



City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date: May 05, 2025 Staff Member/Dept: Brent Davis – Director of Finance/Treasurer

Agenda Item: FY 2026 Wastewater Funds Budget Development and Long-Term Financials

Recommended Motion:

No formal motion requested. City Council feedback leading into the June FY 2026 Budget Workshop is requested.

Reasons for Recommendation:

Wastewater services (Wastewater Funds) are a critical function the City manages. The purpose of this meeting is to discuss the Draft FY 2026 Budget in the context of both short-term and long-term financial sustainability. This includes both the Operating Fund and Capital Fund. Decisions made today affect both the present and future, including the recommended fee increases for FY 2026.

Sustainability Impact:



No Sustainability impact

Financial Impact:

No Financial Impact

Attachments:

1. Presentation Slides
2. FY 2026 Wastewater Operational Fund Draft Budget Detail
3. FY 2026 Wastewater Capital Fund Draft Budget Detail
4. Updated Wastewater Funds Financial Forecast



Wastewater Funds Budget Development & Financial Forecast

May 05, 2025

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FY 2026 Draft Operating Budget

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Draft FY 2026 Operating Budget

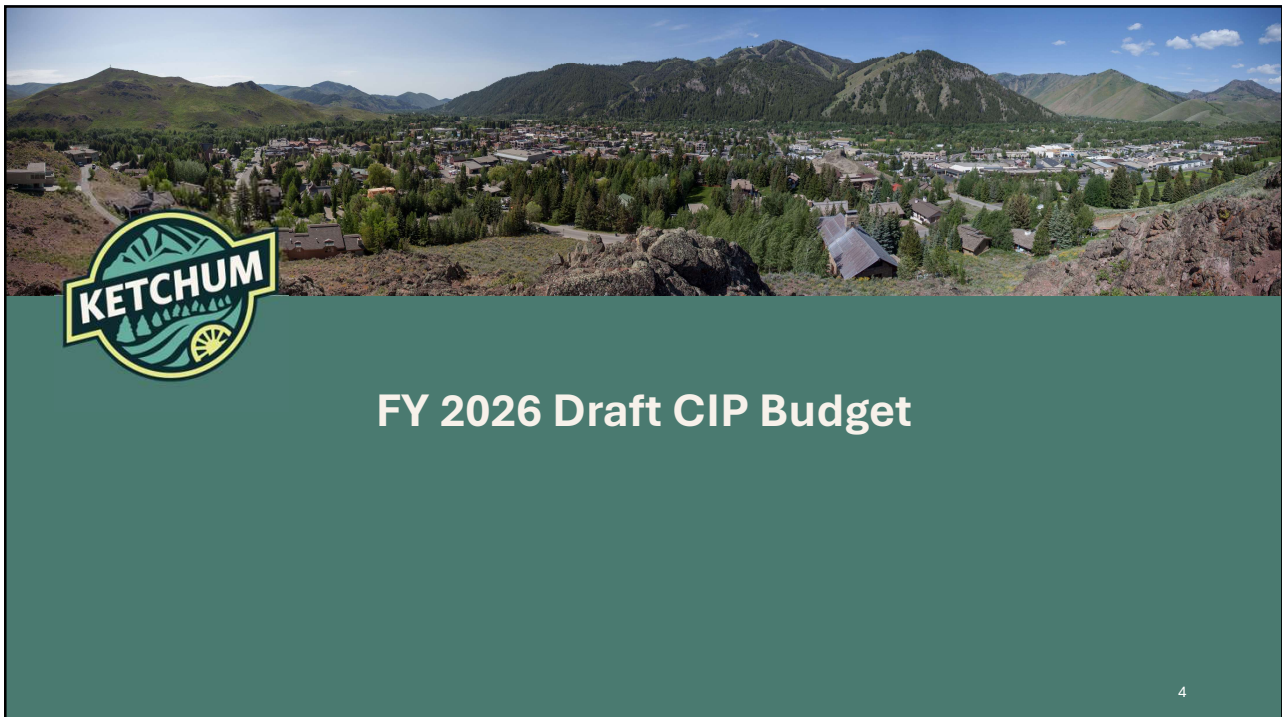
Highlights

***See Handout**

- Revenues
 - Updated based on financial trends
 - Recommending a 4% increase for FY 2026
- Personnel
 - Status quo
 - 3% base increases
- Operating
 - Updated accounts based on past and projected trends

