



City of Ketchum

### CITY COUNCIL MEETING AGENDA MEMO

Meeting Date:  Staff Member/Dept:

Agenda Item:

**Recommended Motion:**

No motion is required for the agenda item. Mayor & Council feedback requested.

**Reasons for Recommendation:**

This agenda item marks the first of several topics as part of the 2027 Budget Development process per the calendar shared in February. The discussion will focus on the General Fund and more specifically revenues within the General Fund.

**Sustainability Impact:**

The Draft General Fund Budget maintains the sustainability partnership with the County. This item, along with other partner contracts, will be addressed in a forthcoming session.

**Financial Impact:**

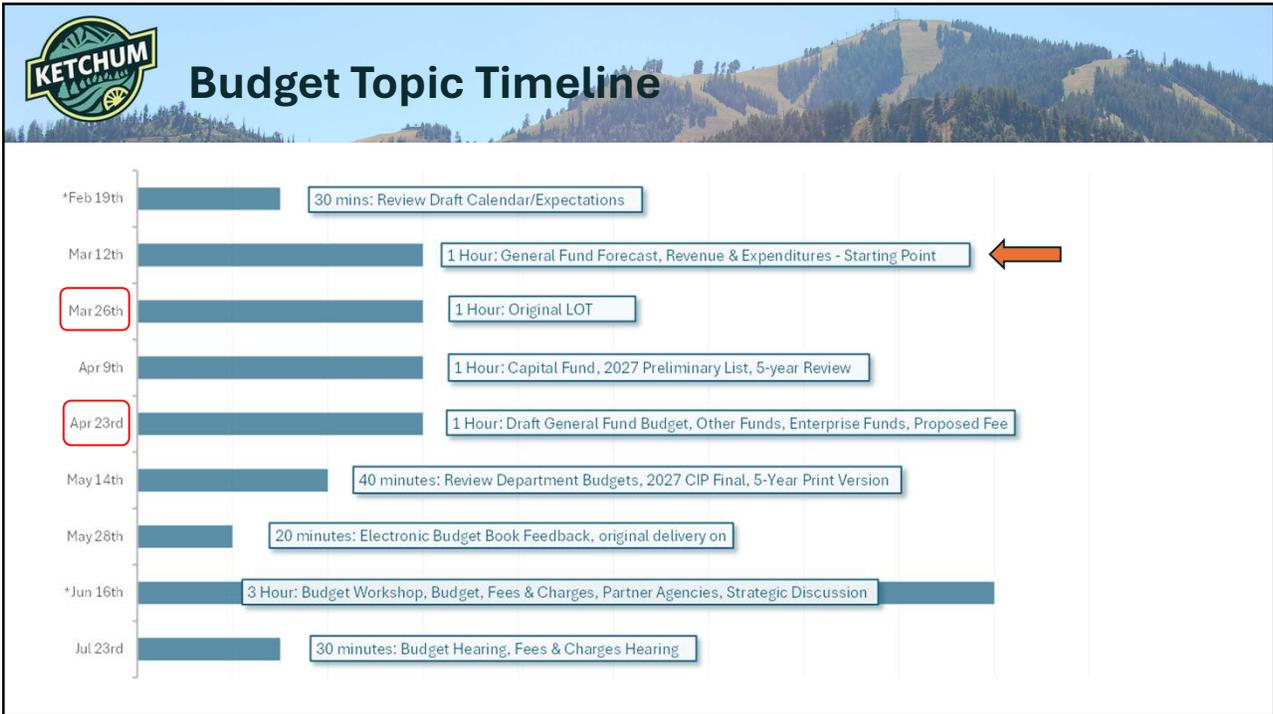
No immediate fiscal impact, however, the discussion sets the stage for potential trade offs in the future.

