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FY23 Budget Development Kick-off Session

May 23, 2022



FY23 Budget Development

Agenda

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- FY23 Revenue Forecast & Expense Overview
 - By fund / key trends & issues*
 - General Fund
 - Strategic Initiative
 - Local Option Tax
 - Capital Improvement Fund
 - Housing Action Plan
 - Enterprise Funds
- Review Next Steps



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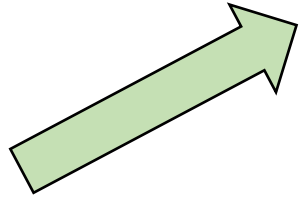
General Fund



FY23 Budget Development

Current Fiscal Year [7 months]

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GENERAL FUND			
REVENUES			
Approved Budget	\$	12,840,516	
Collected YTD	\$	7,345,552	57%
Remaining	\$	5,494,964	43%
EXPENDITURES			
Approved Budget	\$	12,840,516	
Spent YTD	\$	6,961,367	54%
Remaining	\$	5,879,149	46%
NET POSITION	\$	384,185	







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2023 Proposed Revenue Forecast

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GENERAL FUND – REVENUES			
FY 2020 Actuals	FY 2021 Actuals	FY 2022 Adopted	FY 2023 Proposed
\$11,204,912	\$12,85,892	\$12,840,516	\$12,426,759

Key variance topics:

- No federal COVID grants -  - \$ 307,050
- Property taxes, 3% adjustment -  + \$ 328,617
- State shared revenues -  + \$ 134,812
- Planning/building revenues -  - \$ 139,550



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Variance – Property Taxes

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- Under Idaho law, cities can only increase property tax rates by 3% annually.
- New construction valuation goes to the URA.



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Variance – Planning/Building Revenues

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GENERAL FUND – Planning/Building Revenues		
	FY 2022 Adopted	FY 2023 Proposed
Building Plan Check Fees	\$ 162,500	\$ 130,000
Planning Plan Check Fees	\$ 113,750	\$ 91,000
Fire Plan Check Fees	\$ 113,750	\$ 91,000
Charges for Services	\$ 625,550	\$ 496,600
		↓ \$ 139,550

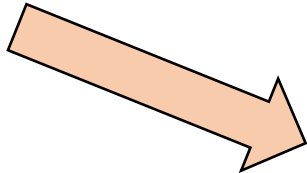


FY23 Budget Development

Current Fiscal Year [7 months]

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GENERAL FUND			
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Key Expense Issues

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- Compensation/benefits
 - FY22: 4% base + one-time compensation (employees <\$80k)
 - Funds to increase entry salary rates (\$70k)
 - Insurance rate increase
 - FY23: 4% base + One-time compensation = % to equal a 9% base increase
 - (to be on par with Blaine Co. & Hailey)
 - Funds to adjust pay compression (\$35k)
 - Another 10% insurance rate increase
- Fuel/utility cost increases
- Additional positions
 - Facilities +1 (Warm Springs Preserve)
 - Planning +1



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Questions?



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Strategic Initiative Fund



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Current Fiscal Year [7 months]

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STRATEGIC INITIATIVE			
REVENUES			
Approved Budget	\$	864,099	
Collected YTD	\$	557,050	65%
Remaining	\$	307,049	35%
EXPENDITURES			
Approved Budget	\$	864,099	
Spent YTD	\$	162,522	19%
Remaining	\$	701,577	81%
NET POSITION	\$	394,528	

**ARPA 2nd installment to come next week*



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Strategic Initiative

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- Approved budget - \$ 864,099
- Fund used to date - \$ 243,200
- Available balance - \$ 620,899



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Local Option Tax Fund



FY23 Budget Development

Current Fiscal Year [7 months]

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Local Option Tax			
REVENUES			
Approved Budget	\$	2,400,000	
Collected YTD	\$	2,184,478	91%
Remaining	\$	215,522	9%
EXPENDITURES			
Approved Budget	\$	2,400,000	
Spent YTD	\$	1,592,321	66%
Remaining	\$	807,679	34%
NET POSITION	\$	592,157	



Local Option Tax – FY23 Proposed Revenues & Expenses

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LOCAL OPTION TAX – REVENUES			
FY 2020 Actuals	FY 2021 Actuals	FY 2022 Adopted	FY 2023 Proposed
\$	\$	\$2,400,000	\$2,846,469

Key Expense Issues:

- Visit Sun Valley withdrawal of funding request
 - [\$ 200,000 in FY22] - \$ 0
- Mountain Rides increase in operating and capital funding
 - [\$ 527,000 +\$160k for CIP match in FY22] - \$ 687,000
- Increased transfer to General Fund to cover Fire & Police
 - [\$ 1,718,672 in FY22] - \$ 1,900,000
- Proposed excess revenues to fund CIP



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Questions?



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Capital Improvement Plan



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CIP – Revenue

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Revenue – CIP does not have significant revenue source, aside from

- Idaho Power Franchise [\$265k]
- Impact fees [\$134k]
- Historically funded via revenue overages in General Fund and Local Option Tax



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CIP – Key Expense Issues

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- New 5th year (2027) added
- Vast majority of 2023 = maintenance & repair of existing assets/equipment, ex:
 - Mill & overlay of East Avenue
 - Mill & overlay of Spruce Street
- New: Warm Springs Preserve improvements (donation-funded)
- Service enhancements = small portion, ex:
 - Bike lane on 2nd Avenue
 - Sharrows on multiple downtown streets



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Questions?



