



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 Water 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:

Water services (Water 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 Water Operational Fund Draft Budget Detail
3. FY 2026 Water Capital Fund Draft Budget Detail
4. Updated Water Funds Financial Forecast



Water 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

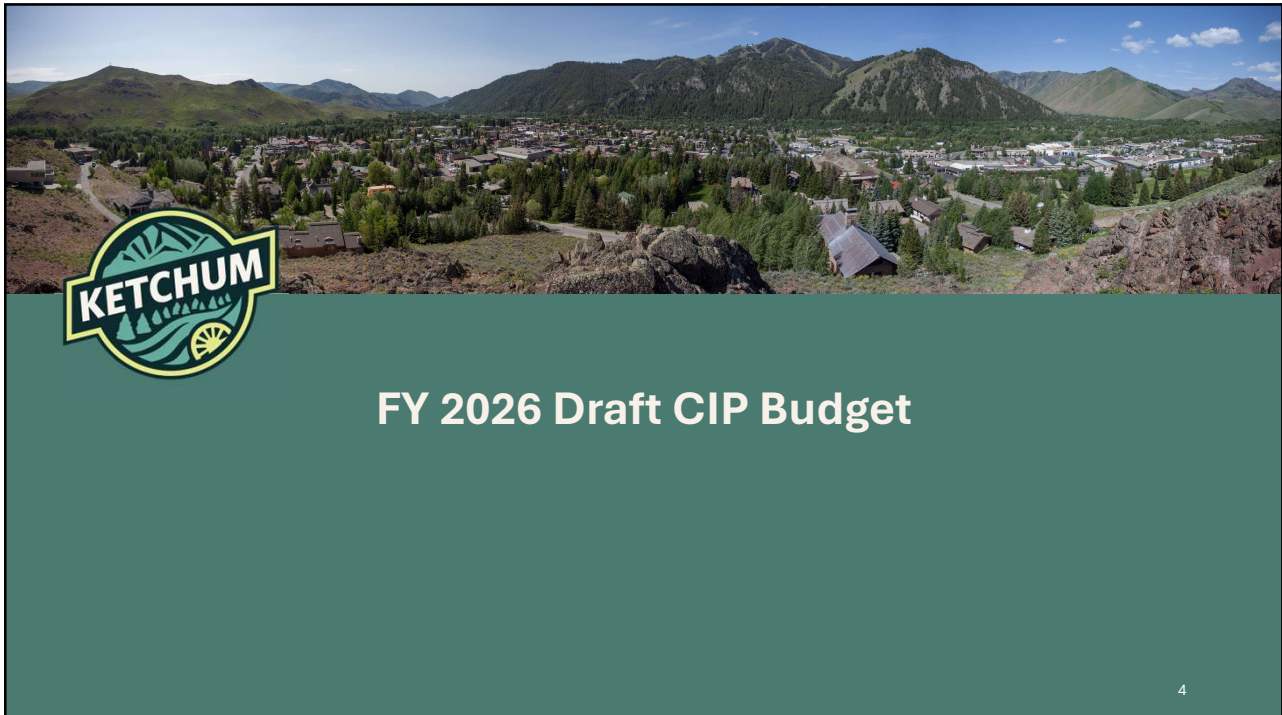
Highlights

***See Handout**

- Revenues
 - Updated based on financial trends
 - Not recommending fee increases for FY 2026
- Personnel
 - Funds for an additional staff member built into the budget
 - Programmed in Op Contingency
 - Approved FTE Count 6.5 FTE
 - Currently staffed 4.5 FTE
- Operating
 - Updated accounts based on past and projected trends

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Draft FY 2026 CIP Budget

Highlights

***See Handout**

- Revenue
 - Standard connection/interest/transfer in
- Expenditures (Projects)

• HWY 75	Engineers estimate
• Ops Building	Equipment/parts storage
• Northwood Well Roof	Cover generator
• Water Meters	Fastest possible replacement schedule given access limitations