**Attachments:**

- |                                           |
|-------------------------------------------|
| 1. Slide Deck (PDF)                       |
| 2. Long-Term Financial Projection Handout |
| 3. Property Tax Comparables Handout       |



# FY 2027 Budget Development/Strategic Sessions





## Calendar Proposal

March 26<sup>th</sup>

- Confirmed March 25<sup>th</sup>
- Start time: 5:30pm

April 16<sup>th</sup>

- Strategic Planning Session
- 1 – 5 pm

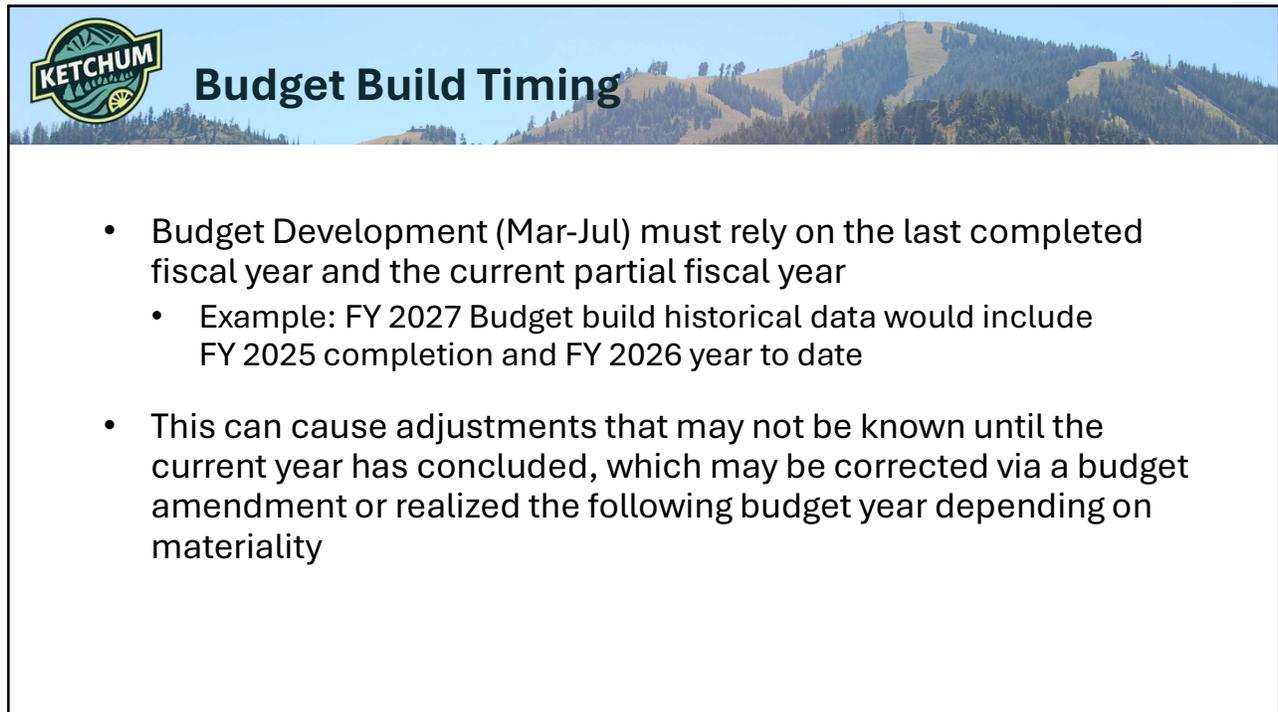
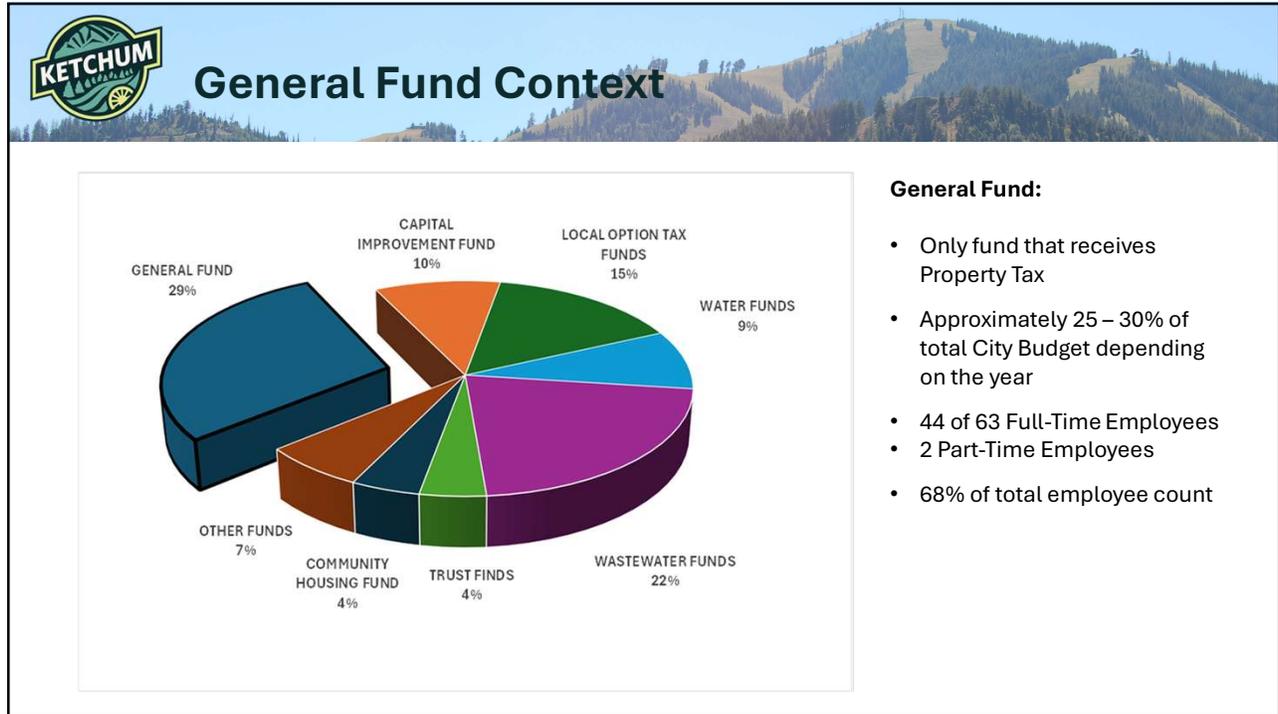
April 23<sup>rd</sup>

