



## City of Ketchum

August 1, 2022

Mayor Bradshaw and City Councilors  
City of Ketchum  
Ketchum, Idaho

Mayor Bradshaw and City Councilors:

### **FY23 Budget Public Hearing & First Reading of Ordinance #1239**

#### Recommendation & Summary

On June 27, the annual budget workshop was held where staff presented the draft budget for Council feedback. Overall, the Council supported the draft budget with the following homework items:

- Complete analysis to determine if planning fees could be adjusted to fund planner position in concert with some reimbursement portion from KURA (*in progress*)
- Update recreation fees (*complete*)
- Determine if adjustments could be made to fund increase for sustainability program (*complete*)

The city conducted an online public survey from June 24 to July 15. Results were distributed to the Council prior to the July 18 public hearing. Staff welcomes further policy guidance from the Council regarding any other amendments to the draft budget.

**"I move approval of first reading of Ordinance #1239 by title only and schedule for second reading"**

#### Introduction and History

##### **General Fund**

The current fiscal year (FY22) adopted revenues were \$12,840,516 (amended budget \$13,438,084). The revenue forecast for the General Fund was upgraded due to development activity within town and a post-COVID environment. Specifically, planning and building revenues were increased. Funds the city receives from the state were also increased due to the positive economic outlook. FY23 forecast is a base reduction to \$12,497,062 based on the following assumptions: (1) no federal COVID grants as received in FY22 (-\$307,050); (2) the three percent property tax adjustment (+328,617); (3) increase in state shared revenues (+\$134,812); and a base reduction in planning/building revenues (-\$129,550).

##### **Capital Improvement Fund**

During the FY22 budget development process, the Council approved the five-year plan with a commitment to review annually and make necessary adjustments moving forward. Staff has completed updates to years FY23-26 and added the new fifth year (27). The majority of proposed expenses in FY23 is related to maintenance and repair of existing assets/equipment. The most significant change to the plan is the addition of Warm Springs Preserve improvements which would be fully funded from donations. A very small portion of the plan is associated with new service enhancements (sidewalks, bike lanes/paths). It is important to note that the

city has never had a significant dedicated revenue source to fund the plan outside the Idaho Power Franchise (\$265,000) and Impact Fees for Streets, Fire and Police (\$134,000). Historically, the city has funded the CIP via overperforming revenues from either the General Fund or Local Option Tax Fund.

### **Local Option Tax Fund**

FY22 was kept at a conservative base revenue forecast of \$2,400,000 knowing that it would likely overperform and those revenues would be utilized for the city's underfunded Capital Improvement Plan. The FY22 amended budget will be increased to \$4,675,100 in planned expense to accommodate the following interim budget requests: (1) onetime funding for NGO contracts per last year's budget workshop (\$237,510); (2) increased General Fund Transfer to support fire/EMS expenses; (3) Sun Valley Road rehabilitation project (\$1,277,735 LOT fund balance & \$348,627 CIP fund balance). FY23 forecast is \$2,846,469 based on current and previous fiscal year receipts. The draft proposed expenses are included. The most significant changes include: (1) no funding for Visit Sun Valley; (2) increase operating and capital funding for Mountain Rides; and (3) increased transfer to General Fund to cover Fire and Police expenses.

### **Water and Waste-Water Funds**

Staff presented ten-year rate models to support the new five-year capital improvement plans in both funds. HDR completed the new 20-year Waste-water Facility Plan that informs CIP expenses. Absent a very significant rate increase, the city will need to issue debt to facilitate the implementation of the plan. The draft budget assumes a 7% sewer rate increase to support debt service should voters approve in November. Within the Water Fund the Council supported transitioning to more aggressive rate tier structure aimed at water conservation similar to the City of Hailey. This new rate structure will also help to implement the new Capital Improvement Plan.

### Sustainability

The budget currently allocates funds (\$50,000) for sustainability activities in the Capital Improvement Fund.

### Financial Impact

The FY23 draft budget is \$35,365,435 in total planned expenses and \$35,365,435 in revenues.

### Attachments:

Ordinance #1239

FY23 Budget

ORDINANCE NO. 1239

AN ORDINANCE OF THE CITY OF KETCHUM, IDAHO, ENTITLED THE ANNUAL APPROPRIATION ORDINANCE FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2022, APPROPRIATING TO THE VARIOUS BUDGETARY FUNDS, SUMS OF MONEY DEEMED NECESSARY TO DEFRAY ALL NECESSARY EXPENSES AND LIABILITIES WITHIN EACH FUND FOR THE ENSUING FISCAL YEAR, AUTHORIZING A LEVY OF A SUFFICIENT TAX UPON THE TAXABLE PROPERTY AND SPECIFYING THE OBJECTS AND PURPOSES FOR WHICH SAID APPROPRIATION IS MADE, AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED by the Mayor and City Council of the City Ketchum, Blaine County, Idaho:

SECTION 1: That the sum of \$37,914,809 be raised and appropriated to defray the necessary expenses and liabilities of the City of Ketchum, Blaine County, Idaho for the fiscal year beginning October 1, 2022.

SECTION 2: That the City Council hereby appropriates each Fund as an independent fiscal and accounting group with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

SECTION 3: That the appropriation for the General Fund is made in the following amount to each specific division or function:

Legislative and Executive, Administrative, Legal, Community Planning and Development, Law Enforcement, Fire and Rescue, Street and Facility Maintenance, and Non-Departmental.

Total General Fund	12,497,062
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SECTION 4: That the appropriation for the Water and Wastewater Funds is made in the following amounts to each specific Fund, department, or function:

Water Fund	2,815,101
Water Capital Improvement Fund	559,000
Wastewater Fund	6,868,120
Wastewater Capital Improvement Fund	4,248,090
Total Water and Wastewater Funds	14,490,311

SECTION 5: That the appropriation for all Other Funds is made in the following amounts to each specific Fund, department, or function:

General Capital Improvement Fund	2,549,374
Wagon Days Fund	151,550
Original LOT Fund	2,846,469
Additional 1%-LOT Fund	2,066,247
GO Bond Debt Fire Fund	880,491
Community Housing In-Lieu Fund	305,000
City/County Housing (Strategic Initiative) Fund	848,349
Police Trust Fund	7,500
Parks & Recreation Trust Fund	1,122,456
Development Trust Fund	150,000
Total Other Funds	10,927,436

SECTION 6: That a general tax levy on all taxable property within the City of Ketchum be levied in an amount allowed by law for the general purposes for said City, for the fiscal year beginning October 1, 2022.

SECTION 7: All ordinances and parts of ordinances in conflict with this ordinance are hereby repealed.

SECTION 8: This ordinance shall take effect and be in force upon its passage, approval, and publication in one issue of the Idaho Mountain Express, a newspaper of general circulation in the City of Ketchum, and the official newspaper of said City.

PASSED by the City Council and APPROVED by the Mayor of Ketchum this 1th day of August 2022.

ATTEST:

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NEIL BRADSHAW, MAYOR

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LISA ENOURATO, INTERIM CITY CLERK