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Housing Action Plan

PROPOSED HOUSING BUDGET

City Council
May 23, 2022

ProjectKetchum.org





DISCUSSION OBJECTIVES

- May 2023 election
 - Option I – No action, no investments until new funding source is secured
 - Option II - Proposed approach for FY2023 is a multiple one-time funding sources
- Existing one-time funds
 - Strategic Initiative = \$620,899
 - General Fund - Fund Balance = \$TBD
 - Capital Improvement Fund Balance = \$683,908



SUMMARY

Projected Operating Income, Total	\$572,527
<i>Projected Income from operations</i>	\$142,353
<i>Projected Income - requested contracts</i>	\$430,174
<i>Proposed Ketchum Contribution</i>	\$251,345
Proposed Operating Expenses	\$572,527
Proposed Program Expenses, Ketchum	\$731,254
PROPOSED TOTAL CONTRIBUTION, KETCHUM	\$982,599



PROJECTED OPERATING INCOME

Contracts for Services total	\$430,174
Blaine County	\$175,829
City of Ketchum	\$175,829
City of Ketchum, benefits contribution	\$75,516
City of Sun Valley	\$0
City of Hailey	\$3,000
CH Administrative Fees	\$5,000
Rental Income, from 2 Elkhorn units	\$18,900
Rental Mgmt Income, Cold Springs Crossing	\$9,085
Rental Income, Lift Tower Lodge (93% occupancy)	\$109,368
Total Revenue	\$572,527



OPERATING EXPENSES

PAYROLL + BENEFITS, LIFT TOWER LODGE

<i>Payroll & Benefit Expenses</i>	
Salaries	\$260,000
Total Payroll/Benefit Expenses	\$179,516
Total Payroll Expenses	\$439,516
<i>Lift Tower Lodge</i>	
Lift Tower Lodge Operations Total	\$35,761



OPERATING EXPENSES

GENERAL + ADMINISTRATIVE, ONE-TIME

<i>General and Administrative</i>	
Ads	\$3,000
Dues & Subscriptions & Credentials	\$1,000
HOA Dues	\$13,200
Tidwell Appeal	\$20,000
Mileage Reimbursement	\$125
Postage & Delivery	\$125
Office Rent	\$12,000
Telephone & Internet/Website expenses	\$2,800
	G & A Subtotal
	\$52,250
<i>One-Time Expenses</i>	
training, certifications + travel	\$15,000
intern, graduate student	\$20,000
furniture & office equipment	\$2,000
Contract labor	\$8,000
	One-Time Expenses Subtotal
	\$45,000
	TOTAL OPERATING EXPENSES
	\$572,527



PROPOSED PROGRAM EXPENSES

1. <i>Create + Preserve Housing</i> : Architect to explore Master Planning YMCA, Leadville	\$75,000
1. <i>Create + Preserve Housing</i> : Historic preservation architect, Forest Service Park	\$30,000
1. <i>Create + Preserve Housing</i> : ADU incentive	\$9,000
1. <i>Create + Preserve Housing</i> : Lease to Locals	\$500,000
3. <i>Housing Stability</i> : Tenant Mediation Services	\$50,000
3. <i>Housing Stability</i> : One Stop Shop for housing applicants	\$10,000
3. <i>Housing Stability</i> : Analyzing, enforcing, training on deed restriction compliance	\$19,754
5. <i>Inform, Engage, Collaborate</i>	\$37,500
Program Subtotal	\$731,254

PROJECTED COST OF ALL HAP ACTIONS





GOAL 1 Create + Preserve Housing

GOAL & ACTION	MINIMUM INVESTMENT	IDEAL INVESTMENT	REQUESTED FUNDS, CITY	REQUESTED FUNDS, COUNTY
2. New Construction	-	-	-	-
architect for exploring master planning YMCA, Lift Tower Lodge	\$75,000	\$75,000	\$75,000	-
Washington St.	\$1,500,000	\$1,500,000	-	\$1,500,000
3. Preservation of existing affordable housing	\$500,000	\$1,500,000	-	-
5. Forest Service Park preservation for housing	-	-	-	-
Architect	\$30,000	\$30,000	\$30,000	-
Improvements	\$600,000	\$800,000	-	-
6. ADU incentives + education	\$9,000	\$109,000	\$9,000	-
7. pathway to ownership: downpayment assistance, etc.	\$500,000	\$1,500,000	-	-
8. Lease to Locals	\$500,000	\$1,360,000	\$500,000	\$406,000
Technical assistance on program development	\$15,000	\$30,000	-	-
<i>Goal 1 Total</i>	<i>\$3,729,000</i>	<i>\$6,904,000</i>	<i>\$614,000</i>	<i>\$1,906,000</i>



GOAL 2 Update Policy to Promote Housing

GOAL 3 Create + Improve Services to Create Housing Stability

GOAL & ACTION	MINIMUM	IDEAL	REQUESTED FUNDS, CITY	REQUESTED FUNDS, COUNTY
Goal 2: Update Policy to Promote Housing				
7. 8. 9. Specialty legal assistance on Fair Housing, discrimination	-	\$20,000	\$10,000	-
Goal 3: Create + Improve Services to Create Housing Stability				
5. tenant mediator and legal support	\$25,000	\$100,000	\$50,000	\$50,000
5. design + implement one-stop shop for housing applicants	-	\$20,000	\$10,000	\$10,000
5. education + programming (budgeting + financial planning, lending circle, landlord-tenant law, Fair Housing)	\$5,000	\$50,000	-	-
5. emergency assistance	-	\$382,500	-	-
6. analyze compliance processes, inventory and deed restriction	\$9,754	\$9,754	\$9,754	-
6. compliance training	\$5,000	\$10,000	\$10,000	-
7. physical housing options	-	-	-	-
Silver Creek Living	\$123,000	-	-	\$123,000
mobile, prefab, or tiny homes, acquisition or new construction for emergencies	\$100,000	\$1,000,000	-	-
<i>Goal 3 Total</i>	<i>\$267,754</i>	<i>\$1,572,254</i>	<i>\$79,754</i>	<i>\$183,000</i>



GOAL 5 Inform, Engage, + Collaborate

GOAL & ACTION	MINIMUM	IDEAL	REQUESTED FUNDS, CITY	REQUESTED FUNDS, COUNTY
2. materials & design for annual HAP update	\$3,700	\$7,400	\$7,400	-
5. facilitation of quarterly meetings	\$15,000	\$15,000	-	\$15,000
6. Housing Department start-up, technical assistance	-	\$15,000	\$7,500	\$7,500
7. implementation partner training	-	\$10,000	-	\$10,000
7. communication strategy + story boards	\$2,500	\$5,000	\$2,500	\$2,500
7. community education and outreach - design services	\$20,000	\$20,000	\$10,000	\$10,000
7. rebranding	\$3,000	\$3,000	\$3,000	-
7. website	\$5,000	\$5,000	\$2,500	\$2,500
7. translation services - verbal	\$600	\$600	\$600	-
7. translation services - written	\$3,000	\$3,000	\$1,500	\$1,500
10. Comparable city visits	\$1,500	\$2,500	\$2,500	-
<i>Goal 5 Total</i>	<i>\$54,300</i>	<i>\$86,500</i>	<i>\$25,000</i>	<i>\$49,000</i>



