



City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date: Staff Member/Dept:

Agenda Item:

Recommended Motion:

Reasons for Recommendation:

1. Affirm Baseline FY 2026 Budget Development Assumptions
2. Discussion and Direction regarding the presented long-term financial scenarios
 - a. Refined Scenarios to be presented in Late April/Early May
3. Confirm Next Steps

Sustainability Impact:

Financial Impact:

Attachments:

- | |
|---|
| 1. Current General Fund 5-Year Forecast |
| 2. Presentation Slide Deck |

City of Ketchum
General Fund Financial Forecast

Version 04.01.25

General Fund Revenues

Revenue Source	FY 2024	FY 2025	W/O Fire Department FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
	Actual	Amended Budget	Current Status	Projected	Projected	Projected	Projected
1 Undesigned Fund Balance		\$8,032,793	\$3,954,170	\$4,155,250	\$4,272,588	\$4,301,986	\$4,239,048
2 Property Tax	\$5,142,852	\$5,285,263	\$4,693,698	\$4,846,243	\$5,003,746	\$5,166,368	\$5,334,275
3 Franchise Fees	\$622,730	\$624,638	\$665,500	\$678,810	\$692,386	\$706,234	\$720,359
4 Licenses & Permits	\$800,874	\$577,024	\$754,900	\$777,547	\$800,873	\$824,900	\$849,647
5 Grants	\$4,039	\$0	\$0	\$0	\$0	\$0	\$0
6 Highway State Share	\$339,141	\$195,071	\$250,000	\$255,000	\$260,100	\$265,302	\$270,608
7 Liquor Tax	\$362,218	\$395,000	\$395,000	\$402,900	\$410,958	\$419,177	\$427,561
8 Sales Tax Allocation	\$1,114,447	\$1,086,365	\$1,150,000	\$1,161,500	\$1,173,115	\$1,184,846	\$1,196,695
9 County Agreement/Shared	\$1,606,020	\$1,735,076	\$80,000	\$81,600	\$83,232	\$84,897	\$86,595
10 Charges for Services	\$1,311,632	\$728,900	\$851,700	\$877,251	\$903,569	\$930,676	\$958,596
11 Miscellaneous Revenue/Reimbursements	\$1,993,181	\$2,373,803	\$1,690,529	\$1,707,434	\$1,724,509	\$1,741,754	\$1,759,171
12 LOT Transfer & Reimbursement	\$2,005,000	\$2,005,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
13 Total	\$15,302,133	\$15,006,140	\$11,731,327	\$11,988,285	\$12,252,488	\$12,524,153	\$12,803,505

General Fund Expenditures

Expenditure Type	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
	Prelim. Actual	Amended Budget	Projected	Projected	Projected	Projected	Projected
14 Personnel	\$7,545,466	\$8,316,959	\$5,785,770	\$6,017,201	\$6,257,889	\$6,508,204	\$6,768,533
15 Materials & Services	\$5,876,479	\$6,495,124	\$5,463,477	\$5,572,747	\$5,684,201	\$5,797,886	\$5,913,843
16 Operating Capital	\$207,487	\$207,430	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000
17 Operating Contingency/Transfers	\$1,018,479	\$4,065,249	\$260,000	\$260,000	\$260,000	\$260,000	\$260,000
18 Total	\$14,647,911	\$19,084,763	\$11,530,247	\$11,870,947	\$12,223,090	\$12,587,090	\$12,963,376
19 Net Surplus/(Assumed Use of Fund Balance)	\$654,222	-\$4,078,623	\$201,080	\$117,338	\$29,398	-\$62,937	-\$159,871
20 Net Surplus to CIP Fund			\$201,080				
21 Total Fund Balance		\$3,954,170	\$4,155,250	\$4,272,588	\$4,301,986	\$4,239,048	\$4,079,178
22 17% Assigned Fund Balance		\$3,244,410	\$1,960,142	\$2,018,061	\$2,077,925	\$2,139,805	\$2,203,774
23 Projected Unassigned Fund Balance		\$709,760	\$2,195,108	\$2,254,527	\$2,224,060	\$2,099,243	\$1,875,404