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Financial Forecast

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Financial Forecast

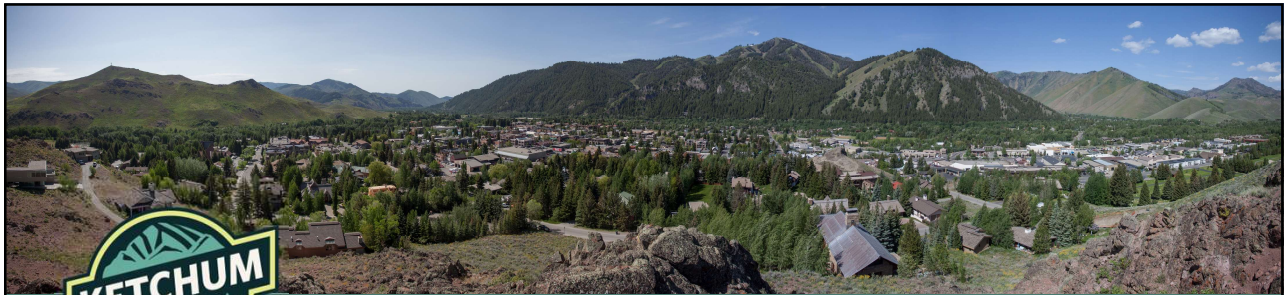
Highlights

***See Handout**

- Reserves
 - Hold operating reserves steady
 - Grow capital reserves
 - Estimated well replacement costs ~\$3.0M
- Fee Increases
 - No recommended increase for FY 2026
 - 3% annually thereafter
- Debt
 - No recommended new debt
 - Final existing debt payment in FY 2034

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Discussion & Direction

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Water Operational Fund (63)
FY 2026 Budget Build