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FY 2026 Draft CIP Budget

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Draft FY 2026 CIP Budget

Highlights

***See Handout**

- Revenue
 - Standard connection/interest/transfer in
 - Capital contribution from Sun Valley Sewer District
- Expenditures (Projects)
 - Continued Dewatering Project
 - Per Facility Plan

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Financial Forecast

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Financial Forecast

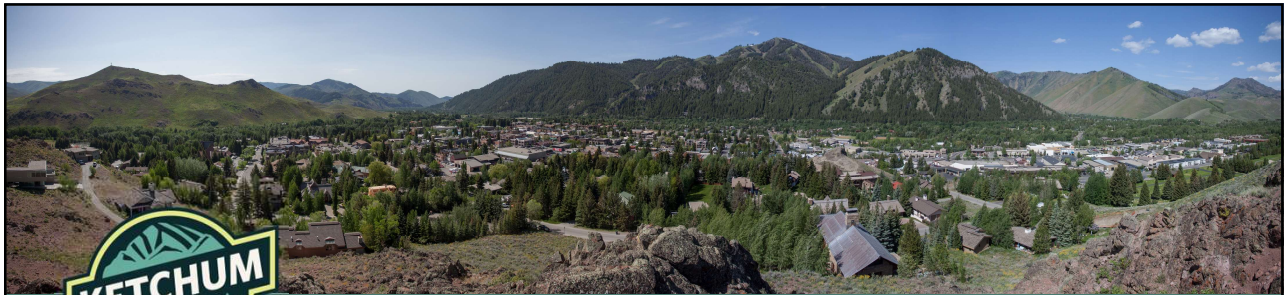
Highlights

***See Handout**

- Reserves
 - Operating reserve goal of 180+ days
 - Grow Capital Reserves
 - Bond funds will be exhausted in FY 2030
 - Dewatering project ~\$10M+
 - Aeration basin modification/replacement ~\$2.4M/\$10M
- Fee Increases
 - 4% annually increase built in financial model
- Debt
 - Previously approved remaining \$7.0M scheduled in FY 2027 (line 27)

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Discussion & Direction

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Wastewater Operational Fund (65)
FY 2026 Budget Build

