# Special Town Council Workshop

October 23, 2025
9:00AM - 12:00PM
Town Council Chambers
Chair: Arne Jorgensen

NOTICE: THE VIDEO AND AUDIO FOR THIS MEETING ARE STREAMED TO THE PUBLIC VIA THE INTERNET AND MOBILE DEVICES WITH VIEWS THAT ENCOMPASS ALL AREAS, PARTICIPANTS AND AUDIENCE MEMBERS. PLEASE SILENCE ALL ELECTRONIC DEVICES DURING THE MEETING.

## I. ZOOM LINK FOR PUBLIC PARTICIPATION

The Town reserves the right to close Public Comment via Zoom at any time. In-person comment will continue to be taken and written comments can always be submitted to Town Council by emailing electedofficials@jacksonwy.gov.

To join, click link or copy it to your browser: https://us02web.zoom.us/j/83412034139?pwd=jxmO4amg3wwGUN6MXVTpZziTnCjhae.1

Or join at zoom.com with Webinar ID: **834 1203 4139** and Password: **83001** or by phone: **+1 253 215 8782**

## II. CALL TO ORDER AND ROLL CALL

## III. DISCUSSION/ACTION ITEMS

A. Strategic Budgeting (Tyler Sinclair, 180 mins)

## IV. ADJOURN

*Please note that at any point during the meeting, the Mayor may change the order of items listed on this agenda. In order to ensure that you are present at the time your item of interest is discussed, please join the meeting at the beginning to hear any changes to the schedule or agenda.*

# STAFF REPORT

| | | | |
|---|---|---|---|
| **Meeting Date:** | October 23, 2025 | **Meeting Title:** | Special Workshop |
| **Submitting Department:** | Administration | **Presenter:** | Tyler Sinclair |
| **Agenda Item:** | Strategic Budgeting | **Public Comment:** | Yes |

**Purpose & Policy Considerations**.
The purpose of this item is for Council to continue work on the Strategic Budgeting initiative.

**Requested Action**.
Staff requests that Council review the information provided and come with comments and questions to inform step 2 of the process agenda provided below.

**Recommendations**.
Staff makes no recommendation at this time.

**Background**.
Strategic budgeting was identified as an action item at the 2025 Town Council retreat.

Council held a Special Workshop on September 16, 2025, to begin the Strategic Budgeting initiative. This first step in the process was for Council to gain an understanding of the current budget and Town financial position and to affirm our strategic budget purpose & objectives and provide direction on the proposed strategic budget process & engagement strategy. Please see the link to the meeting #1 staff report and slide deck and link to the video of the meeting for review.

**Analysis**.
Staff have prepared the following agenda for this meeting with associated purposes and desired outcomes from Council.

- Review Outcomes of Meeting #1
- Prepare to discuss budget philosophy questions (slides 8-11)
- Analysis of Budget History (slides 12-33)
- Introduction to Budget Tools (slides 34-58)
- Select a community outreach approach (slides 59-69)
- Next Steps

Staff will present and lead Council through the attached presentation at the meeting asking for comments and direction as identified.

Below staff have provided an overview of the proposed initiative’s process.

| | | Today | | | |
|---|---|---|---|---|---|
| | **Step 0** | **Step 1** | **Step 2** | **Step 3** | **Step 4** |
| Council Meeting | Sep 16, 2025 | Oct 23, 2025 | TBD | TBD | By May 2026 |
| Objective | Process setup | Understand the budget history | Envision future scenarios | Define a budget philosophy | Make an action plan |
| Outcomes | • Process objectives<br>• Determine public outreach | • ID outstanding questions<br>• ID additional tools<br>• Scope expert input | • Vision for where we would like to go in each scenario (Status quo, more, less)<br>• Finalize budget philosophy Qs | • Budget philosophy answers<br>• Initial budget tool prioritization | • Finalized action plan |
| Materials | • Proposed process | • Detailed status quo background<br>• List of budget tools<br>• Staff & Council input on philosophy Qs<br>• Historical budget philosophy | • Visioning exercise<br>• Sr. staff (&public?) input on vision | • Analysis of budget tools<br>• Sr. staff (&public?) input on budget tools | • Draft action plan based on vision, philosophy, and tools |