			2023 Actual	2024 Actual	2025 Budget	FY 2026 Budget
1	Revenue					
2	63-3400-6100	WATER CHARGES	\$ 2,599,850	\$ 3,143,298	\$ 2,723,222	\$ 3,298,000
3	63-3400-6600	WA CONNECT FEE/FIRELINE/METER	\$ 11,710	\$ 1,100	\$ 23,000	\$ 10,000
4	63-3700-1000	INTEREST EARNINGS	\$ 105,823	\$ 169,624	\$ 10,000	\$ 100,000
5	63-3700-3600	REFUNDS & REIMBURSEMENTS	\$ (23,216)	\$ 26,409	\$ -	
6	63-3700-4000	SALE OF FIXED ASSETS	\$ 5,000	\$ -	\$ -	
7	63-3700-5000	AMORTIZED BOND PREMIUM	\$ 2,119	\$ 2,119	\$ -	
8	63-3700-7000	MISCELLANEOUS REVENUE	\$ 3,741	\$ 2,643	\$ 2,500	\$ 2,500
9	63-3700-8000	GAIN(LOSS) ON PENSION ACTIVITY	\$ (58,510)	\$ (17,261)	\$ -	
10	63-3800-9000	FUND BALANCE	\$ -	\$ -	\$ 56,186	
11	Total Revenue		\$ 2,646,518	\$ 3,327,932	\$ 2,814,908	\$ 3,410,500
12	Expenditures					
13	63-4340-1000	SALARIES-WATER	\$ 281,631	\$ 344,783	\$ 426,134	\$ 326,609
14	63-4340-1800	SHIFT COVERAGE ON CALL	\$ 22,405	\$ 20,895	\$ 20,000	\$ 22,000
15	63-4340-1900	OVERTIME	\$ 11,862	\$ 20,289	\$ 11,000	\$ 20,000
16	63-4340-2100	FICA TAXES-CITY	\$ 25,086	\$ 29,020	\$ 34,129	\$ 28,199
17	63-4340-2200	STATE RETIREMENT-CITY	\$ 38,624	\$ 43,478	\$ 54,673	\$ 44,086
18	63-4340-2400	WORKMEN'S COMPENSATION-CITY	\$ 8,468	\$ 6,980	\$ 11,513	\$ 5,863
19	63-4340-2500	HEALTH INSURANCE-CITY	\$ 85,895	\$ 87,309	\$ 194,163	\$ 93,833
20	63-4340-2505	HEALTH REIMBURSEMENT ACCT(HRA)	\$ 448	\$ 7,931	\$ 12,429	\$ 6,000
21	63-4340-2510	DENTAL INSURANCE-CITY	\$ 2,549	\$ 2,754	\$ 4,871	\$ 2,910
22	63-4340-2515	VISION	\$ 893	\$ 894	\$ -	\$ 1,272
23	63-4340-2600	LONG TERM DISABILITY	\$ 1,148	\$ 2,004	\$ 2,701	\$ 1,937
24	63-4340-3100	OFFICE SUPPLIES & POSTAGE	\$ 572	\$ 771	\$ 1,000	\$ 1,000
25	63-4340-3120	DATA PROCESSING	\$ 6,993	\$ 7,785	\$ 6,000	\$ 7,500
26	63-4340-3200	OPERATING SUPPLIES	\$ 18,113	\$ 19,361	\$ 16,500	\$ 20,000
27	63-4340-3250	LABORATORY/ANALYSIS	\$ 917	\$ 6,721	\$ 6,500	\$ 3,000
28	63-4340-3400	MINOR EQUIPMENT	\$ 2,494	\$ 2,031	\$ 2,500	\$ 3,000
29	63-4340-3500	MOTOR FUELS & LUBRICANTS	\$ 9,838	\$ 13,573	\$ 10,000	\$ 10,000