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Questions



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Enterprise Funds Financial Discussion and Rate Analysis



FY23 Budget Development
Water – 7 months in

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WATER			
REVENUES			
Approved Budget	\$	2,469,632	
Collected YTD	\$	961,968	39%
Remaining	\$	1,507,665	61%
EXPENDITURES			
Approved Budget	\$	2,469,632	
Spent YTD	\$	960,172	39%
Remaining	\$	1,509,460	61%
NET POSITION	\$	1,796	



- Summary of Current Financial Projection
- Review of Financial Assumptions
- Rate Comparison/Structure
- Presentation of Various 10-Year Financial Scenarios
 - Discussion
- Next Steps



FY23 Budget Development

Water – Projected Financial Position (5-year)

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- Based on Current 5-Year CIP
- Assumes a 3% annual rate increase (2024-2027)

- Current Undesignated Fund Balance
 - \$1,612,512
- Projected FY 2027 Undesignated Fund Balance
 - \$(2,665,841)
- No formal reserve policy



FY23 Budget Development

Water – Current Rate Comparison

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- Hailey
 - 12 rate tiers
 - Ranging from \$0.48 to \$6.10 per 1000 gallons
- Ketchum
 - 4 rate tiers
 - Ranging from \$1.15 to \$6.98 per 1000 gallons
- More cities to come



Water – Financial Assumptions

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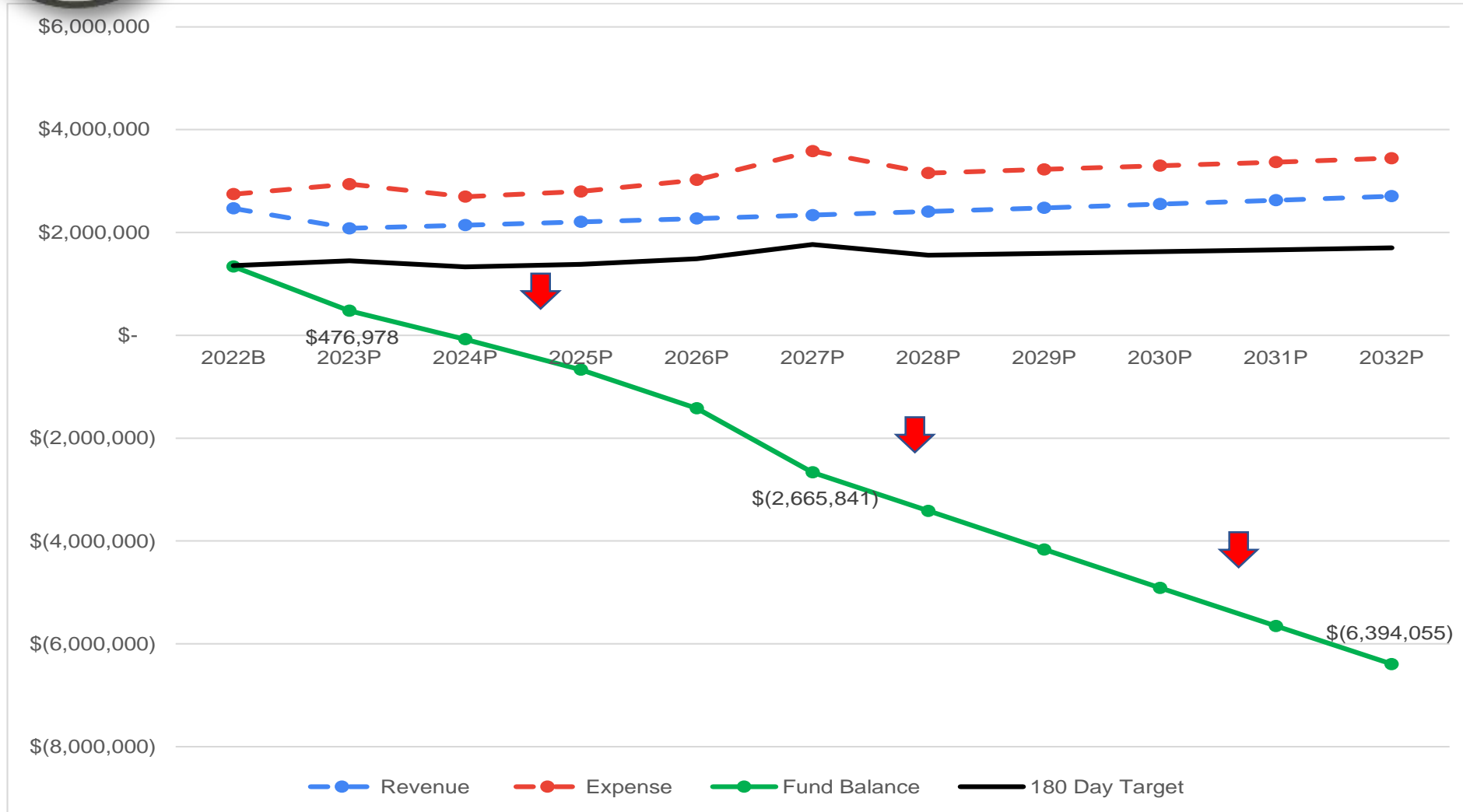
- Capital Expenditures
 - Based on Current 5-Year CIP (2023-2027)
 - CIP Expenses for the “Out” Years (2028-2032)
 - Assumed at \$500k annually
- Operating Costs
 - Personnel
 - 4.5% Annual Growth
 - Materials & Services
 - 3.0% Annual Growth
 - Other expenses are assumed flat or are based on known amounts
- Undesignated Fund Balance
 - Recommendation to establish an 180 day operating reserve



FY23 Budget Development
Water – 10-year Rate Scenarios

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Assumes a **3%** annual rate increase (2023-2032)