## Possible Alternatives
Provided in the attached presentation

## Comprehensive Plan & Priority Alignment
To successfully implement the Comprehensive Plan, Council must set priorities, be strategic, and be disciplined. A critical component is prioritizing and identifying the necessary level of funding to address desired goals, policies, and strategies, which is all critical to the successful implementation of Town Priorities and the Comprehensive Plan. In addition, many of the programs and strategies called for in the Comprehensive Plan come at an additional cost to the community that current funding levels cannot accommodate. Chapter 8 - Quality Community Service Provision calls for *"Timely, efficient and safe delivery of quality services and facilities in a fiscally responsible and coordinated manner."*

## Fiscal Impact
None at this time.

## Staff Impact
Staff including the Town Manager and Finance Director have spent approximately 100 hours on this initiative to date.

## Attachments or Links
Town of Jackson Strategic Budgeting – Meeting #2 – Understanding Budget Inputs

## Suggested Motions
None at this time.

# Town of Jackson Strategic Budgeting

## Meeting #2

## Understanding Budget Inputs

October 23, 2025

# Today’s Agenda

- Review Outcomes of Meeting #1
- Prepare to discuss budget philosophy questions (slides 8-11)
- Analysis of Budget History (slides 12-33)
- Introduction to Budget Tools (slides 34-58)
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- Next Steps

# Why Strategic Budgeting?

- Strategic budgeting was identified as an action item at the 2025 retreat
  - The General Fund balance will be below the 25% reserve target in 2-4 years
    - Recurring expenses have been growing faster than recurring revenues the past 3 years
  - Opportunity to envision the future and define our goals