		2023 Actual	2024 Actual	2025 Budget	FY 2026 Budget
1	Revenue				
2	65-3300-1200	GRANTS STATE	\$ -	\$ 8,696	\$ -
3	65-3400-7100	WASTEWATER CHARGES	\$ 2,584,103	\$ 2,781,134	\$ 2,869,542
4	65-3400-7300	WASTEWATER INSPECTION FEES	\$ 640	\$ 440	\$ -
5	65-3400-7800	SUN VALLEY WA & SW DISTRICT CH	\$ 808,441	\$ 556,519	\$ 737,067
6	65-3700-1000	INTEREST EARNINGS	\$ 46,054	\$ 107,607	\$ 15,000
7	65-3700-3600	REFUNDS & REIMBURSEMENTS	\$ 42,994	\$ (200,980)	\$ -
8	65-3700-5000	AMORTIZED BOND PREMIUM	\$ 66,411	\$ -	\$ -
9	65-3700-8000	GAIN(LOSS) ON PENSION ACTIVITY	\$ (46,798)	\$ (23,015)	\$ -
10	Total Revenue	\$ 3,501,846	\$ 3,230,401	\$ 3,621,609	\$ 4,158,293
11	Expenditures				
12	65-4350-1000	SALARIES-WASTEWATER	\$ 444,991	\$ 516,119	\$ 525,300
13	65-4350-1800	SHIFT COVERAGE ON CALL	\$ 16,593	\$ 19,877	\$ 22,968
14	65-4350-1900	OVERTIME	\$ 14,320	\$ 15,360	\$ 15,000
15	65-4350-2100	FICA TAXES-CITY	\$ 37,300	\$ 40,571	\$ 43,090
16	65-4350-2200	STATE RETIREMENT-CITY	\$ 58,869	\$ 62,008	\$ 67,367
17	65-4350-2400	WORKMEN'S COMPENSATION-CITY	\$ 9,253	\$ 7,600	\$ 10,545
18	65-4350-2500	HEALTH INSURANCE-CITY	\$ 234,662	\$ 228,167	\$ 275,520
19	65-4350-2505	HEALTH REIMBURSEMENT ACCT(HRA)	\$ 6,540	\$ 7,853	\$ 16,604
20	65-4350-2510	DENTAL INSURANCE-CITY	\$ 5,338	\$ 5,467	\$ 6,215
21	65-4350-2515	VISION	\$ 1,553	\$ 826	\$ -
22	65-4350-2600	LONG TERM DISABILITY	\$ 2,039	\$ 3,112	\$ 3,146
23	65-4350-3100	OFFICE SUPPLIES & POSTAGE	\$ 566	\$ (172)	\$ 700
24	65-4350-3120	DATA PROCESSING	\$ 7,221	\$ 7,785	\$ 7,500
25	65-4350-3200	OPERATING SUPPLIES	\$ 14,551	\$ 11,376	\$ 14,800
26	65-4350-3400	MINOR EQUIPMENT	\$ 1,846	\$ 1,035	\$ 1,500
27	65-4350-3500	MOTOR FUELS & LUBRICANTS	\$ 18,445	\$ 11,995	\$ 20,000
28	65-4350-3600	COMPUTER SOFTWARE	\$ 1,555	\$ 2,798	\$ 5,000
29	65-4350-3800	CHEMICALS	\$ 123,250	\$ 103,583	\$ 104,500
30	65-4350-4200	PROFESSIONAL SERVICES	\$ 39,864	\$ 64,261	\$ 60,000
31	65-4350-4201	IPDES PERMIT FEE	\$ 3,452	\$ 3,642	\$ 3,711
32	65-4350-4600	INSURANCE	\$ 32,000	\$ 32,000	\$ 40,000
33	65-4350-4900	PERSONNEL TRAINING/TRAVEL/MTG	\$ 3,111	\$ 2,128	\$ 2,500
34	65-4350-5000	ADMINISTRATIVE EXPENSE-GEN FND	\$ 131,989	\$ 129,893	\$ 140,252
35	65-4350-5100	TELEPHONE & COMMUNICATIONS	\$ 5,922	\$ 7,589	\$ 7,000
36	65-4350-5200	UTILITIES	\$ 180,488	\$ 157,393	\$ 175,000
37	65-4350-5500	RIGHT-OF-WAY FEE (STREET DEPT)	\$ 121,624	\$ 136,664	\$ 143,477
38	65-4350-6000	REPAIR & MAINT-AUTO EQUIP	\$ 7,403	\$ 20,489	\$ 12,000
39	65-4350-6100	REPAIR & MAINT-MACH & EQUIP	\$ 45,990	\$ 57,805	\$ 70,000
40	65-4350-6150	OHIO GULCH REPAIR & REPLACE	\$ -	\$ 82	\$ 500
41	65-4350-6900	COLLECTION SYSTEM SERVICES/CHA	\$ 30,895	\$ 51,558	\$ 65,000
42	65-4350-7900	DEPRECIATION EXPENSE	\$ 358,055	\$ 403,362	\$ 330,000
43	65-4350-8801	REIMBURSE CITY GENERAL FUND	\$ 298,280	\$ 337,728	\$ 746,241
44	65-4350-8867	TRANSFER TO WW CAP IMP FUND	\$ -	\$ 579,927	\$ -
45	65-4350-9910	MERIT/COMPENSATION ADJUSTMENTS	\$ -	\$ -	\$ 35,000
46	65-4350-9930	WASTEWATER FUND OP.CONTINGENCY	\$ 22,900	\$ -	\$ -
47	65-4800-4200	PROF.SERVICES-PAYING AGENT	\$ 3,250	\$ 1,000	\$ -
48	65-4800-8300	DEBT SRVC ACCT PRNCPL-2014C	\$ 58,787	\$ -	\$ -
49	65-4800-8500	DEBT SRVC ACCT PRNCPL-S2023	\$ -	\$ (2)	\$ 200,000
50	65-4800-8600	DEBT SRVC ACCT INTEREST-S2023	\$ 119,916	\$ 292,439	\$ 300,400
51	Total Expenditures	\$ 2,462,819	\$ 3,323,320	\$ 3,470,836	\$ 4,010,845

Wastewater CIP Fund (67)