- Confirmed April 21<sup>st</sup>
- Start time: 5:30pm



## Budget Goals/Focus Areas

- **Align Dependable Base Revenue with Base Expenses**
  - *Revenues that can offset personnel expenses, standard operating items*
- **Use One-time Revenue for One-time Expenses**
  - *High Interest Income, variable based on market conditions*
  - *Increased Development Revenue that would be at risk in a market decline*
- **Limit growth where and when possible**
  - *Negotiate contracts, continued healthcare savings, shared staffing, strike a balance with full time staff and contract labor, in-house project management/project execution*
- **Continued Focus on Deficit Funding Needs**
  - *Capital Improvement & Housing*
- **Address Mayor & Council Highlighted Priorities**
  - *In council packet*





# General Fund Revenue



## General Fund Revenue/Assumptions *See Handout*

**City of Ketchum**  
**General Fund Financial Forecast**      **Version 03.03.2026**

General Fund Revenues	FY 2025 Actual	FY 2026 Adopted Budget	FY 2027 Starting Point
1 Undesignated Fund Balance	\$8,032,793	\$5,206,993	\$3,971,393
2 Property Tax	\$5,307,324	\$4,795,518	\$4,962,875
3 Franchise Fees	\$666,212	\$665,500	\$705,000
4 Licenses & Permits	\$858,725	\$754,900	\$567,500
5 Grants	\$39,163	\$0	\$0
6 Highway State Share	\$289,963	\$250,000	\$300,000
7 Liquor Tax	\$334,489	\$395,000	\$395,000
8 Sales Tax Allocation	\$1,122,604	\$1,150,000	\$1,200,000
9 County Agreement/Shared	\$1,736,861	\$80,000	\$80,000
10 Charges for Services	\$1,187,771	\$1,026,678	\$1,026,678
11 Miscellaneous Revenue/Reimbursements	\$3,053,575	\$2,130,629	\$1,967,944
12 LOT Transfer & Reimbursement	\$2,005,000	\$1,205,000	\$1,305,000
13 Use of Fund Balance			\$217,703
<b>14 Total</b>	<b>\$16,601,687</b>	<b>\$12,453,225</b>	<b>\$12,727,700</b>