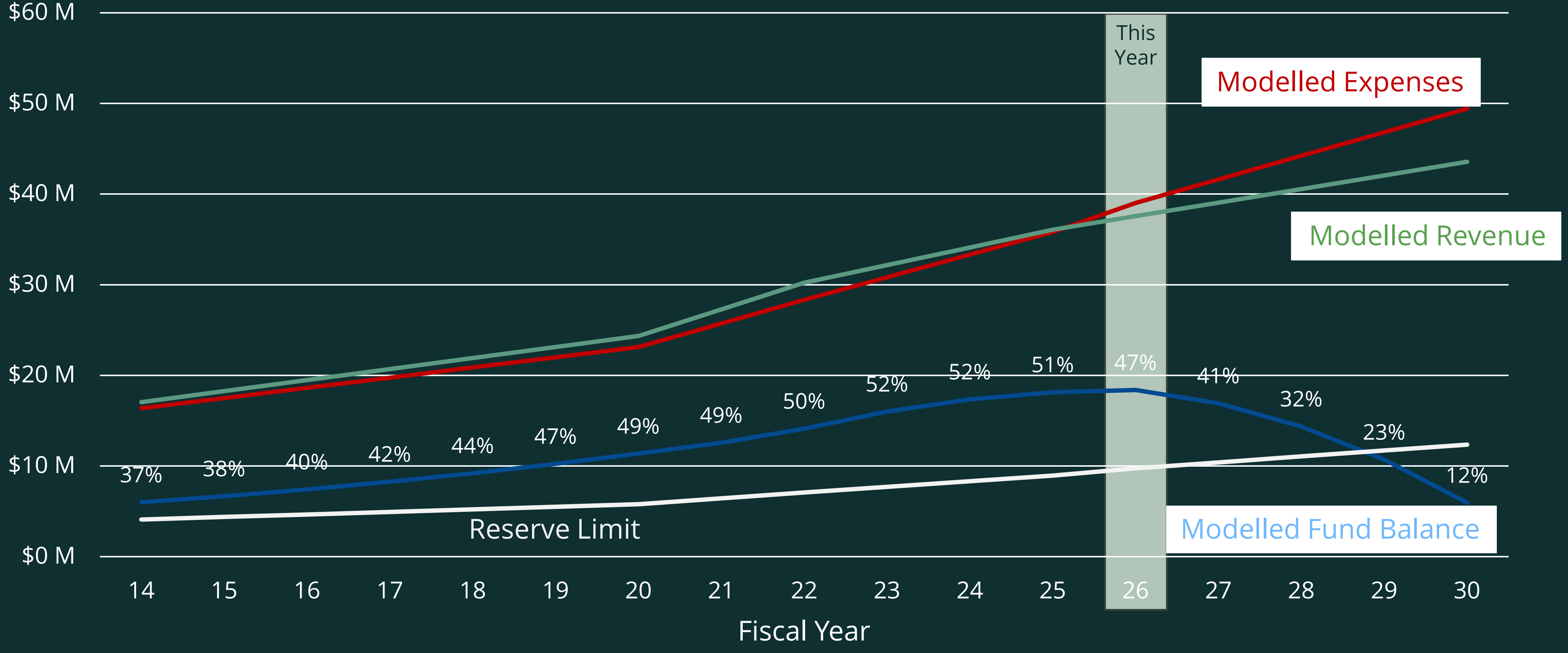
Background

Purpose & Objectives

Process & Engagement

# The current scenario is a 3-4 year reserve horizon

Modelled General Fund Revenue, Expenses, and Annual Balance



# Strategic Budgeting Purpose

- Balance revenue and expenses (short-term)

AND

- Balance recurring revenue and expense growth (long-term)

# Strategic Budgeting Objectives

1. Understand budget history and how we got here
2. Envision future scenarios
3. Identify a budget philosophy
4. Make an action plan to implement the philosophy

# Strategic Budgeting Process

Today

| | Step 0 | Step 1 | Step 2 | Step 3 | Step 4 |
|---|---|---|---|---|---|
| Council Meeting | Sep 16, 2025 | Oct 23, 2025 | TBD | TBD | By May 2026 |
| Objective | Process setup | Understand the budget history | Envision future scenarios | Define a budget philosophy | Make an action plan |
| Outcomes | • Process objectives<br>• Determine public outreach | • ID outstanding questions<br>• ID additional tools<br>• Scope expert input | • Vision for where we would like to go in each scenario (Status quo, more, less)<br>• Finalize budget philosophy Qs | • Budget philosophy answers<br>• Initial budget tool prioritization | • Finalized action plan |
| Materials | • Proposed process | • Detailed status quo background<br>• List of budget tools<br>• Staff & Council input on philosophy Qs<br>• Historical budget philosophy | • Visioning exercise<br>• Sr. staff (&public?) input on vision | • Analysis of budget tools<br>• Sr. staff (&public?) input on budget tools | • Draft action plan based on vision, philosophy, and tools |

# Budget Philosophy

# What is a budget philosophy

- High-level principles of budgeting
- The general answers to strategic budget questions that tend to arise in organizational budgeting and management
- How will we use it?
  - This process: Prioritize and set budget approach to revenue and expenses, reserve fund
  - Ongoing: Allow staff make proposals, recommendations, and justifications that align with Council priorities

# Identifying our budget philosophy

- A preliminary list of questions is included on the next slide
  - Just a starting point to help understand the concept
- Tyler will meet with each of you and the senior staff to refine the questions
  - Do you understand the questions?
  - Are the questions relevant?
  - What questions would you add?
- Finalizing the questions will be an objective of the next meeting
- Answering the questions will be the object of Step 4