30	63-4340-3600	COMPUTER SOFTWARE	\$ 6,241	\$ 5,966	\$ 10,000	\$ 10,000
31	63-4340-3800	CHEMICALS	\$ 6,980	\$ 9,568	\$ 10,000	\$ 10,000
32	63-4340-4200	PROFESSIONAL SERVICES	\$ 28,462	\$ 101,979	\$ 170,000	\$ 150,000
33	63-4340-4300	STATE & WA DISTRICT FEES	\$ 55,671	\$ 78,324	\$ 65,000	\$ 65,000
34	63-4340-4600	INSURANCE	\$ 14,000	\$ 18,000	\$ 19,000	\$ 16,000
35	63-4340-4800	DUES, SUBSCRIPTIONS, & MEMBERS	\$ 1,139	\$ 740	\$ 1,000	\$ 1,000
36	63-4340-4900	PERSONNEL TRAINING/TRAVEL/MTG	\$ 1,080	\$ 3,420	\$ 5,000	\$ 5,000
37	63-4340-5000	ADMINISTRATIVE EXPENSE-GEN FND	\$ 97,619	\$ 110,169	\$ 148,779	\$ -
38	63-4340-5100	TELEPHONE & COMMUNICATIONS	\$ 14,738	\$ 8,785	\$ 12,000	\$ 12,000
39	63-4340-5200	UTILITIES	\$ 107,505	\$ 143,057	\$ 120,000	\$ 120,000
40	63-4340-5500	RIGHT-OF-WAY FEE	\$ 121,832	\$ 129,678	\$ 136,161	\$ 150,000
41	63-4340-6000	REPAIR & MAINT-AUTO EQUIP	\$ 10,827	\$ 3,183	\$ 5,500	\$ 6,000
42	63-4340-6100	REPAIR & MAINT-MACH & EQUIP	\$ 30,883	\$ 61,517	\$ 60,000	\$ 60,000
43	63-4340-6910	OTHER PURCHASED SERVICES	\$ 9,882	\$ 2,967	\$ 10,000	\$ 10,000
44	63-4340-7900	DEPRECIATION EXPENSE	\$ 236,770	\$ 259,561	\$ 275,000	\$ 275,000
45	63-4340-8801	REIMBURSE CITY GENERAL FUND	\$ 218,048	\$ 286,444	\$ 368,138	\$ 403,634
46	63-4340-8864	TRANSFER TO WA CAPITAL IMP FND	\$ 534,000	\$ 760,000	\$ 240,000	\$ 700,000
47	63-4340-9910	MERIT/COMPENSATION ADJUSTMENTS	\$ -	\$ -	\$ 35,000	
48	63-4340-9930	WATER FUND OP. CONTINGENCY	\$ 13,900	\$ -	\$ -	\$ 200,000
49	63-4800-4200	PROF.SERVICES-PAYING AGENT	\$ 450	\$ 450	\$ 500	\$ 500
50	63-4800-8300	DEBT SRVC ACCT PRINCIPAL-2015B	\$ -	\$ -	\$ 35,000	\$ 86,125
51	63-4800-8400	DEBT SRVC ACCT INTEREST-2015B	\$ 106,008	\$ 104,825	\$ 104,000	\$ 51,125
52	63-4800-8600	DEBT SRVC ACCT PRINCIPAL-2016	\$ -	\$ -	\$ 162,000	\$ 168,950
53	63-4800-8700	DEBT SRVC ACCT INTEREST-2016	\$ 17,815	\$ 15,045	\$ 8,717	\$ 2,950
54	Total Expenditures		\$ 2,151,786	\$ 2,720,258	\$ 2,814,908	\$ 3,100,492