*Annual growth assumptions (revenues): Property Tax 3.25%; Franchise Fees, Licenses & Permits 3%; Highway & Liquor 2%; Sales Tax 1%
*Annual growth assumptions (expenses): Personnel 4.0%; Materials & Services 2.0%



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This slide has a header section with a green background and a faded image of the town and mountains. On the left is the "KETCHUM" logo. To its right, the word "Background" is written in a large, white, sans-serif font. Below the header, the main content area is white and contains a bulleted list. A small number "2" is in the bottom right corner.

- A “Comprehensive” approach was promised previously given the competing asks
- Significant Pressure/Tradeoffs (General Fund Resources)
 - Capital Improvement Plan (CIP)
 - Housing
 - Streets
 - Parking

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What to Expect

Topic to be addressed in three distinct stages:



February 17th: Tools available and educational clarity

- **Today**(April – Early June): Scenarios presented for council feedback, and refinement
 - First Pass
- Public Outreach on recommended financial scenarios prior to Budget Workshop
- **Budget Workshop:** Formally present options for Council Action

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“Today”

Handouts Provided:

General Fund 5-Year Financial Forecast
Financial Scenarios for Discussion/Feedback

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General Fund Forecast (as of 3.25.25)

Revenues: lines 1-13

General Fund Revenues

Revenue Source	FY 2024 Actual	FY 2025 Amended Budget	W/O Fire Department FY 2026 Current Status	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
1 Undesignated Fund Balance		\$8,032,793	\$3,954,170	\$4,254,172	\$4,474,179	\$4,610,138	\$4,657,806
2 Property Tax	\$5,142,852	\$5,285,263	\$4,693,698	\$4,846,243	\$5,003,746	\$5,166,368	\$5,334,275
3 Franchise Fees	\$622,730	\$624,638	\$665,500	\$678,810	\$692,386	\$706,234	\$720,359
4 Licenses & Permits	\$800,874	\$577,024	\$754,900	\$777,547	\$800,873	\$824,900	\$849,647
5 Grants	\$4,039	\$0	\$0	\$0	\$0	\$0	\$0
6 Highway State Share	\$339,141	\$195,071	\$250,000	\$255,000	\$260,100	\$265,302	\$270,608
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10 Charges for Services	\$1,311,632	\$728,900	\$851,700	\$877,251	\$903,569	\$930,676	\$958,596
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12 LOT Transfer & Reimbursement	\$2,005,000	\$2,005,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
13 Total	\$15,302,133	\$15,006,140	\$11,731,327	\$11,988,285	\$12,252,488	\$12,524,153	\$12,803,505

Material Items:

- Removed Fire Department
 - Reduction in Property Tax
 - No EMS Contract Revenue
- Modest increase in Development Revenue
- Reduction in LOT funds to General Fund, \$2.0M to \$1.2M

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General Fund Forecast (as of 3.25.25)