# Example Budget Philosophy Questions

## Revenue

- What are our revenue growth priorities?
  - Stability for expense planning
  - Maximum potential
  - Minimum impact on tax payer
- How to use property tax?
  - We shouldn't
  - Part of revenue floor
  - Annual revenue adjustment
  - Infrastructure maintenance
- How to use sales/lodging tax?
  - Revenue floor
  - Fluctuation = annual adjustment
  - Infrastructure maintenance
- What is the purpose of fees?
  - Cost recovery (tied to O&M costs)
  - As a push or pull incentive
- What is our priority for surplus?
  - Grow general fund for future
  - Grow capital fund for future
  - Pilot new operations

## Operations Expenses

- What is our level of service priority?
  - Fast
  - Cheap
  - Quality
- What is our operational response to cyclical revenue?
  - Vary LOS
  - Vary staffing
  - One-time expenditures
- What is our compensation philosophy?
  - Prioritize retention
  - Prioritize performance
- What do we do when we find/lose efficiency
  - Shift LOS expectation
  - Add/reduce programs

## Capital Expenses

- How do we approach maintenance?
  - On a regular schedule
  - Extend until broken
  - Quality
- How do we prioritize capital projects?
  - Maintain core infrastructure to meet daily and future needs
  - Comp Plan or other community goals
  - Future O&M costs
  - Opportunities linked to required maintenance
  - Geographic service equity
- What is our approach to project debt?
  - Avoid
  - Use it to avoid construction cost inflation
  - If the project has future revenue to pay from

# Analysis of Budget History

Identifying any outstanding questions about the budget

# Budget Analysis

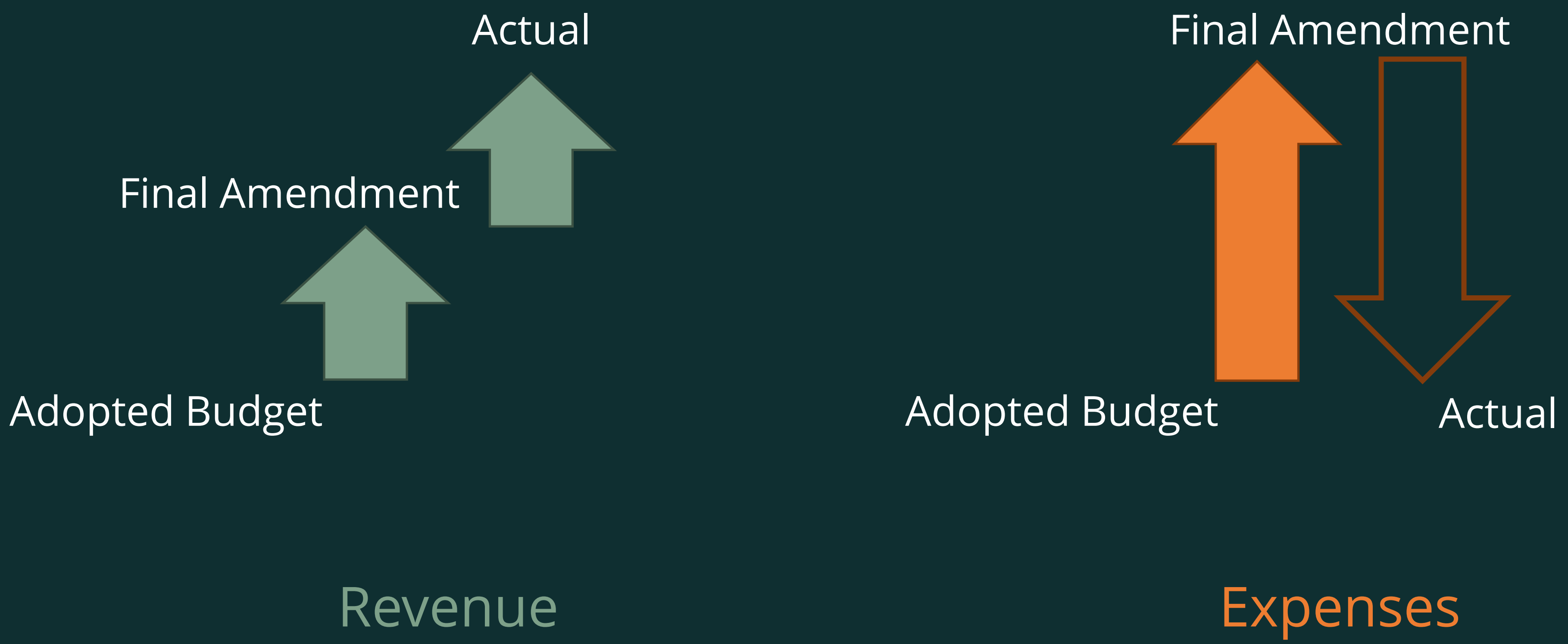
- Why are projections a range? (slides 14-17)
- What are the root causes of revenue growth? (slides 18-19)
- What are the root causes of expense growth? (slides 20-32)
  - Personnel expenses
  - Capital expenses
  - Other expenses
- What are the impacts of unfunded mandates? (slides 33)
  - Housing, Transportation, Conservation