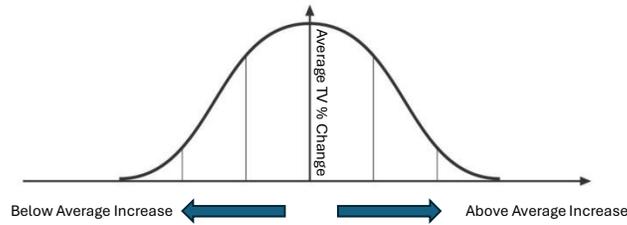
\*FY 2026 reduction is due to the reduced LOT Transfer (reduced \$800k), no EMS contract (\$1.69 elimination) and a Property Tax Reduction (reduced \$750k) as a result of the Fire District creation.



# General Fund Revenue – Property Tax

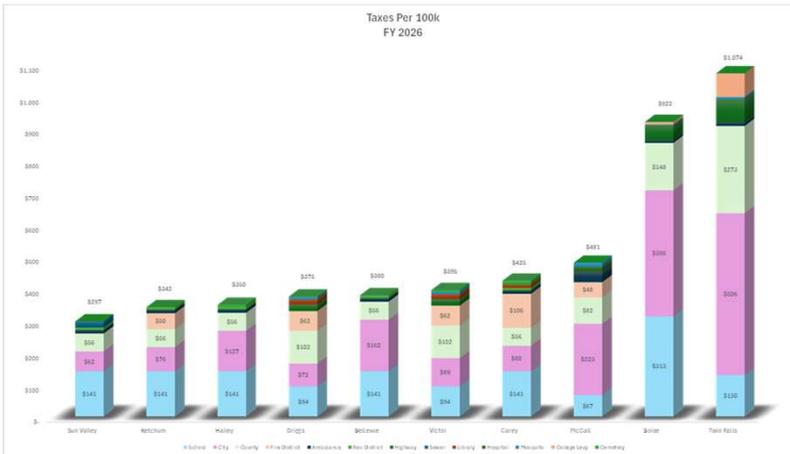
## Property Tax Myths

- Cities set a levy amount...
  - Not True – districts set a budget amount the levy is the result of math
- Cities have complete control over a homeowner's tax bill...
  - Not True – districts can choose to take or not take the allowed increase. This amount is a very small fraction of the total taxes.
- If a City takes the 3% base tax increase, all property owners will see a 3% increase...
  - Not True – what a property owner's taxes do is dependent on the value of the property and how the value changed compared to the average change



# General Fund Revenue – Property Tax

## Property Tax Examples/Comparisons



Per 100k		
Sun Valley	\$	298
Ketchum	\$	342
Hailey	\$	350
Driggs	\$	375
Bellevue	\$	380
Victor	\$	396
Carey	\$	425
McCall	\$	481
Boise	\$	922
Twin Falls	\$	1,074



## General Fund Revenue – Property Tax (line 2)

### Property Tax History

FY 2022	FY 2023	FY 2024	FY 2025	FY 2026B	FY 2027SP
\$4,818,578	\$4,926,283	\$5,142,852	\$5,307,324	\$4,795,518*	\$4,962,875

- Property taxes may grow 3% a year plus the growth formula (~3.35%/year FY 2028 & beyond)
- Far from keeping up with inflation given this only represents less than 40% of the General Fund revenue.
  - Western Mountain Towns CPI (US Bureau of Labor Statistics)
    - January 2021-2026: 24.9% Increase
    - Largest single year: 2021-2022 – 9.0% Increase