Expenditures/Net: lines 14-23

Expenditure Type	FY 2024 Prelim. Actual	FY 2025 Amended Budget	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
14 Personnel	\$7,545,466	\$8,316,959	\$5,865,770	\$6,100,401	\$6,344,417	\$6,598,194	\$6,862,121
15 Materials & Services	\$5,876,479	\$6,495,124	\$5,463,477	\$5,572,747	\$5,684,201	\$5,797,886	\$5,913,843
16 Operating Capital	\$207,487	\$207,430	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000
17 Operating Contingency/Transfers	\$1,018,479	\$4,065,249	\$260,000	\$260,000	\$260,000	\$260,000	\$260,000
18 Total	\$14,647,911	\$19,084,763	\$11,610,247	\$11,954,147	\$12,309,618	\$12,677,079	\$13,056,964
19 Net Surplus/(Assumed Use of Fund Balance)	\$654,222	-\$4,078,623	\$121,080	\$34,138	-\$57,130	-\$152,926	-\$253,459
20 Net Surplus to CIP Fund			\$121,080				
21 Total Fund Balance		\$3,954,170	\$4,075,250	\$4,109,388	\$4,052,258	\$3,899,331	\$3,645,872
22 17% Assigned Fund Balance		\$3,244,410	\$1,973,742	\$2,032,205	\$2,092,635	\$2,155,103	\$2,219,684
23 Projected Unassigned Fund Balance		\$709,760	\$2,101,508	\$2,077,183	\$1,959,623	\$1,744,228	\$1,426,188

Material Items:

- Removed Fire Department Expenses
 - Personnel & Operations
- Comprehensive refinement line by line
- Health Costs Pending

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Baseline Assumptions Discussion

Property Tax:

- 3% property tax base increase
 - Less the \$800k reduction as part of the Fire District creation

Employee Compensation Increases:

- Connected to property tax base increase
- Base
 - 3% on the aggregate
- One-time
 - Merit one-time compensation

Development Revenue:

- Plan Checks
 - FY 2024 Actuals: \$784k
 - FY 2025 Budget: \$421k
 - FY 2026 Proposed: \$525k
- Building Permits
 - FY 2024 Actuals: \$607k
 - FY 2025 Budget: \$305k
 - FY 2026 Proposed: \$450k

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Scenarios Sideboards

What we have heard:


- Too many one-off financial proposals
- Timeline too tight

Our recommendation:

- Wholistic Approach
 - Coordinate with other taxing jurisdictions regarding proposals
- Early and Often
- Adjust as/if needed (November election)

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Establishing a Stable CIP Funding Source

