitting water into domestic and irrigation meters doesn't increase total water usage but helps track and manage it more effectively. Mr. Marine stated that separating irrigation use supports water conservation and cost recovery, as the city invests heavily in infrastructure, such as wells and reservoirs specifically for irrigation. These costs are partially covered by cap fees paid when new services are added, which help reimburse the city for its infrastructure investments.

Mr. Anderson provided historical context on how the city previously handled wastewater billing for commercial properties. In the past, a method called "summer sewer" was used, where winter water usage was billed year-round, assuming it reflected wastewater generation. However, this approach became inaccurate as the city evolved into a tourist destination, with significantly higher wastewater output in summer. Another outdated method involved private deduct meters owned by property owners, who reported irrigation usage to the city for billing adjustments. This system lacked oversight and was difficult to manage. To improve accuracy and control, the city transitioned to using city-issued irrigation meters, which clearly separate irrigation from domestic water use. Mr. Anderson illustrated the importance of this change with examples showing how similar water usage patterns can be misleading without an irrigation meter, emphasizing the complexity and variability of commercial properties compared to residential ones.

Councilmember Wood raised concerns about unexpectedly high wastewater bills for commercial properties. Mr. Anderson explained that while the rate itself, currently around \$6.80 per thousand gallons, is among the lowest regionally, the issue stems from irrigation water being included in wastewater billing when properties lack separate irrigation meters. He noted that it's unfair to charge wastewater rates on water used for irrigation and reiterated the importance of installing irrigation meters to separate domestic and irrigation use. Councilmember Gookin asked for the justification for higher summer bills, noting that the wastewater plant's flow remains relatively flat year-round. Mr. Anderson responded that without an irrigation meter, the city has no way to distinguish irrigation from wastewater, making accurate billing impossible. He acknowledged that improvements are needed to ensure fairness while maintaining funding for the system.

Councilmember Gookin stated the need for a logical and fair approach that maintains funding without burdening customers. Mr. Anderson stressed that the city's goal is cost-appropriate billing based on actual wastewater treatment costs, and that those without irrigation meters may inadvertently subsidize others. He reiterated that irrigation meters are now required and are the best solution to ensure accurate billing and prevent inflated charges for non-wastewater usage.

Mr. Tymesen stated that it is a business decision for commercial property owners. He explained that if a property has turf and requires irrigation, owners should consider the return on investment of installing an irrigation meter to avoid being charged wastewater rates on irrigation water. He noted that the city's current system, which uses radio-read meters, is designed for efficiency and sustainability, and that older methods like private deduct meters were problematic and have been phased out. His recommendation was for businesses to assess their landscaping needs and either invest in irrigation meters or consider alternatives like xeriscaping to reduce costs and avoid unnecessary wastewater charges.

Councilmember Wood asked about the cost of installing an irrigation meter, and Mr. Marine responded that the cap fee for a new three-quarter-inch service is approximately \$4,200, with expected increases in the coming years. Mayor McEvers pointed out that this investment supports long-term water availability and infrastructure. Mr. Marine stated that the funds help sustain future water needs.

Mr. Anderson explained how the decision to install an irrigation meter is ultimately a business choice for commercial property owners, depending on factors like property size and landscaping needs. Smaller businesses may not find the investment worthwhile, while larger ones could benefit significantly. He noted that the next rate study is scheduled for 2028, with review beginning in 2027, though changes could be made earlier if necessary. He added that rates are set in five-year cycles for consistency.

DISCUSSION: Councilmember Gookin asked about alternative billing methods, such as flat rates for low-impact businesses like a real estate or law office. Mr. Anderson cited unpredictable usage patterns even among similar businesses and emphasized the difficulty in accurately classifying commercial properties due to their varied operations. He added the importance of data and the limitations of assumptions, reinforcing the need for individualized metering to ensure fair billing.

Mr. Tymesen explained that the city does not monitor what goes on inside commercial buildings due to the lack of a business license requirement, making it difficult to track changes in usage or occupancy. He gave examples of mixed-use buildings and unpredictable water usage patterns, emphasizing the challenge of assigning accurate wastewater rates. The city aims to be as precise as possible while acknowledging that wastewater costs are driven by volume, not rate differences.

Councilmember Wood suggested a lease or payment plan for irrigation meters to make them more accessible, and Mr. Tymesen stated that it's possible, though the city hasn't implemented such a program. Councilmember Gookin asked about incentives for irrigation meters, and Mr. Tymesen noted the main benefit is a reduced wastewater bill. Councilmember Gookin raised concerns about the financial impact if all businesses installed irrigation meters at once. Mr. Anderson responded

that while it wouldn't cost the city directly, it would eliminate the current subsidization from businesses paying wastewater rates on irrigation, potentially leading to increased rates for others until the next rate study in 2028.

Councilmember Wood proposed exploring a payment or lease program to make irrigation meters more affordable for businesses, and Councilmember Gookin suggested providing a return-on-investment breakdown to help business owners make informed decisions. Mr. Anderson agreed that such information could be added to the city's website, noting installation costs vary by location.

Councilmember Gookin asked whether the city faced any capacity limits for adding irrigation meters. Mr. Marine clarified that each new service, including irrigation, counts against the city's ERU capacity, but the city currently has 3,000 to 5,000 ERUs available. He assured the Council that the city is proactively expanding infrastructure, including new wells, to stay ahead of demand and avoid reaching capacity limits.

ADJOURNMENT: Motion by English, seconded by Evans that there being no other business, this meeting be adjourned. **Motion carried.**

The meeting adjourned at 2:07 p.m.