*\*FY 2026 Budget reduction due to the \$750k reduction given the commitment to the taxpayer for the creation of the Ketchum Fire District  
Numbers above include penalty & interest on past due tax receipts*



## General Fund Revenue – Property Tax

### Levy Rate

- ~38.9% of total General Fund Revenue



- Assumption: Base tax increase is taken (\$155k or ~\$2/\$100k taxable)



## General Fund Revenue – Franchise Fees (line 3)

### Revenue by Fiscal Year

- Gas Franchise Fee (3%):

FY 2024	FY 2025	FY 2026B	FY 2027 SP
\$123,262	\$106,485	\$130,000	\$130,000

**2% Aggregate Growth for FY 2028 forward**

- Cable Franchise Fee (3%):

FY 2024	FY 2025	FY 2026B	FY 2027 SP
\$134,523	\$134,111	\$137,500	\$140,000

Points of Discussion:

- Solid Waste Franchise Fee (6%):

FY 2024	FY 2025	FY 2026B	FY 2027 SP
\$98,603	\$109,479	\$100,000	\$112,000

- Gas Franchise revenue may need an adjustment in 2027
  - Pending trend analysis



## General Fund Revenue – Licenses & Permits (line 4)

### Revenue by Fiscal Year

Finance Licenses & Permits	FY 2024	FY 2025	FY 2026B	FY 2027SP
Business	\$30,335	\$35,239	\$33,000	\$35,000
Beer, Wine, Liquor	\$31,909	\$40,901	\$33,400	\$40,500
Catering	\$1,950	\$1,300	\$1,500	\$1,500
Special Events	\$16,844	\$20,694	\$20,000	\$20,000
Short Term Rental	\$93,228	\$98,825	\$200,000	\$0
Taxi/Limo	\$1,830	\$3,325	\$2,500	\$3,000

**2% Aggregate Growth for FY 2028 forward**

Development Permits	FY 2024	FY 2025	FY 2026B	FY 2027SP
Building	\$607,148	\$636,044	\$450,000	\$450,000
Right-of-way	\$16,180	\$21,096	\$13,000	\$16,000
Dig	\$1,450	\$1,300	\$1,500	\$1,500

Points of Discussion:

- Short Term Rental Budget in FY 2026 was built with an increased compliance projection due to a new software vendor
- Building Permits



## General Fund Revenue – Shared (lines 6-9)

### Revenue by Fiscal Year

State Shared	FY 2024	FY 2025	FY 2026B	FY 2027SP
Liquor	\$362,218	\$333,703	\$395,000	\$395,000
Highway	\$339,141	\$291,924	\$250,000	\$300,000
State Shared	\$1,114,447	\$1,125,591	\$1,150,000	\$1,200,000

County Shared	FY 2024	FY 2025	FY 2026B	FY 2027SP
Court Fines	\$92,663	\$51,785	\$80,000	\$80,000
County Ambulance Contract	\$1,513,357	\$1,685,076	\$0	\$0

**Between 1–2% Aggregate Growth 2028 & Beyond**

Points of Discussion:

- Liquor & Highway are volatile, may need to be adjusted
- EMS contract revenue removed



## General Fund Revenue – Charges for Services (line 10)

### Revenue by Fiscal Year

Development	FY 2024	FY 2025	FY 2026B	FY 2027SP
Planning Fees	\$193,812	\$140,184	\$150,000	\$150,000
Building Plan Check	\$332,514	\$355,932	\$292,500	\$292,500
Planning Plan Check	\$221,137	\$242,734	\$204,750	\$204,750
Fire Plan Check	\$230,436	\$247,599	\$200,000	\$200,000

Other	FY 2024	FY 2025	FY 2026B	FY 2027SP
Park User Fees – inc. concessions	\$145,948	\$150,374	\$151,000	\$151,000

**3% Aggregate Growth for FY 2027**

Points of Discussion:

- Planning fees are getting tight to budget
- Fire Plan Check revenue is now a 90% pass through to the Fire District via contract, corresponding expense is built in non-departmental



