



City of Ketchum

## CITY COUNCIL MEETING AGENDA MEMO

Meeting Date:  Staff Member/Dept:

Agenda Item:

### Recommended Motion:

There is no recommended motion. Staff will review the attached presentation and stand for initial questions/concerns from City Council. One more review will occur during the June budget workshop.

### Reasons for Recommendation:

- The city oversees two Enterprise Funds (Water and Wastewater) which operate fully from monthly customer charges.
- City staff maintains a ten year financial model for both funds to ensure long-term capital needs are being factored into rate setting along with annual operating costs (e.g. personnel, utilities, minor equipment).
- Staff has updated the model to reflect the latest operational costs as well as a refreshed Capital Improvement Plan.

### Sustainability Impact:

Many of the CIP items seek to reduce the growth in electrical utilization/costs.

### Financial Impact:

None OR Adequate funds exist in account:	Staff is recommending fee increases in both funds to ensure operating costs are addressed and adequate capital reserves.
--	--

### Attachments:


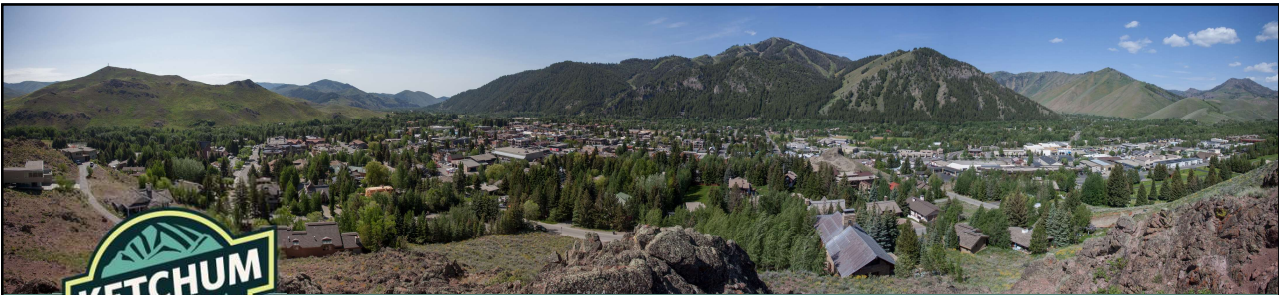
1. Presentation
2. Water financial forecast
3. Wastewater financial forecast



# Enterprise Funds Financial Discussion

2025 Budget Process  
May 6, 2024

1



# Water Fund

2



## Current Fiscal Year Financials

WATER			
REVENUES			
Adopted Budget	\$	3,168,928	
Collected YTD	\$	1,317,379	<b>42%</b>
Remaining	\$	1,851,549	
EXPENDITURES			
Adopted Budget	\$	3,168,928	
Spent YTD	\$	1,360,007	<b>43%</b>
Remaining	\$	1,808,921	
<b>NET POSITION</b>	<b>\$</b>	<b>(42,623)</b>	

3



## Water Fund Update

### Recent Actions/Updates:

- Updated/Refined CIP
- Water Conservation
  - 242 million gallon reduction since 2014
    - 153 million gallons, Ketchum Springs abandonment
    - 64 million gallons, operational changes
    - 25 million gallons, New Rate Structure

### Current Primary Objectives:

- Fund Financial Stability
  - Designated Operational and Capital Reserves
  - Avoid Debt
- Full Implementation of the CIP
- Limit rate impacts to customers

4



## Wood River Rate Comparisons

### Current Rates

	Ketchum	Sun Valley	Hailey	Bellevue
Water Base	\$15.28	\$19.55	\$9.22	\$35.05
Water Usage	\$6.55		\$2.55	
<b>Total</b>	<b>\$21.83</b>	<b>\$19.55</b>	<b>\$11.77</b>	<b>\$35.05</b>

- Based on 5,000 gallon usage
- **Proposed 2025 Ketchum Rate: \$22.94**

5



## Financial Assumptions


### Capital Expenditures

- Based on Current 5-Year CIP (2024-2028)
- CIP Expenses for the “Out” Years (2029-2034)
  - Assumed at \$900k annually

### Operating Costs

- Personnel - 4.5% Annual Growth
- Materials & Services - 3.0% Annual Growth
- Other expenses are assumed flat or are based on known amounts