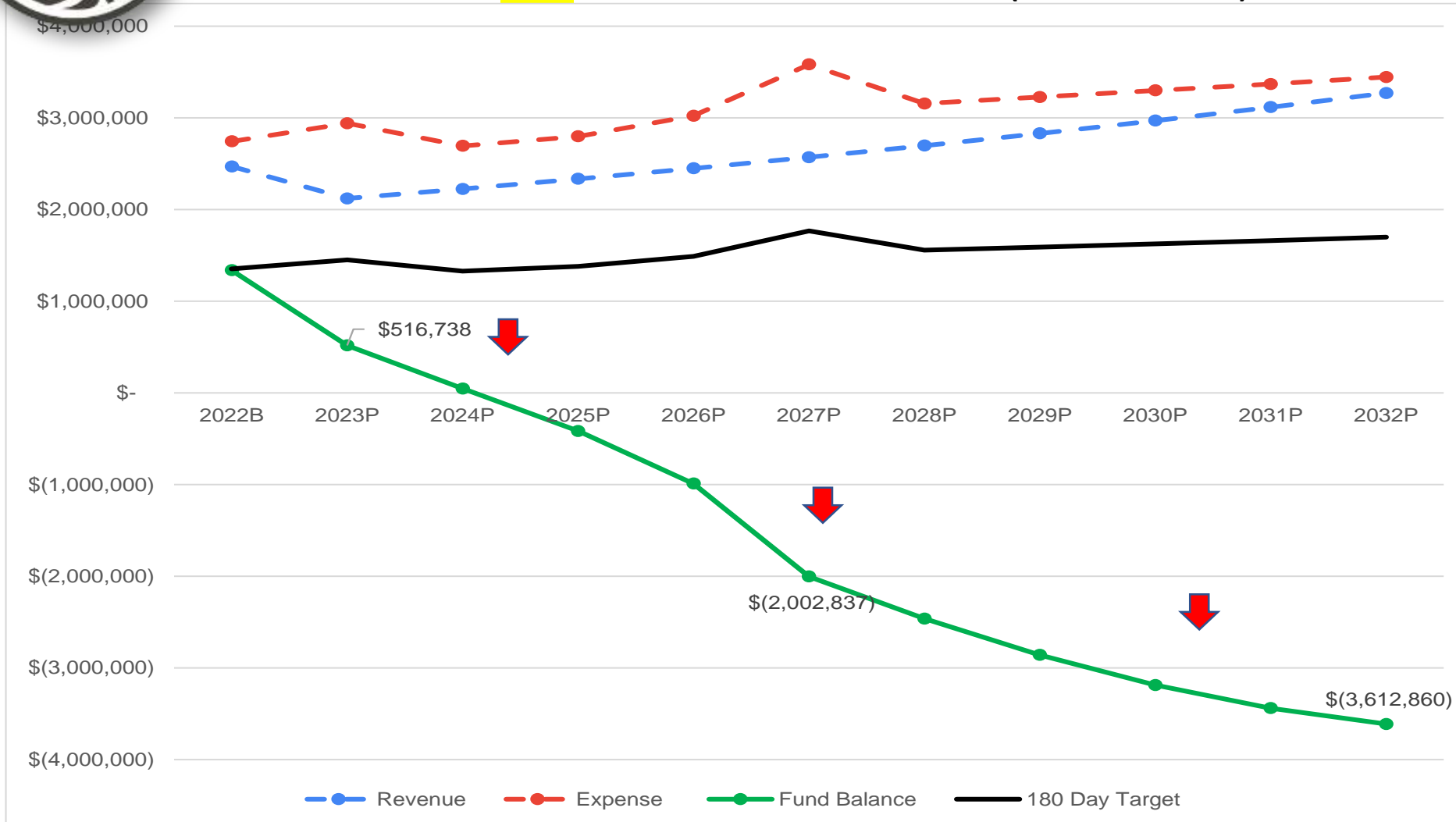




FY23 Budget Development Water – 10-year Rate Scenarios

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Assumes a **5%** annual rate increase (2023-2032)