## General Fund Revenue – Misc. Revenue/Reimb (line 11)

### Revenue by Fiscal Year

	FY 2024	FY 2025	FY 2026B	FY 2027SP
Interest Earnings	\$507,892	\$429,588	\$250,000	\$250,000
Rents	\$78,522	\$84,725	\$123,000	\$123,000
Water Indirects (Overhead)	\$396,613	\$516,917	\$403,634	\$456,445
Wastewater Indirects (Overhead)	\$467,621	\$886,493	\$864,195	\$796,999
URA Salary Reimbursement	\$112,941	\$103,468	\$95,000	\$125,000

### FY 2027 Budget based on Calculations and Market Conditions

Points of Discussion:

- Interest revenue is intentionally under budgeted as the budgeted amount represent an allowed base expectation
- Indirect revenues from Enterprise Funds are based on an indirect cost allocation plan and methodology
- URA Reimbursement change to a City Reimbursement in FY 2026 versus a direct staff cost



## General Fund Revenue – LOT Trans/Reimbursement (line 12)

### Revenue by Fiscal Year

Development	FY 2024	FY 2025	FY 2026B	FY 2027SP
LOT Transfer In	\$2,005,000	\$2,005,000	\$1,205,000	\$1,305,000

### 2% Growth FY 2028 & Beyond

Points of Discussion:

- Planned LOT Reduction in 2026 going forward as a result of the Fire District Creation
- FY 2027 Starting Point adjustment based on historic collection



# General Fund Expenses



## General Fund Departmental (Starting Point - SP)

### Operating Expenses by Department (Summary)

Department	FY 2024	FY 2025	FY 2026B	FY 2027 SP
Legislative	\$324,838	\$426,612	\$395,269	\$387,942
Admin	\$2,068,076	\$2,272,922	\$875,593	\$874,718
Clerk			\$613,754	\$607,398
Community Engagement			\$406,042	\$460,054
Finance			\$510,502	\$774,269
Legal	\$265,388	\$288,498	\$260,920	\$260,000
Planning & Building	\$1,691,331	\$1,636,237	\$1,586,636	\$1,634,483
Non-Departmental	\$1,542,368	\$5,260,256	\$1,512,698	\$1,217,950
Facilities	\$948,516	\$1,146,562	\$1,310,078	\$1,358,275
Police	\$2,283,685	\$2,104,496	\$2,401,805	\$2,492,934
Streets	\$1,793,084	\$1,982,534	\$2,008,298	\$2,051,374
Recreation	\$517,362	\$567,154	\$571,630	\$610,096



## Departmental Example - Finance

Finance	FY 2025	FY 2026B	FY 2027SP
Personnel Costs		\$415,502	\$674,769
M&O		\$14,500	\$14,500
Professional Services			
Caselle (Financial System)		\$60,000	\$60,000
Audit		\$18,000	\$20,000
Office Equipment		\$5,000	\$5,000
<b>Total</b>		<b>\$510,502</b>	<b>\$774,269</b>

### Key Points:

- FY 2027 Personnel budget increase primarily due to:
  - FY 2026 Budget was in transition and ~\$50k light
  - Additional position
    - Reassigned, no total increase FTE within the General Fund
  - Health Selection Changes
- M&O
  - Office supplies/travel
- Professional Services
  - Limited and “must have”