6



## Water CIP 2025-2029

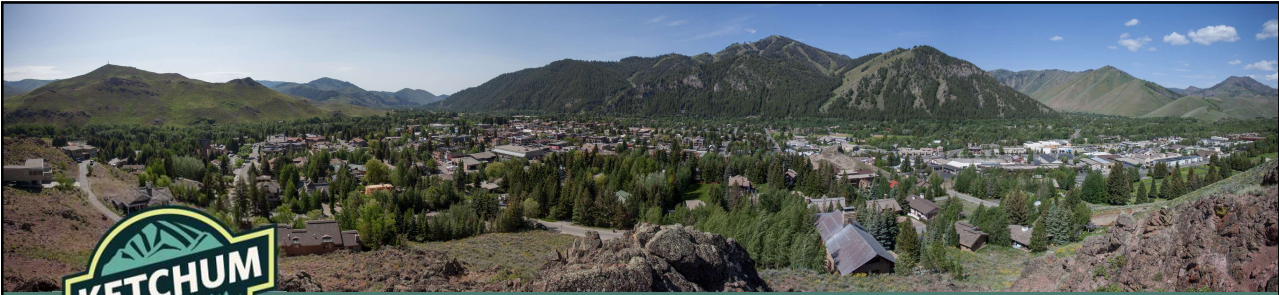
	Projected Costs by Year				
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
New Weyyakin Mainline ext.	\$ 375,000				
Neils Way to Glade Court mainline ext.	\$ 75,000				
Reinheimer West Mailine ext.	\$240,000				
Reinheimer East Mainline ext.	\$165,000				
Trail Creek Bridge Hwy 75		\$ 50,000			
Trail Creek Mainline Construction phase 2 IPCO to Well		\$380,000			
Trail Creek Well, Re-build			\$ 600,000		
Trail Creek Mainline Construction			\$ 380,000		
Spur Ln. Loop Tie in				\$ 50,000	
Saddle/Hwy75 to 10th ML ext.				\$ 312,500	
Trail Creek Well, Re-build				\$ 600,000	
Estimate					\$ 790,000
Water Meters	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Construction	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
<b>Total</b>	<b>\$965,000</b>	<b>\$540,000</b>	<b>\$1,090,000</b>	<b>\$1,072,500</b>	<b>\$ 900,000</b>

7

- 
- ## Projected Financial Position (10-Year)
- Based on Current CIP – **Fully Funded**
  - Assumed Rate Increases
    - 2025: 5%
    - 2026: 5%
    - 2027: 5%
    - 2028: 5%
    - 2029-34: 3%
  - Projected FY 2024 EOY Undesignated Fund Balance
    - \$3,101,110 – Operating
    - \$792,533 – Capital
  - Projected FY 2034 EOY Undesignated Fund Balance
    - \$2,279,678 – Operating
    - \$2,167,533 – Capital
- 8



## Water Fund Discussion



## Wastewater Fund



## Current Fiscal Year Financials

WASTEWATER			
REVENUES			
Adopted Budget	\$	3,576,023	
Collected YTD	\$	1,901,939	<b>53%</b>
Remaining	\$	1,674,084	
EXPENDITURES			
Adopted Budget	\$	3,576,023	
Spent YTD	\$	1,649,028	<b>46%</b>
Remaining	\$	1,926,995	
<b>NET POSITION</b>	<b>\$</b>	<b>252,911</b>	

11



## Wastewater Fund Update

### Recent Actions:

- Approved Bond to Fund CIP Needs
- Updated/Refined CIP

### Current Primary Objectives:

- Fund Financial Stability
  - Designated Operational and Capital Reserves
- Full Implementation of the CIP
- Limit rate impacts to customers

12



## Wood River Rate Comparisons

### Current Rates

	Ketchum	Sun Valley	Hailey	Bellevue
Sewer Charge	\$43.94	\$34.54	\$85.03	\$89.29

- **Proposed 2025 Ketchum Rate: \$46.14**

13



## Financial Assumptions

### Capital Expenditures


- Based on Current CIP (2025-2034)
  - CIP Expenses 2033-2034 Assumed at \$3.6M annually

### Operating Costs

- Personnel - 4.5% Annual Growth
- Materials & Services - 3.0% Annual Growth
- Other expenses are assumed flat or are based on known amounts

14






## Wastewater CIP 2025-2029

	Projected Costs by Year				
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Energy Efficiency Projects	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Aeration Basin Blowers & Updated Electrical	\$1,496,375				
Upgrade Filter PLC	\$ 25,000	\$ 77,000			
UV PLC Upgrade	\$ 25,000	\$ 77,000			
Screw Press Thickener and Dewatering Building	\$2,274,760	\$4,377,000			
Screw Press, Conveyors, Poly System	\$ 600,000	\$ 40,000			
Gravity Thickener	\$ 50,000				
Replace Pumps	\$ 33,000		\$ 353,250		
Sewer Line Construction (Trail Creek Bridge)	\$ 175,000				
Aeration Basin Upgrade (Basins 1 & 2)		\$ 485,000	\$3,196,000		
Outfall Clearing		\$ 83,500			
Misc. Headworks Improvements			\$ 50,000		
East Clarifier HVAC and New Roof				\$ 183,000	
Replace UV Equipment				\$1,694,000	
Replace VFD's				\$ 782,000	
Digester #2					\$ 924,000
New and Replacement Digester Blowers					\$ 952,000
<b>Total</b>	<b>\$4,729,135</b>	<b>\$5,189,500</b>	<b>\$3,649,250</b>	<b>\$2,709,000</b>	<b>\$1,926,000</b>

15

- 
- ## Projected Financial Position (10-Year)
- Based on Current CIP – **Fully Funded**
  - Assumed Rate Increases
    - 5% annual increase
  - Projected FY 2024 EOY Undesignated Fund Balance
    - \$3,559,301 – Operating
    - \$6,345,607 – Capital
  - Projected FY 2034 EOY Undesignated Fund Balance
    - \$2,744,894 – Operating
    - \$6,034,189 – Capital
- 16



## Wastewater Fund Discussion