# Why are budget projections a range?

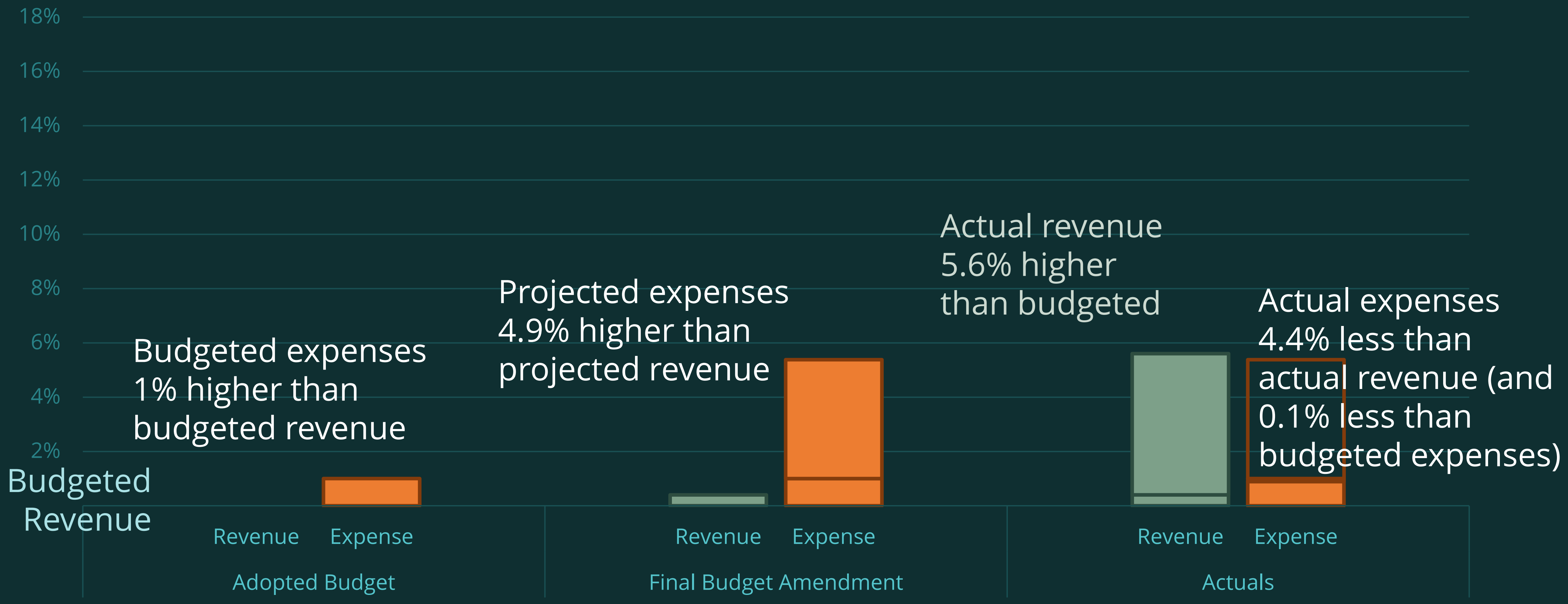
- Why do we use budget projections
- Why is there a range? Why to they change?
  - Near-term: Budget estimates vary over time
  - Long-term: Compounding effects on projections
- This is an issue we need to solve as your staff
  - This process has helped identify the issue
  - But it does not raise any budget philosophy questions