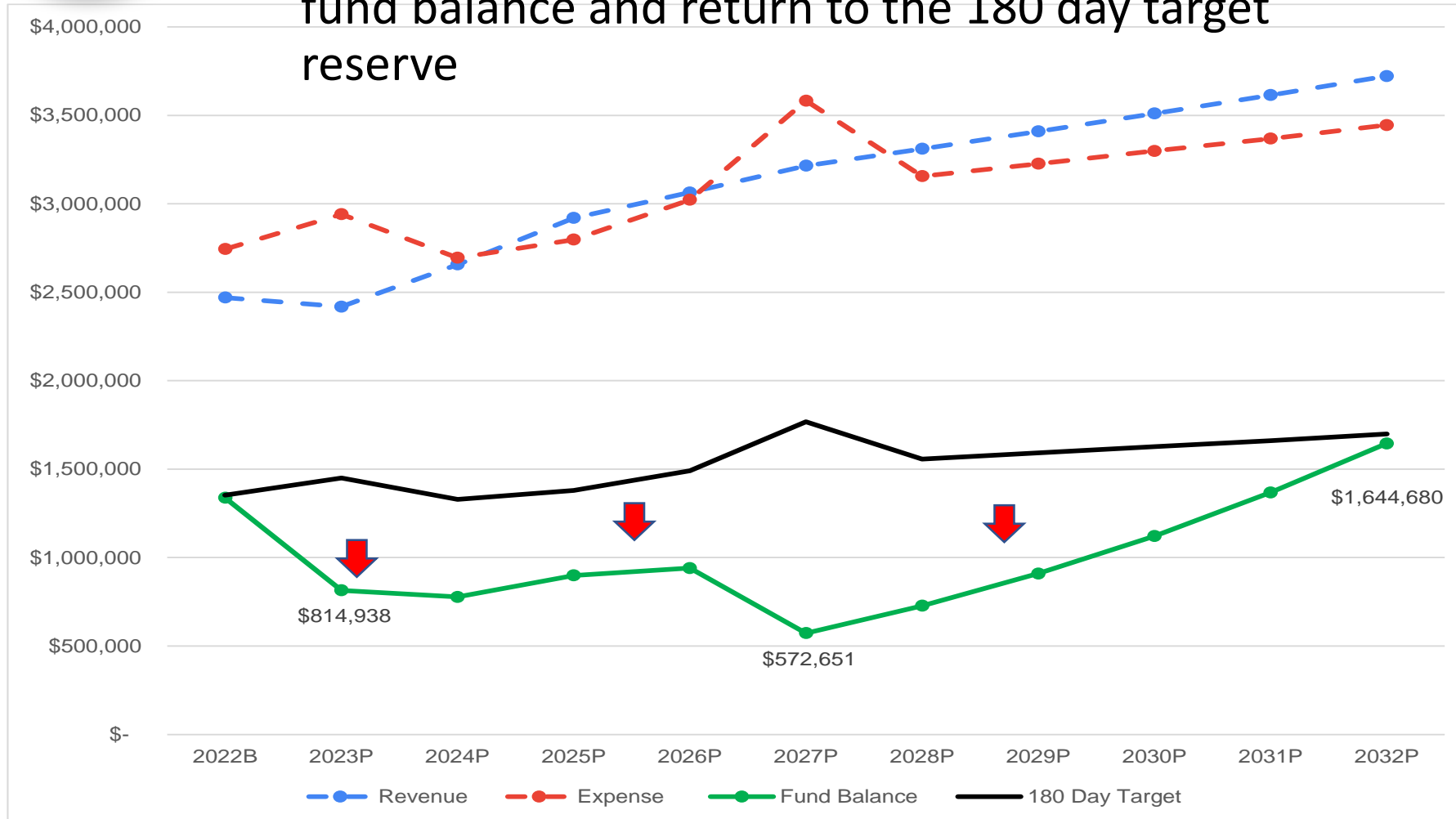




FY23 Budget Development
Water – 10-year Rate Scenarios

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Assumes a **variable increase** to maintain a positive fund balance and return to the 180 day target reserve



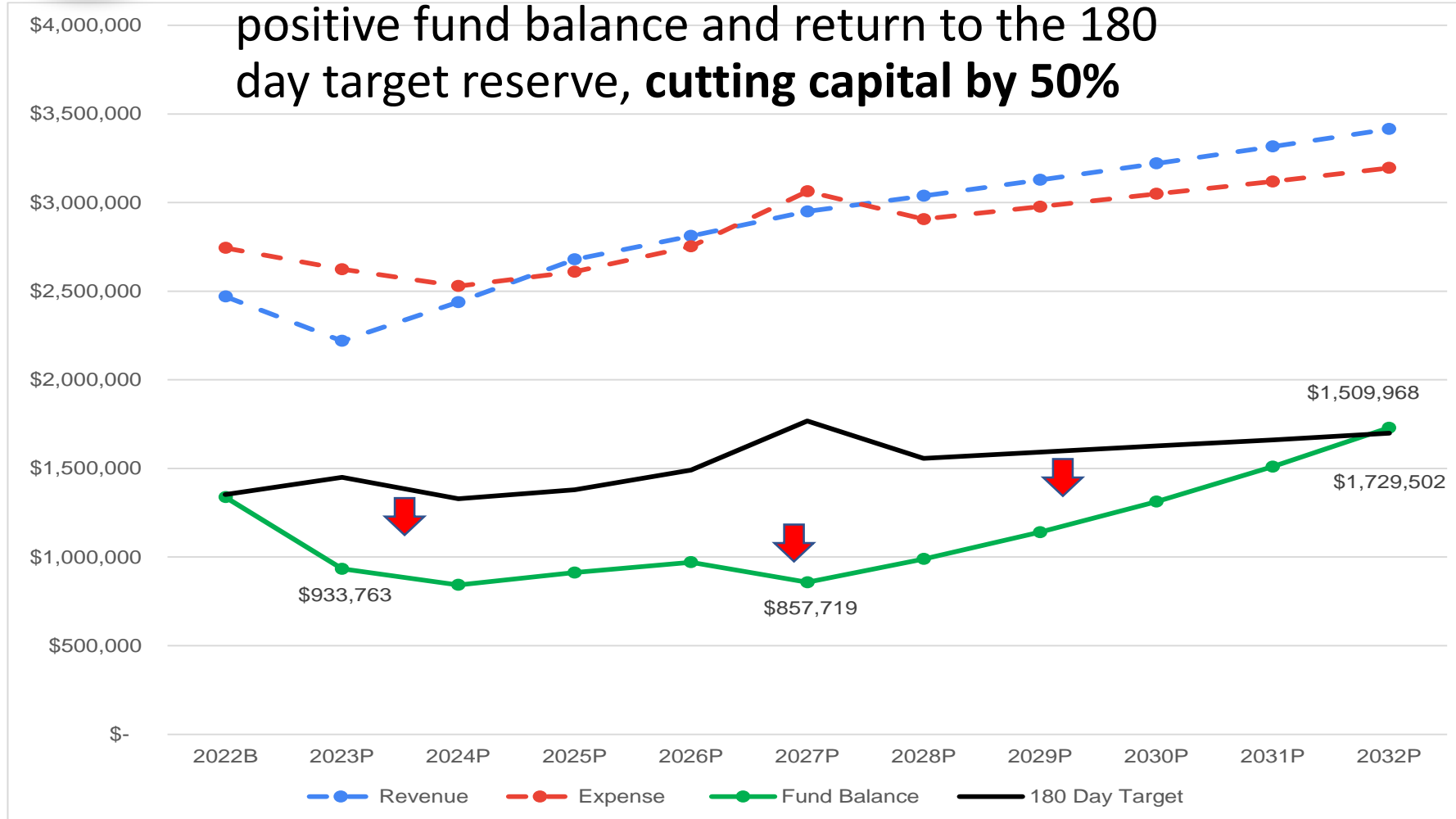
- Rate Increases:
- 2023: 20%
 - 2024: 10%
 - 2025: 10%
 - 2026: 5%
 - 2027: 5%
 - 2028: 3%
 - 2029: 3%
 - 2030: 3%
 - 2031: 3%
 - 2032: 3%



FY23 Budget Development
Water – 10-year Rate Scenarios

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Assumes a **variable increase** to maintain a positive fund balance and return to the 180 day target reserve, **cutting capital by 50%**



- Rate Increases:
- 2023: 10%
 - 2024: 10%
 - 2025: 5%
 - 2026: 5%
 - 2027: 3%
 - 2028: 3%
 - 2029: 3%
 - 2030: 3%
 - 2031: 3%
 - 2032: 3%



FY23 Budget Development

Water – Rate Structure Discussion

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- Rate structure is currently being reviewed
 - Alignment with peers and sustainability measures
- Currently a 4-tier rate structure
 - Looking to add additional tiers
- Complete analysis and recommendation forthcoming for June meeting



- Further refinement of both projected operating and capital expenditures, when and if possible.
- Forthcoming recommendation to City Council
 - Rate structure recommendation to City Council
 - Single year City Council Action on rates
 - Consensus on long term approach for financial sustainability and the corresponding impact to rates
- Questions?