Water CIP Fund (64)
FY 2026 Budget Build

FY 2026 Budget

1 **Revenue**

2	64-3400-7300	WATER CONNECTION FEES	\$	100,000
3	64-3700-1000	INTEREST EARNINGS	\$	30,000
4	64-3700-3600	REFUNDS & REIMBURSEMENTS		
5	64-3700-8763	TRANSFER FROM WATER FUND	\$	700,000
6	64-3800-9000	FUND BALANCE	\$	-
7		Total Revenue	\$	830,000

8 **Expenditures**

9	TBD	TRAIL CREEK BRIDGE HWY 75/ITD MAINLINE	\$	200,000
10	TBD	OPS BUILDING ADDITION DESIGN/PLANS	\$	100,000
11	TBD	NORTHWOOD WELL ROOF ADDITION	\$	50,000
12	64-4340-7650	WATER METERS	\$	200,000
13	64-4340-7800	CONSTRUCTION	\$	150,000
14		Total Expenditures	\$	700,000

Water 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													
1	Undesigned Fund Balance		\$3,995,125	\$3,938,939	\$4,258,947	\$3,929,563	\$4,101,629	\$4,058,864	\$4,065,505	\$4,128,296	\$4,356,236	\$4,633,579	\$5,077,334
2	Water Charges	\$3,143,298	\$2,723,222	\$3,298,000	\$3,396,940	\$3,498,848	\$3,603,814	\$3,711,928	\$3,823,286	\$3,937,984	\$4,056,124	\$4,177,808	\$4,303,142
3	WA Connect Fee/Fireline/Meter	\$1,100	\$23,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
4	Interest Earnings	\$169,624	\$10,000	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
5	Refunds & Reimbursements	\$26,409	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Misc. Revenue	\$13,910	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
7	Total	\$3,354,341	\$2,758,722	\$3,410,500	\$3,459,440	\$3,561,348	\$3,666,314	\$3,774,428	\$3,885,786	\$4,000,484	\$4,118,624	\$4,240,308	\$4,365,642
Expenses													
Expenditure Type		FY 2024 Projected Actuals	FY 2025 Revised Budget	FY 2026 Projected 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
9	Personnel	\$566,337	\$771,613	\$552,708	\$577,580	\$603,571	\$630,732	\$659,115	\$688,775	\$719,770	\$752,159	\$786,006	\$821,377
10	Materials & Services	\$617,877	\$814,940	\$660,000	\$679,800	\$700,194	\$721,200	\$742,836	\$765,121	\$788,075	\$811,717	\$836,068	\$861,150
11	Depreciation Expense	\$259,561	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000
12	Reimbursements (Indirect to GF)	\$396,613	\$368,138	\$403,634	\$403,634	\$403,634	\$403,634	\$403,634	\$403,634	\$403,634	\$403,634	\$403,634	\$403,634
13	Contingency	\$0	\$35,000	\$190,000	\$196,300	\$202,884	\$209,763	\$216,953	\$224,465	\$232,316	\$240,521	\$249,094	\$258,053
14	Total Operating Expenses	\$1,840,388	\$2,264,691	\$2,081,342	\$2,132,314	\$2,185,282	\$2,240,329	\$2,297,537	\$2,356,995	\$2,418,795	\$2,483,031	\$2,549,803	\$2,619,214
15	Net Operating Income	\$1,513,952	\$494,031	\$1,329,158	\$1,327,126	\$1,376,066	\$1,425,985	\$1,476,891	\$1,528,791	\$1,581,690	\$1,635,593	\$1,690,505	\$1,746,428
16	Existing Debt Service	\$119,869	\$310,217	\$309,150	\$306,510	\$354,000	\$356,250	\$357,750	\$353,500	\$353,750	\$358,250	\$246,750	\$0
17	Total Debt Service	\$119,869	\$310,217	\$309,150	\$306,510	\$354,000	\$356,250	\$357,750	\$353,500	\$353,750	\$358,250	\$246,750	\$0
18	Total Op Ex + Debt	\$1,960,258	\$2,574,908	\$2,390,492	\$2,438,824	\$2,539,282	\$2,596,579	\$2,655,287	\$2,710,495	\$2,772,545	\$2,841,281	\$2,796,553	\$2,619,214
19	Net Cash after Debt and Operations	\$1,394,083	\$183,814	\$1,020,008	\$1,020,616	\$1,022,066	\$1,069,735	\$1,119,141	\$1,175,291	\$1,227,940	\$1,277,343	\$1,443,755	\$1,746,428
20	Transfers to CIP Fund	\$760,000	\$240,000	\$700,000	\$1,350,000	\$850,000	\$1,112,500	\$1,112,500	\$1,112,500	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
21	Ending Cash Balance		\$3,938,939	\$4,258,947	\$3,929,563	\$4,101,629	\$4,058,864	\$4,065,505	\$4,128,296	\$4,356,236	\$4,633,579	\$5,077,334	\$5,823,762

Water 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
22	CIP Funding												
23	CIP Carry Forward		\$821,048	\$273,048	\$678,048	\$1,013,048	\$1,348,048	\$1,683,048	\$2,018,048	\$2,353,048	\$2,688,048	\$3,023,048	\$3,358,048
24	Portion Funded with Bond Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	CIP Funding (Add Back Depreciation)	\$259,561	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000
26	Connection Fees	\$130,317	\$25,000	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
27	Interest Earnings	\$34,858		\$30,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
28	Transfers In From Fund Balance	\$760,000	\$240,000	\$700,000	\$1,350,000	\$850,000	\$1,112,500	\$1,112,500	\$1,112,500	\$1,000,000	\$1,000,000	\$1,000,000	\$1,200,000
29	Total Sources of Funds for CIP	\$1,184,736	\$540,000	\$1,105,000	\$1,685,000	\$1,185,000	\$1,447,500	\$1,447,500	\$1,447,500	\$1,335,000	\$1,335,000	\$1,335,000	\$1,535,000
30	CIP Annual Outflows	\$759,641	\$1,088,000	\$700,000	\$1,350,000	\$850,000	\$1,112,500	\$1,112,500	\$1,112,500	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
31	Change in CIP Fund	\$425,095	-\$548,000	\$405,000	\$335,000	\$335,000	\$335,000	\$335,000	\$335,000	\$335,000	\$335,000	\$335,000	\$535,000
32	CIP Fund Balance		\$273,048	\$678,048	\$1,013,048	\$1,348,048	\$1,683,048	\$2,018,048	\$2,353,048	\$2,688,048	\$3,023,048	\$3,358,048	\$3,893,048
33	Total Fund Balance (Op & Cap)		\$4,211,988	\$4,936,996	\$4,942,612	\$5,449,678	\$5,741,912	\$6,083,553	\$6,481,344	\$7,044,284	\$7,656,628	\$8,435,383	\$9,716,810