

SPECIAL COUNCIL WORK SESSION

Tuesday, May 17, 2021 at 4:30 p.m.
City Hall - Council Meeting Room

AGENDA

1. Budget Session

Mayor Freel called the special work session to order at 4:33 p.m. with the following Councilmembers present: Pollock, Cathey, Lutz, Knell, Engebretsen, Johnson, Gamroth, Vice Mayor Pacheco, and Mayor Freel.

City Manager Napier began discussing the budget summary and what will be presented to Council over the next couple of special work sessions. He stated that this will be an opportunity for Council to ask questions and give direction on the \$147M budget over the next fiscal year, which includes the general fund, enterprise funds, and other funds that account for other business operations. He also passed out a budget narrative that helped to summarize and explain the budget. He thanked staff members that have been working on the budget and explained the budget calendar and process that occurs throughout the year.

City Manager Napier then discussed the general fund, which he explained is one of the largest and most unpredictable portions of the City's budget. He then gave a budget preview which included information on the balanced budget, the state of reserves, the moderated expense portfolio, subsidies, capital agenda, one cent contract, and public transit's budget.

He then discussed the monthly sales tax, comparing sales tax in 2020 to the actual and projected sales tax of 2021. He stated that although there was some volatility in the numbers during the pandemic, the revenue was not as bad as projected. He then discussed projections for FY22, which propose a 5% growth, which is a conservative projection and aligns with expectations from the State and Wyoming Association of Municipalities (WAM). He stated that staff does not believe the direct distribution dollars will be taken away by the State in this fiscal year, which accounts for \$3.8M. However, staff is proposing that the City start to move away from using those dollars for general fund operational expenses. He explained that the City started using those funds for operational expenses during energy revenue declines a few years ago.

City Manager Napier then discussed the top four industry classes in Casper, which include retail, energy, real estate, and public administration, and showed how the retail industry stayed steady through the pandemic. He then reviewed the actual FY21 budget, showing that the City did not require the use of reserves and ended up with a cash balance. He then reviewed the proposed general fund budget for FY22, which includes implementing the new class and compensation study. He explained how the draft budget proposes adding a few new positions to aid in some of the positions that have been lost due to declining budgets in the last few years and to assist with increasing technology requirements. The new positions discussed included a cyber security analyst, a digital media redaction specialist, a utilities communications specialist, a fire training captain, a balefill equipment operator, a city manager's office chief of staff, a court administrator, court clerks, a city engineer, and administrative assistants. He discussed that the budget also

includes paying off the \$603,040 sales tax overpayment to the State this year, as opposed to paying it off over the next couple of years.

Councilmembers Cathey and Knell expressed concern that the City is overestimating sales tax revenue for next year. Councilmembers Pollock and Pacheco disagreed, stating that they thought this budget is pragmatic and conservative in its approach. City Manager Napier stated that staff had tried to be very conservative in its approach to the budget and also explained that the growth in the budget was focused mostly on capital projects, which are now funded based on cash on hand.

City Manager Napier then discussed other proposals based on the residual revenue from FY21, including a one-time post-tax \$900 payment to full-time employees. This will cost about \$568K. He also discussed the health fund and the status of the state health plan for City of Casper employees. He stated that premiums have increased since the City joined the health plan, but that staff is hoping the fund will plateau as it has done in previous years. The City is currently saving money compared to when they were utilizing a self-funded health plan, but will be keeping an eye on this to make sure it is the best plan moving forward. City Manager Napier also discussed the different enterprise funds including the sewer fund, water distribution fund, balefill fund and the refuse fund. He stated that the refuse collection fund may need a rate increase, which will be discussed in November.

He then discussed recreational subsidies. He stated that the subsidization is roughly the same amount that is spent on direct distribution. He discussed the cost recovery goals versus what the actual cost recovery is for each subsidy, including the Municipal Golf Course, Fort Caspar, Hogadon, Recreation Center, Ice Arena, Aquatics, and Events Center. Councilmember Knell discussed how the different subsidies provide different economic benefits to the City of Casper. He discussed that he would like the City to sell the Recreation Center because it is highly subsidized and competes with private businesses. Councilmembers Pollock and Lutz stated that the benefits of different facilities are different and some are not calculated monetarily. They also discussed that the City is not a business and it is wrong to compare the City's budget to a private business's budget, as the City is not required to make a profit each year.

City Manager Napier then discussed budget myths and dispelled these myths with the correct information. He explained that the budget is not balanced using CARES Act and American Rescue Plan (ARPA) money; one cent tax is not used for City operations; the public transit fund will not cost the City more money; the City, County, and School District do not share the same budget; and the City is operating within its means and has a balanced budget. Councilmember Knell added that the \$50K that Council agreed to assist in the Ford Events Center anniversary is not being used for a party but being used to promote the Events Center. City Manager Napier stated that the use of CARES Act money for that purpose was consistent with the legislation. He also explained that staff has not proposed using the CARES Act and ARPA money until the City receives more guidance regarding uses for that money.

City Manager Napier then discussed goals for 2022, including renegotiating Spectra's subsidy, proactive approaches for reduced direct distribution dollars, following discussions related to Fire

Pension A, evaluating subsidies from the general fund to other funds, considering the formation of stormwater utility, and discussing strategies for uses of ARPA funds.

City Manager Napier answered questions about different parts of the budget including increased costs in the City Manager's Office. City Manager Napier asked if there was any homework that Council wanted staff to work on before Wednesday's budget meeting. Council asked if there are things that can be done to improve the streets budget and expressed concerns about deferred maintenance. They also asked for information on selling of City assets and costs of decreasing watering of parks. Mayor Freel asked for more information from the Police Department about things they need as stop gap measures until a new Police building is realized. Council asked for more information on not paying back the tax overpayment all at once, costs for different employee pay increase/bonus options, breakdown of costs for proposed new positions, ways to increase the street budget (which may include decreasing money to the water and sewer funds), and the cost of decreasing subsidies for City facilities such as the Recreation Center.

Councilmember Knell stated that he wanted to see options for reducing the budget. City Manager Napier explained that he needed more information about which capital budget items Council did not want included, because that is the part of the budget that saw increases. He also reminded Council that the capital budget is based on money on hand, not projected revenue. Other Councilmembers did not show interest in decreasing the capital budget, expressing concerns of continuing to defer maintenance. Councilmembers also stated that cost of construction will be cheaper now than in the future. City Manager Napier did explain the mechanisms that may aid in decreasing deferred maintenance in the future including implementing a stormwater enterprise, using the next round of one cent money more for street projects, or using a 6th cent tax for these costs.

He also stated that he will need direction on the increased costs in the health fund, which is an increase in cost of about \$25K. He said he will also need direction on Wednesday about what Council wants to do for employees, whether it be the proposed one-time payment, unfreezing of wages, a COLA, etc. He stated Council will also need to make decisions about the proposed new personnel positions and the implementing of the class and compensation study, which will be presented again on Wednesday. He also stated that the goal will be for Council to coalesce around a budget that can be passed by a majority of Councilmembers.

The meeting was adjourned at 7:41 p.m.

ATTEST:

CITY OF CASPER, WYOMING
A Municipal Corporation

Fleur Tremel
City Clerk

Steven K. Freel
Mayor