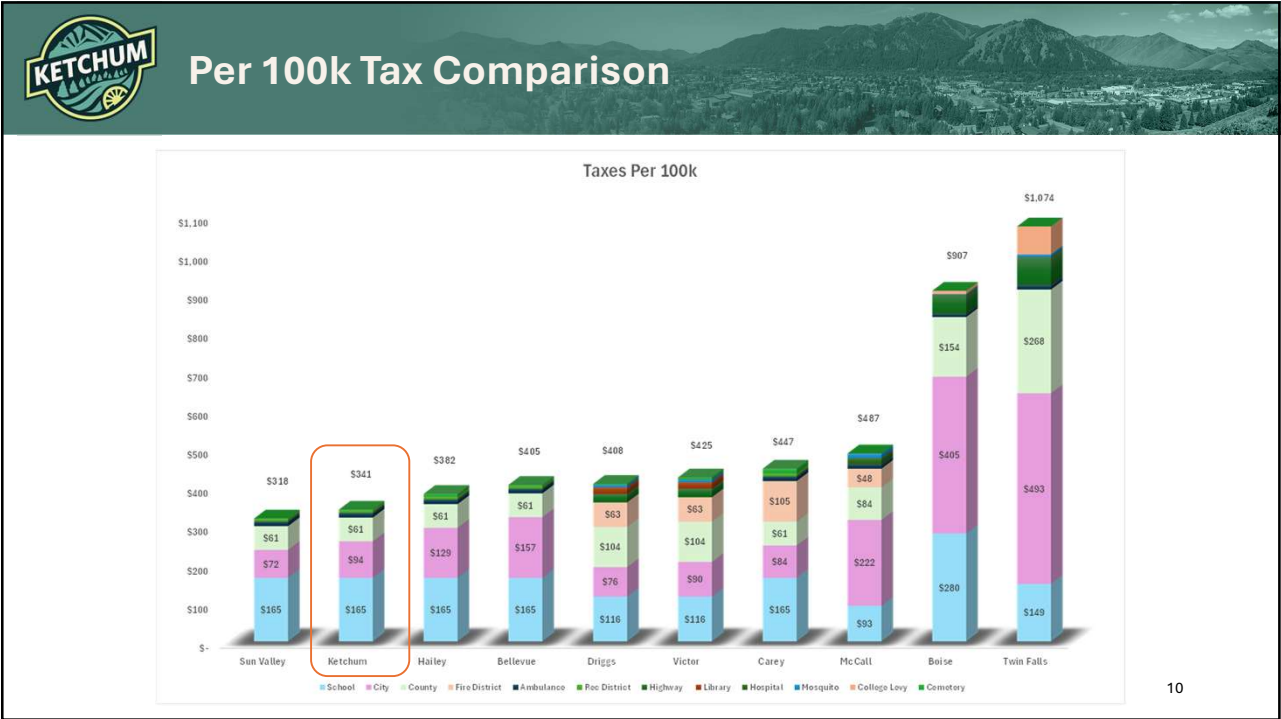
Under Funded Capital Improvement Plan

- As presented at Mobility Open House on 03/19
 - ~\$1.5M additional needed annually
- Streets Funding
- General Capital Improvements Needs
 - Parks
 - Facilities
 - Equipment Replacement
 - Parking
 - Housing

*There are projects that will require specialized funding needs due to the size of the project

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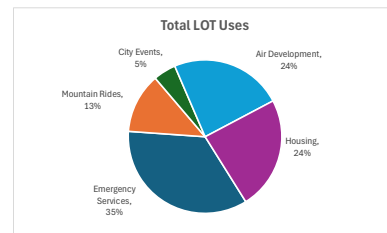
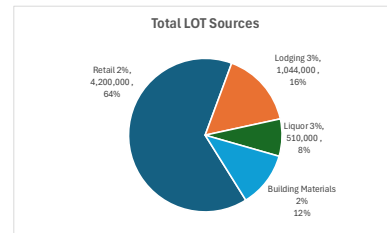
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Potential Scenarios

LOT Tax Increase/Changes:

- Additional 1% Retail
 - Move to 3% Retail, matching Sun Valley
 - Generates an estimated \$2.1M per year
 - Based on market conditions and public vote
- No Retail Change Alternatives
 - ~1.3% increase on all other categories
 - Lodging (room & condo)
 - Liquor
 - Building Materials
 - ~3% increase for Lodging
 - ~6% increase for Liquor
 - ~4% increase for Building Materials
- Potential Future Changes to 1% Additional LOT
 - Possible adjustment to the split for Air and Housing



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Potential Scenarios

Permanent Override Levy:

- Additional \$1.5M per year
 - Additional tax on all Ketchum property owners
 - Estimated \$24 per \$100k Taxable
 - Most stable funding source, requires super majority vote

General Fund Cost Cutting/Tradeoffs:

- Cost cutting measures are standard procedure
 - Savings in excess of \$500k in prior 11 months
- \$1.5M is 10.4% of Current Year Adopted Budget
 - Would include significant service level changes
 - Program eliminations and staffing changes
 - Highly unlikely that tradeoffs could account for the entire need

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FY 2026 Budget Development Key Dates

- May 5th: Enterprise Funds Budget Forecast/Proposed Fee Changes
- May 5th: General CIP Draft Review/Refined Long-term Financial Scenarios
- May 19th: Finalize Proposed General CIP
- June 3rd: Draft Electronic Budget Book Delivered to Mayor & Council
 - Any proposed material changes?
- June 16th: Budget Book Hard Copy Delivered to Mayor & Council
- June 24th: Budget Workshop
- July 9th & 16th: Published Notice
- July 21st: Public Budget and Fee Hearings

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Short-Term Next Steps

- Discussion today to inform refined scenarios
- Potential late April/Early May check-in with Council
- May/June series of public outreach sessions on refined scenarios
 - In preparation for Budget Workshop

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