# Why are projections a range?

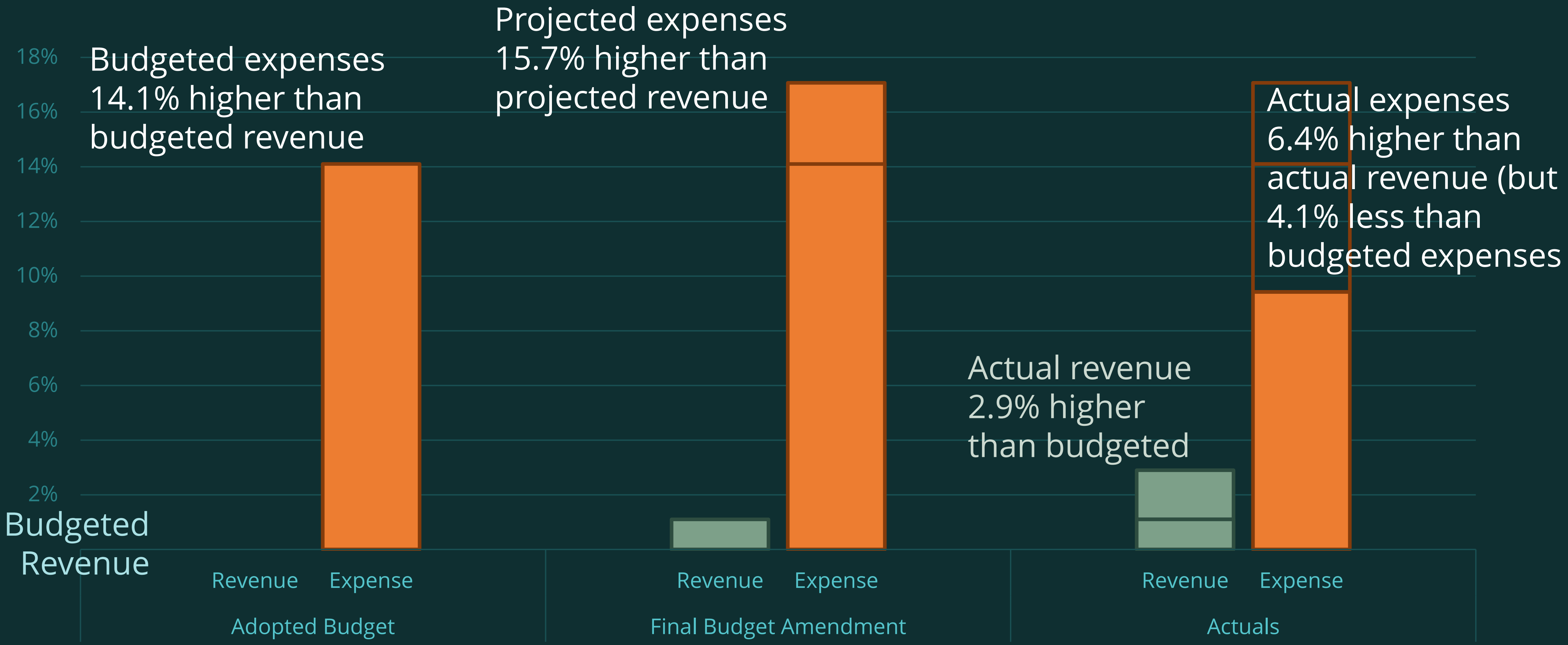
## Because Budget estimates vary over time