## General Fund 5-Year Forecast

See Handout

### City of Ketchum General Fund Financial Forecast

Version 03.03.2026

#### General Fund Revenues

Revenue Source	FY 2025 Actual	FY 2026 Adopted Budget	FY 2027 Starting Point	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected
1 Undesignated Fund Balance	\$8,032,793	\$5,206,993	\$3,971,393	\$3,971,393	\$3,630,247	\$3,159,986	\$2,554,700
2 Property Tax	\$5,307,324	\$4,795,518	\$4,962,875	\$5,129,131	\$5,300,957	\$5,478,539	\$5,662,070
3 Franchise Fees	\$666,212	\$665,500	\$705,000	\$719,100	\$733,482	\$748,152	\$763,115
4 Licenses & Permits	\$858,725	\$754,900	\$567,500	\$578,850	\$590,427	\$602,236	\$614,280
5 Grants	\$39,163	\$0	\$0	\$0	\$0	\$0	\$0
6 Highway State Share	\$289,963	\$250,000	\$300,000	\$306,000	\$312,120	\$318,362	\$324,730
7 Liquor Tax	\$334,489	\$395,000	\$395,000	\$402,900	\$410,958	\$419,177	\$427,561
8 Sales Tax Allocation	\$1,122,604	\$1,150,000	\$1,200,000	\$1,212,000	\$1,224,120	\$1,236,361	\$1,248,725
9 County Agreement/Shared	\$1,173,861	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
10 Charges for Services	\$1,187,771	\$1,026,678	\$1,026,678	\$1,057,478	\$1,089,203	\$1,121,879	\$1,155,535
11 Miscellaneous Revenue/Reimbursements	\$3,053,575	\$2,130,629	\$1,967,944	\$1,967,944	\$1,967,944	\$1,967,944	\$1,967,944
12 LOT Transfer & Reimbursement	\$2,005,000	\$1,205,000	\$1,305,000	\$1,331,100	\$1,357,722	\$1,384,876	\$1,412,574
13 Use of Fund Balance			\$217,703				
14 <b>Total</b>	<b>\$16,601,687</b>	<b>\$12,453,225</b>	<b>\$12,727,700</b>	<b>\$12,784,504</b>	<b>\$13,066,933</b>	<b>\$13,357,526</b>	<b>\$13,656,534</b>

#### General Fund Expenditures

Expenditure Type	FY 2025 Amended Budget	FY 2026 Adopted Budget	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2030 Projected
15 Personnel	\$8,392,391	\$5,595,607	\$6,072,197	\$6,315,085	\$6,567,688	\$6,830,396	\$7,103,612
16 Materials & Services	\$9,025,156	\$6,110,140	\$6,202,503	\$6,357,566	\$6,516,505	\$6,679,417	\$6,846,403
17 Operating Capital	\$213,090	\$23,000	\$23,000	\$23,000	\$23,000	\$23,000	\$23,000
18 Operating Contingency/Transfers	\$1,796,850	\$724,478	\$430,000	\$430,000	\$430,000	\$430,000	\$430,000
19 <b>Total</b>	<b>\$19,427,486</b>	<b>\$12,453,225</b>	<b>\$12,727,700</b>	<b>\$13,125,650</b>	<b>\$13,537,193</b>	<b>\$13,962,813</b>	<b>\$14,403,014</b>
20 Net Surplus/(Assumed Use of Fund Balance)	-\$2,825,799	\$0	\$0	-\$341,147	-\$470,260	-\$605,287	-\$746,481
21 Rebudgets & EOY Commitments		\$1,235,600					
22 <b>Total Fund Balance</b>	<b>\$5,206,993</b>	<b>\$3,971,393</b>	<b>\$3,971,393</b>	<b>\$3,630,247</b>	<b>\$3,159,986</b>	<b>\$2,554,700</b>	<b>\$1,808,219</b>
23 17% Assigned Fund Balance		\$2,117,048	\$2,163,709	\$2,231,361	\$2,301,323	\$2,373,678	\$2,448,512
24 <b>Projected Unassigned Fund Balance</b>		<b>\$1,854,345</b>	<b>\$1,807,684</b>	<b>\$1,398,886</b>	<b>\$858,664</b>	<b>\$181,021</b>	<b>-\$640,294</b>