Budget Planning

Wastewater – 7 months in

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WASTEWATER			
REVENUES			
Approved Budget	\$	1,206,000	
Collected YTD	\$	647,301	54%
Remaining	\$	558,699	46%
EXPENDITURES			
Approved Budget	\$	1,206,000	
Spent YTD	\$	71,371	6%
Remaining	\$	1,134,629	94%
NET POSITION	\$	575,930	



Agenda

- Summary of Current Financial Projection
- Review of Financial Assumptions
- Rate Comparison/Structure
- Presentation of Various 10-Year Financial Scenarios
 - Discussion
- Next Steps

Projected Financial Position (5-Year)

- Based on Current 5-Year CIP
- Assumes a 3% annual rate increase (2024-2027)

- Current Undesignated Fund Balance
 - \$1,115,578
- Projected FY 2027 Undesignated Fund Balance
 - \$(183,736)
- No formal reserve policy

Current Rate Comparison

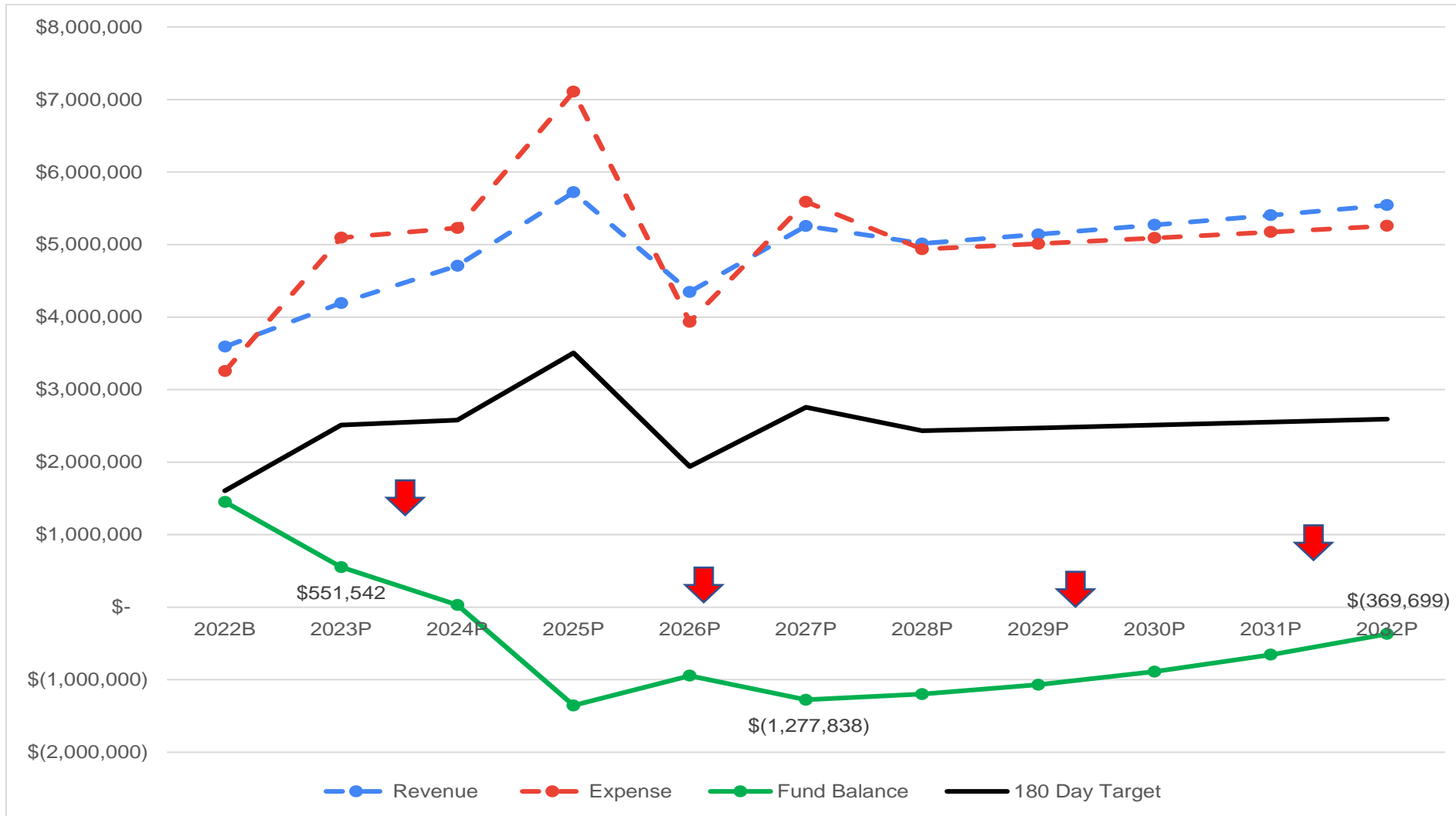
- Forthcoming (see attachment)

Financial Assumptions

- Capital Expenditures
 - Based on Current 5-Year CIP (2023-2027)
 - CIP Expenses for the “Out” Years (2028-2032)
 - Assumed at \$2.3M 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 (e.g. Debt service)
- Undesignated Fund Balance
 - Recommendation to establish an 180 day operating reserve

