

**COUNCIL WORK SESSION**  
Tuesday, May 23, 2023 at 4:30 p.m.  
City Hall – Council Meeting Room

AGENDA

1. Council Budget Review
2. Council Around the Table

Mayor Knell called the work session to order at 4:34 p.m. with the following Councilors present: Pollock, Engebretsen, Haskins, Jensen, Cathey, Gamroth, Bond, Vice Mayor Pacheco and Mayor Knell.

1. Council Budget Review

City Manager Napier began the budget discussion by giving Council a budget preview which reviewed the highlights of the budget for FY24 (fiscal year 2024). Some of the items discussed included the City's conservative approach to balancing the budget and how capital projects are funded by money on hand. He stated that there was a 3% increase in this year's total budget which was guided by valid data. Council discussed concerns about the economy and inflation and its possible effect on the City's budget. City Manager Napier responded that the increase was based on the most conservative data, and staff felt it was appropriate. Vice Mayor Pacheco and Councilor Pollock stated that they trust that staff has the information to make the best recommendations to Council. Part of the increase is caused by an increase in property and liability insurance premiums, which were partially increased due to including more properties into the City's insurance coverage. Increasing costs in gasoline and possible water rate increases also caused increases in the budget.

He then reviewed the budget history for the past fifteen years for the general fund and sources of increased revenue this year, including gaming revenue, building permit revenue, and property taxes. He then discussed general fund revenue, explaining that the majority of it comes from sales and use tax which can be a volatile funding source. He reviewed the actual and budgeted FY23 monthly sales tax revenue. He explained that the expected growth is due to several factors, including inflation, property taxes, and direct distribution. He described the growth trends for sales and use tax as well as the major industries that contribute to Casper's greatest tax revenue amounts.

Next, City Manager Napier discussed creating a direct distribution fund to fund non-operational expenses, which would then be removed from the general fund. This is a way to help the City move away from any reliance on direct distribution for general fund operations, in case the State Legislature decides to end direct distribution. The interest income revenue replacement has provided an opportunity to consider moving the direct distribution out of the general fund and into a fund that will fund one-time expenses. This will also provide the opportunity to see exactly how the direct distribution money is being spent.

He then discussed staffing and the fifteen new positions be proposed this fiscal year, including those related to growth and those that are being replenished after they were reduced in previous years. The staffing proposal included fire fighters, school resource officers, PSCC training supervisor, Balefill equipment operator, administrative assistant for regional water, administrative assistant for buildings and structure, auto technician for the bus fleet, recreation coordinator for

the ice arena, and maintenance technician for weed and pest. He also discussed some positions staff is planning to add or replenish in FY25, including a web content specialist, PD records clerk, planner, and firefighters.

Next, City Manager Napier discussed potential wage increases, with a proposed base wage increase of 3.5% for employees that are eligible. Some employees may be at the top of their wage band or approaching the end of their wage range, in which case they may receive only part of that wage increase until their wage reaches their maximum amount. He stated staff was not proposing COLA's (cost of living adjustments) at this time. He emphasized that the budget accommodates this wage increase. He stated that staff would like to come back to Council at the end of the calendar year and suggest one-time payments for staff if the budget allows and there is available cash to make that happen. He also stated that if the economy is suffering and inflation gets much worse, a COLA may be suggested later on. The 3.5% is for most employees, but the Police and Fire Departments have their own step system, so those that are eligible will receive a 5% step increase. The total cost of the wage increases is \$952,707.

Council took a dinner break at 6:20 p.m. and reconvened at 6:55 p.m.

Council gave their thumbs up to the 3.5% wage increase.

Next, City Manager Napier discussed capital projects, and reiterated that these are budgeted from available cash on hand. They are funded from one cent, opportunity funds, utility funds, CARES funding, and federal ARPA funds. 80-90% of one cent funds are used for things like infrastructure, technology, and equipment, and 10-20% is used for subsidies and to support non-profits.

Next, City Manager Napier reviewed the proformas of all of the enterprise funds, including available cash, expenditures, and revenue for each fund. He stated that it is a myth that the City raises water rates to subsidize operations and the rates actually reflect trends of each individual fund. He stated that rate increases will need to be considered at the end of the calendar year for many of the enterprise funds. He stated that the sewer fund is performing well and the proforma includes a rate increase and capital purchases over time as well. He stated that the refuse fund is doing well, and has performed better than expected since its downturn during the pandemic. The balefill fund is currently in a red flag position and is burning reserves. He explained that they have not seen pre-pandemic commercial oil and gas customers come back and equipment costs have increased, both of which have affected this fund. He stated that there will need to be rate increases and/or capital reductions in order to help this fund to perform better; these will be discussed in November when staff presents proposals for all of the enterprise fund rate increases. This fund does not receive one cent funds, which also puts more burden on the fund. Cindie Langston, Solid Waste Manager, answered questions related to the landfill remediation program. She also discussed increasing tipping fees to help with the fund. She discussed other communities and states bringing refuse to Casper, and stated the City would need to modify their permit with the Department of Environmental Quality if it wanted to pursue taking out of state waste, including wind turbines.

Next, City Manager Napier discussed the recreation subsidies. He discussed how the Municipal Golf Course operates above revenue and has a 115% cost recovery goal for FY24. He explained

that this does not include capital improvements. He then discussed Fort Caspar Museum, which has a 20% cost recovery goal. Staff has looked into boosting revenues at the campground when the time constraints on the Isaak Walton property have expired, in 10-15 years. He then discussed that the Ice Arena subsidy will hover around the breakeven mark if the second sheet of ice is built and other plans are implemented to help increase the revenue. He discussed that Hogadon had a very successful year last year and was above the target cost recovery for FY23, due to good amounts of snow, night skiing, and summer use of the lodge. He then discussed the Recreation Center fund, which is now segregated from the sports and athletics fund. This year the subsidy will come from the direct distribution fund. He emphasized that recreation centers do not have the propensity to make money, and this will most likely be a long-term subsidy. He then discussed the aquatics fund, which he said is similar to the recreation center, in that revenue centers are limited and the capital improvements are expensive. The aquatics fund will be aided by 1%#17 funds, of which \$1.3M has been allocated to the aquatics fund over the four-year one cent cycle. Next, he discussed the new sports and athletics fund, which was primarily created to track revenues and costs for sports and athletics and have these pay for themselves. Zulima Lopez, Parks Recreation & Public Facilities Director, explained that the revenues previously went to the Casper Recreation League Association, who paid for officials and reimbursed the City for field and court time. This agreement still required City staff to do the leg work, which was then not reimbursed at all. The new arrangement will place the City over the financial arm and staffing, with the Recreation League Association serving as an advisory body. She also explained that maintenance of the fields/court used to be with the parks fund, but this will now be with the sports and athletics fund, so that the lease holders and fees will help to subsidize the maintenance of the athletic fields. Rates will be set to accurately reflect these maintenance costs. This will in turn help to support the general fund.

City Manager Napier closed by discussing thoughts for the future, including focus on storm water infrastructure, the public safety facility, subsidy reduction strategies, revenue sustainability strategies, Council goal fiscal initiatives, and recruitment/retention strategies. Council thanked staff for all of their hard work on the budget.

## 2. Council Around the Table

Next, Council went around the table to discuss their respective board and committee meetings as well as matters of public interest.

The work session was adjourned at 8:05 p.m.

ATTEST:

CITY OF CASPER, WYOMING  
A Municipal Corporation

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Fleur Tremel  
City Clerk

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Bruce Knell  
Mayor