FY 2026 Budget Build

FY 2026 Budget

1 Revenue

2	67-3400-7300	WASTEWATER CONNECTION FEES	\$	75,000
3	67-3400-7800	SUN VALLEY WA & SW DISTRICT CH	\$	2,571,043
4	67-3400-9200	DEBT PROCEEDS	\$	-
5	67-3700-1000	INTEREST EARNINGS	\$	100,000
6	67-3700-8765	TRANSFER FROM WASTEWATER FUND	\$	500,000
7	67-3800-9000	FUND BALANCE		
8		Total Revenue	\$	3,246,043

9 Expenditures

10	67-4350-7600	BOB CAT UW56 TOOLCAT		
11	67-4350-7809	ENERGY EFFICIENCY PROJECTS	\$	50,000
12	67-4350-7813	CAPITAL IMP PLAN(NO SHARING)	\$	100,000
13	67-4350-7818	ROTARY DRUM THICK & DEWATERING	\$	4,678,586
14	67-4350-7800	CONSTRUCTION (P)	\$	100,000
15	TBD	VEHICLE REPLACEMENT	\$	70,000
16	TBD	AERATION BASIN UPGRADE (BASINS 1 & 2)	\$	160,000
17	TBD	OUTFALL CLEARING	\$	83,500
18		Total Expenditures	\$	5,242,086

Wastewater Funds Financial Forecast

04.28.25

			10-Year Projection Window									
	FY 2024 Actuals	FY 2025 Revised Budget	FY 2026 Proposed Budget	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected	FY 2032 Projected	FY 2033 Projected	FY 2034 Projected	FY 2035 Projected
Operating Revenues and Expenses												
Revenues												
Undesigned Fund Balance	\$2,868,503	\$2,698,942	\$2,989,715	\$3,080,962	\$2,558,792	\$2,090,321	\$1,677,749	\$1,323,360	\$1,029,530	\$798,726	\$1,133,512	\$1,536,554
Wastewater Charges	\$2,781,134	\$2,869,542	\$2,960,000	\$3,078,400	\$3,201,536	\$3,329,597	\$3,462,781	\$3,601,293	\$3,745,344	\$3,895,158	\$4,050,964	\$4,213,003
Sun Valley WA & SW District OP Contribution	\$556,519	\$737,067	\$1,082,092	\$1,082,092	\$1,082,092	\$1,082,092	\$1,082,092	\$1,082,092	\$1,082,092	\$1,082,092	\$1,082,092	\$1,082,092
Interest Earnings	\$107,607	\$15,000	\$60,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Refunds & Reimbursements	-\$200,980	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amortized Bond Premium	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Misc. Revenue	-\$13,880	\$140,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fund Balance Assigned	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$3,230,400	\$3,761,609	\$4,102,092	\$4,190,492	\$4,313,628	\$4,441,689	\$4,574,873	\$4,713,385	\$4,857,436	\$5,007,250	\$5,163,056	\$5,325,095
Expenses												
Expenditure Type	FY 2024 Projected Actuals	FY 2025 Revised Budget	FY 2026 Proposed Budget	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected	FY 2032 Projected	FY 2033 Projected	FY 2034 Projected	FY 2035 Projected
Personnel	\$906,961	\$1,020,755	\$911,950	\$952,988	\$995,872	\$1,040,686	\$1,087,517	\$1,136,456	\$1,187,596	\$1,241,038	\$1,296,885	\$1,355,244
Materials & Services	\$802,905	\$873,440	\$859,300	\$885,079	\$911,631	\$938,980	\$967,150	\$996,164	\$1,026,049	\$1,056,831	\$1,088,536	\$1,121,192
Depreciation Expense	\$403,362	\$330,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000
Reimbursements (Indirect to GF)	\$337,728	\$746,241	\$864,195	\$864,195	\$864,195	\$864,195	\$864,195	\$864,195	\$864,195	\$864,195	\$864,195	\$864,195
Total Operating Expenses	\$2,450,957	\$2,970,436	\$3,010,445	\$3,077,262	\$3,146,699	\$3,218,862	\$3,293,862	\$3,371,815	\$3,452,840	\$3,537,064	\$3,624,615	\$3,715,631
Net Operating Income	\$779,444	\$791,173	\$1,091,647	\$1,113,230	\$1,166,929	\$1,222,828	\$1,281,011	\$1,341,570	\$1,404,596	\$1,470,187	\$1,538,441	\$1,609,464
2023 Wastewater Rev Bond (20yrs)	\$292,437	\$500,400	\$500,400	\$500,400	\$500,400	\$500,400	\$500,400	\$500,400	\$500,400	\$500,400	\$500,400	\$500,400
2027 Wastewater Rev Bond (20yrs)	\$0	\$0	\$0	\$635,000	\$635,000	\$635,000	\$635,000	\$635,000	\$635,000	\$635,000	\$635,000	\$635,000
Defeasance of 2014 Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service	\$292,437	\$500,400	\$500,400	\$1,135,400	\$1,135,400	\$1,135,400	\$1,135,400	\$1,135,400	\$1,135,400	\$1,135,400	\$1,135,400	\$1,135,400
Total Op Ex + Debt	\$2,743,393	\$3,470,836	\$3,510,845	\$4,212,662	\$4,282,099	\$4,354,262	\$4,429,262	\$4,507,215	\$4,588,240	\$4,672,464	\$4,760,015	\$4,851,031
Net Cash after Debt and Operations	\$487,007	\$290,773	\$591,247	-\$22,170	\$31,529	\$87,428	\$145,611	\$206,170	\$269,196	\$334,787	\$403,041	\$474,064
Transfers to CIP Fund	\$579,927	\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$0	\$0	\$0
Ending Cash Balance	\$2,775,503	\$2,989,715	\$3,080,962	\$2,558,792	\$2,090,321	\$1,677,749	\$1,323,360	\$1,029,530	\$798,726	\$1,133,512	\$1,536,554	\$2,010,618