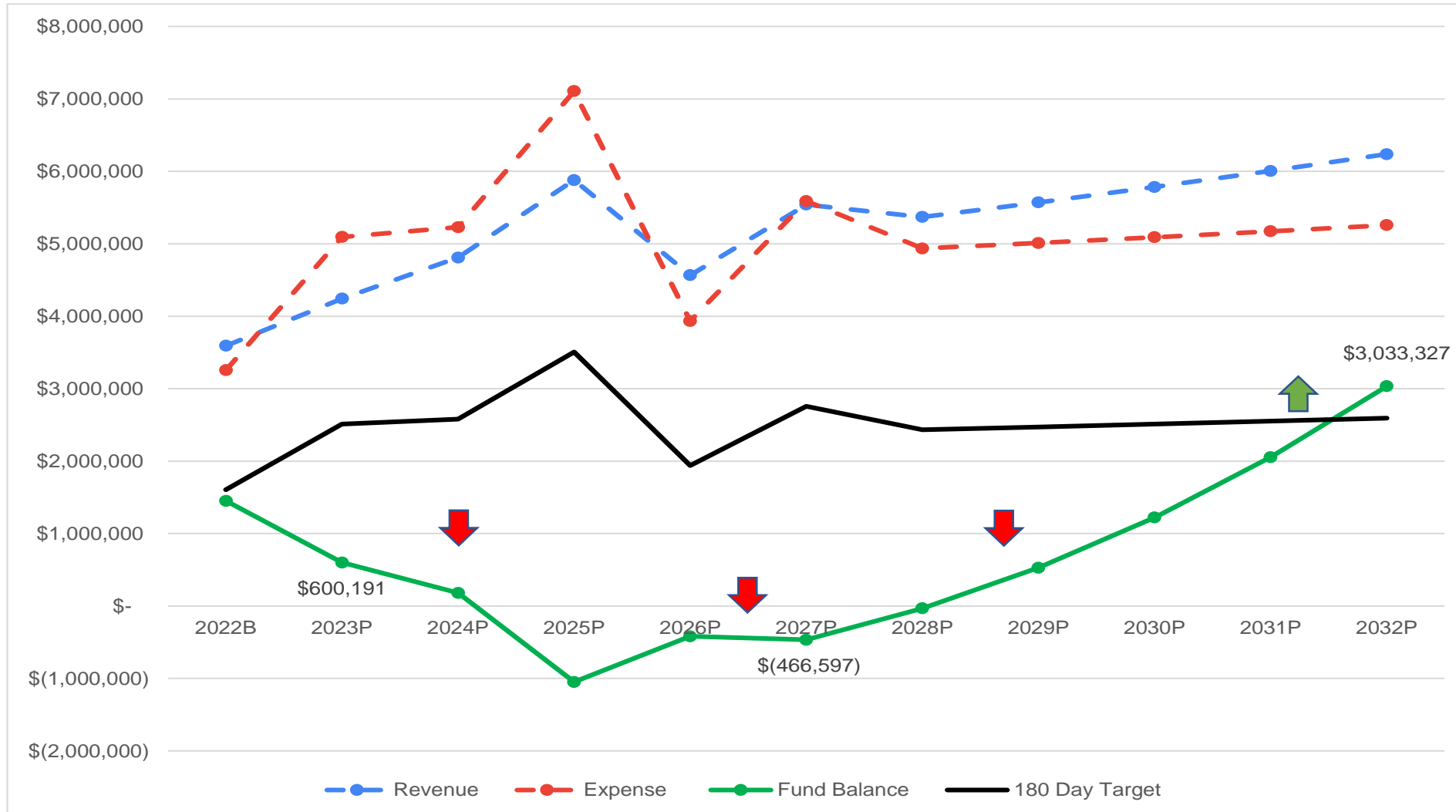
10-Year Rate Scenarios

Assumes a **3% annual rate increase (2023-2032)**



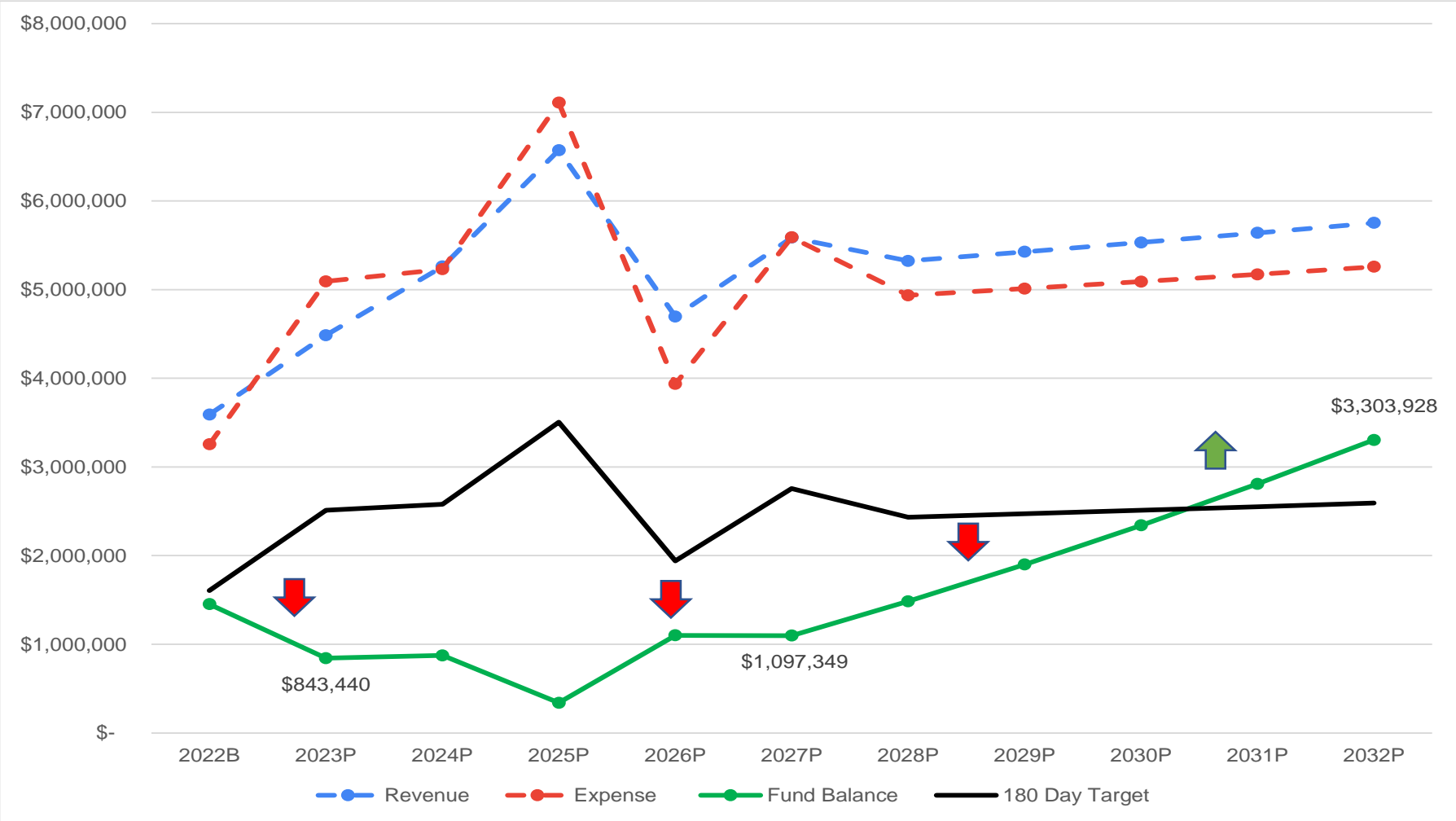
10-Year Rate Scenarios

Assumes a 5% annual rate increase (2023-2032)



10-Year Rate Scenarios

Assumes a **variable increase** to maintain a positive fund balance and return to the 180 day target reserve, **No Debt**

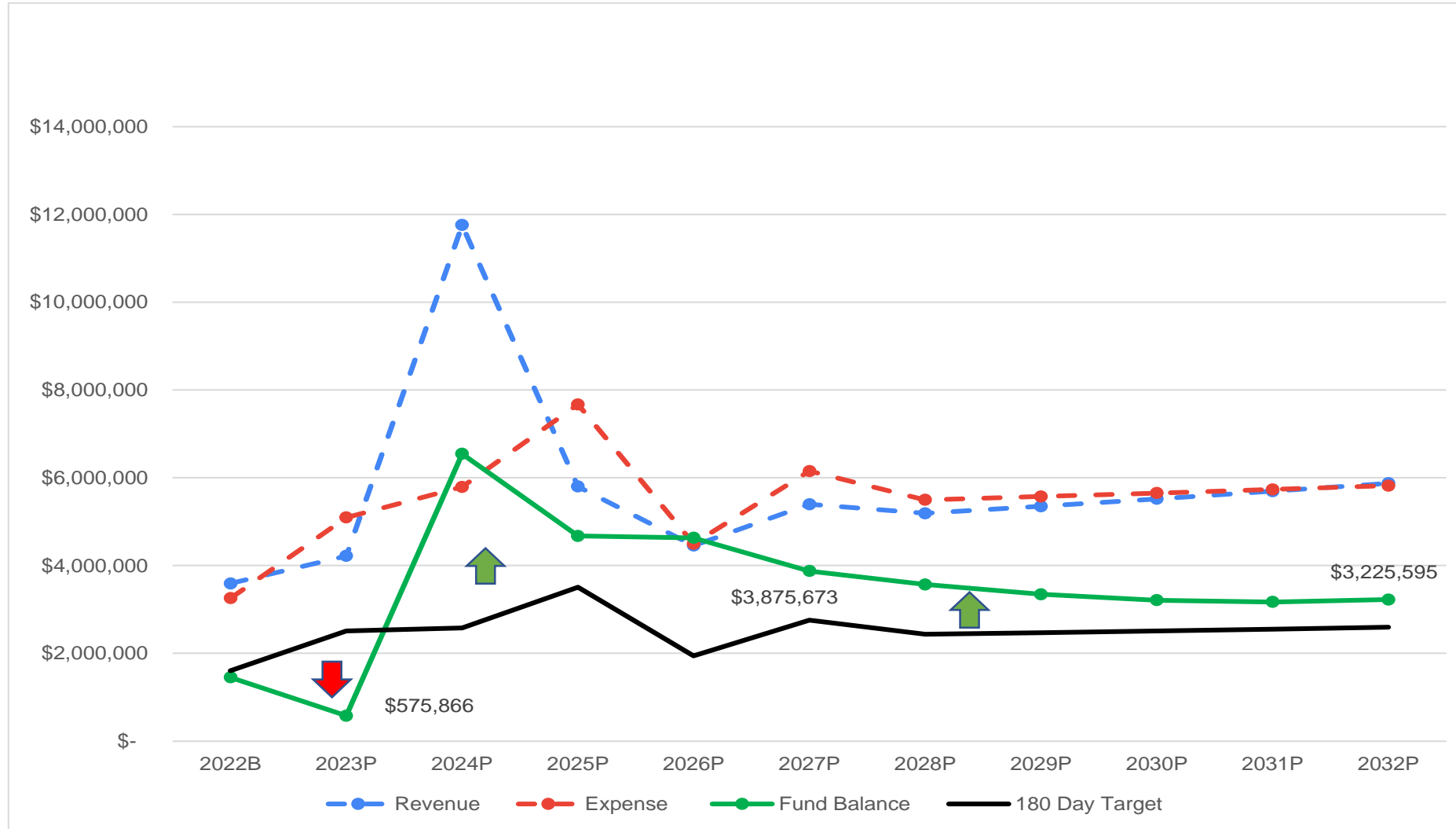


Rate Increases:

2023:	15%
2024:	12%
2025:	12%
2026:	-12%
2027:	2%
2028:	2%
2029:	2%
2030:	2%
2031:	2%
2032:	2%

10-Year Rate Scenarios

Assumes a 4% annual increase with \$7 million in Debt



Rate Structure?

- Complete analysis and recommendation forthcoming for June meeting

Discussion

Next Steps

- Further refinement of both projected operating and capital expenditures, when and if possible.
- Forthcoming recommendation to City Council
 - Single year City Council Action on rates
 - Consensus on long term approach for financial sustainability and the corresponding impact to rates



Budget Planning

Wrap-up

- Potential Changes?
- Additional Information Needed?



Budget Planning
Next Steps

- May – early June
 - Continue to refine department expense requests
 - Refine Capital Improvement Plan
- June 17th – Delivery of draft budget book
- June 27th – Budget workshop (9-Noon)