## Next Steps

- Continued Budget Refinement with Internal Staff



## Mayor/Council Discussion

**City of Ketchum  
General Fund Financial Forecast**

Version 03.03.2026

**General Fund Revenues**

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18 Operating Contingency/Transfers	\$1,796,850	\$724,478	\$430,000	\$430,000	\$430,000	\$430,000	\$430,000
<b>19 Total</b>	<b>\$19,427,486</b>	<b>\$12,453,225</b>	<b>\$12,727,700</b>	<b>\$13,125,650</b>	<b>\$13,537,193</b>	<b>\$13,962,813</b>	<b>\$14,403,014</b>
<b>20 Net Surplus/(Assumed Use of Fund Balance)</b>	<b>-\$2,825,799</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$341,147</b>	<b>-\$470,260</b>	<b>-\$605,287</b>	<b>-\$746,481</b>
<b>21 Rebudgets &amp; EOY Commitments</b>		<b>\$1,235,600</b>					
<b>22 Total Fund Balance</b>	<b>\$5,206,993</b>	<b>\$3,971,393</b>	<b>\$3,971,393</b>	<b>\$3,630,247</b>	<b>\$3,159,986</b>	<b>\$2,554,700</b>	<b>\$1,808,219</b>
<b>23 17% Assigned Fund Balance</b>		<b>\$2,117,048</b>	<b>\$2,163,709</b>	<b>\$2,231,361</b>	<b>\$2,301,323</b>	<b>\$2,373,678</b>	<b>\$2,448,512</b>
<b>24 Projected Unassigned Fund Balance</b>		<b>\$1,854,345</b>	<b>\$1,807,684</b>	<b>\$1,398,886</b>	<b>\$858,664</b>	<b>\$181,021</b>	<b>-\$640,294</b>

\*Annual growth assumptions (revenues): Property Tax 3.35%; Charges for Services 3%; Franchise Fees, Licenses & Permits, Liquor, Highway & LOT Transfer 2%; Sales Tax 1%

\*Annual growth assumptions (expenses): Personnel 4.0%; Materials & Services 2.5%

Per 100k	School	City	County	Fire District	Ambulance	Rec District	Highway	Sewer	Library	Hospital	Mosquito	College Levy	Cemetery	Total Per \$100K
Sun Valley	\$ 141.42	\$ 62.11	\$ 56.24	\$ -	\$ 11.10	\$ 7.18	\$ -	\$ 19.57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298
Ketchum	\$ 141.42	\$ 75.57	\$ 56.24	\$ 49.83	\$ 11.10	\$ 7.18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.62	\$ 342
Hailey	\$ 141.42	\$ 126.95	\$ 56.24	\$ -	\$ 11.10	\$ 7.18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6.63	\$ 350
Driggs	\$ 93.89	\$ 71.66	\$ 102.13	\$ 62.18	\$ -	\$ -	\$ 20.31	\$ -	\$ 16.43	\$ -	\$ 6.54	\$ -	\$ 2.15	\$ 375
Bellevue	\$ 141.42	\$ 161.53	\$ 56.24	\$ -	\$ 11.10	\$ 7.18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2.11	\$ 380
Victor	\$ 93.89	\$ 88.66	\$ 102.13	\$ 62.18	\$ -	\$ -	\$ 20.31	\$ -	\$ 16.43	\$ -	\$ 6.54	\$ -	\$ 5.51	\$ 396
Carey	\$ 141.42	\$ 79.82	\$ 56.24	\$ 106.48	\$ 11.10	\$ 7.18	\$ -	\$ -	\$ 11.27	\$ -	\$ -	\$ -	\$ 11.43	\$ 425
McCall	\$ 66.96	\$ 223.24	\$ 82.16	\$ 47.91	\$ 33.50	\$ -	\$ -	\$ -	\$ -	\$ 15.44	\$ 11.51	\$ -	\$ 0.36	\$ 481
Boise	\$ 313.14	\$ 394.57	\$ 148.26	\$ -	\$ 8.13	\$ -	\$ 47.93	\$ -	\$ -	\$ -	\$ 1.45	\$ 8.19	\$ -	\$ 922
Twin Falls	\$ 129.80	\$ 506.01	\$ 273.16	\$ -	\$ 11.72	\$ -	\$ 73.25	\$ -	\$ -	\$ -	\$ 5.67	\$ 74.01	\$ -	\$ 1,074