Wastewater Funds Financial Forecast

04.28.25

	10-Year Projection Window											
	FY 2024 Actuals	FY 2025 Revised Budget	FY 2026 Proposed Budget	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected	FY 2032 Projected	FY 2033 Projected	FY 2034 Projected	FY 2035 Projected
CIP Funding												
CIP Carry Forward	\$8,134,280	\$7,434,528	\$4,798,746	\$3,177,703	\$7,627,291	\$7,298,541	\$7,522,541	\$7,032,541	\$6,754,041	\$5,518,916	\$5,503,916	\$5,968,916
Bond Proceeds Deposit				\$7,000,000								
Portion Funded with Bond Proceeds	\$1,928,441	\$3,105,782	\$1,496,668	\$3,565,412	\$1,343,750	\$791,000	\$1,299,839	\$0	\$0	\$0	\$0	\$0
Depreciation Expense (Add Back)	\$403,362	\$330,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000
Connection Fees	\$82,518	\$40,000	\$75,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
CIP Cash Contribution from SVWSD Dist (50%)	\$968,840	\$2,277,068	\$2,571,043	\$3,565,412	\$1,343,750	\$791,000	\$1,505,000	\$1,293,500	\$2,250,125	\$530,000	\$50,000	\$50,000
Interest Earnings	\$455,209	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Transfer In From Fund Balance Op Fund	\$579,927	\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$0	\$0	\$0
Total Sources of Funds for CIP	\$2,489,857	\$2,747,068	\$3,621,043	\$4,580,412	\$2,358,750	\$1,806,000	\$2,520,000	\$2,308,500	\$3,265,125	\$1,045,000	\$565,000	\$565,000
CIP Annual Outflows	\$2,897,281	\$5,382,850	\$5,242,086	\$7,130,823	\$2,687,500	\$1,582,000	\$3,010,000	\$2,587,000	\$4,500,250	\$1,060,000	\$100,000	\$100,000
Change in CIP Fund	-\$407,424	-\$2,635,782	-\$1,621,043	-\$2,550,412	-\$328,750	\$224,000	-\$490,000	-\$278,500	-\$1,235,125	-\$15,000	\$465,000	\$465,000
CIP Fund Balance	\$7,726,836	\$4,798,746	\$3,177,703	\$7,627,291	\$7,298,541	\$7,522,541	\$7,032,541	\$6,754,041	\$5,518,916	\$5,503,916	\$5,968,916	\$6,433,916
Remaining Bond Proceeds	\$4,602,450	\$1,496,668	\$0	\$3,434,589	\$2,090,839	\$1,299,839	\$0	\$0	\$0	\$0	\$0	\$0
Total Fund Balance (Op & Cap)	\$10,502,421	\$7,788,460	\$6,258,664	\$10,186,083	\$9,388,862	\$9,200,290	\$8,355,901	\$7,783,571	\$6,317,642	\$6,637,429	\$7,505,470	\$8,444,534