# Budget Estimate Variation: FY11-FY19

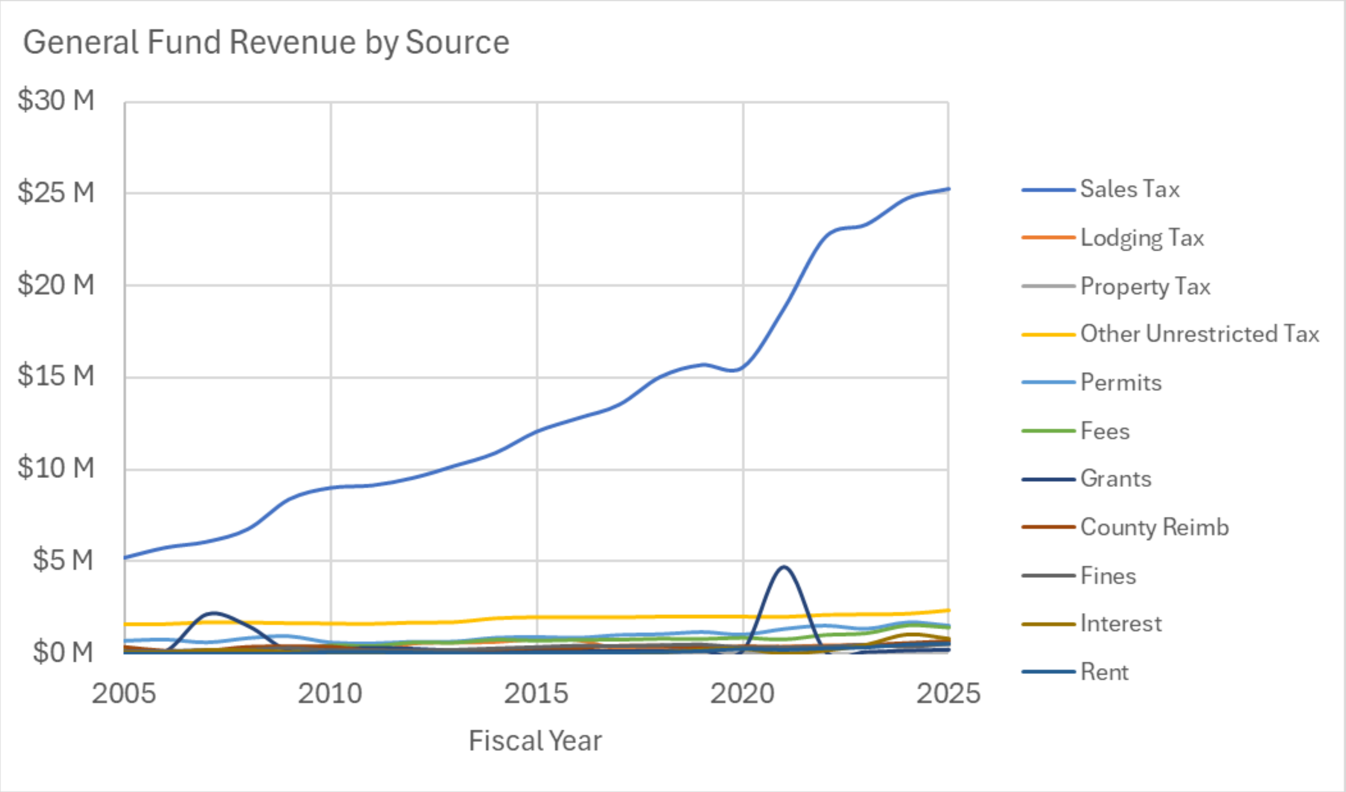


# Budget Estimate Variation: FY23-FY25



# What are the root causes of revenue growth?

- Sales Tax
  - +/- 75% of General Fund Revenue
  - COVID jump in FY21
  - Inflation jump in FY22
  - Back to ~$1M annual growth
    - From elevated baseline
    - Same pace as FY11-19
- Does not include $1.4M of lodging tax that goes straight to START Fund



# Revenue Growth Conclusions

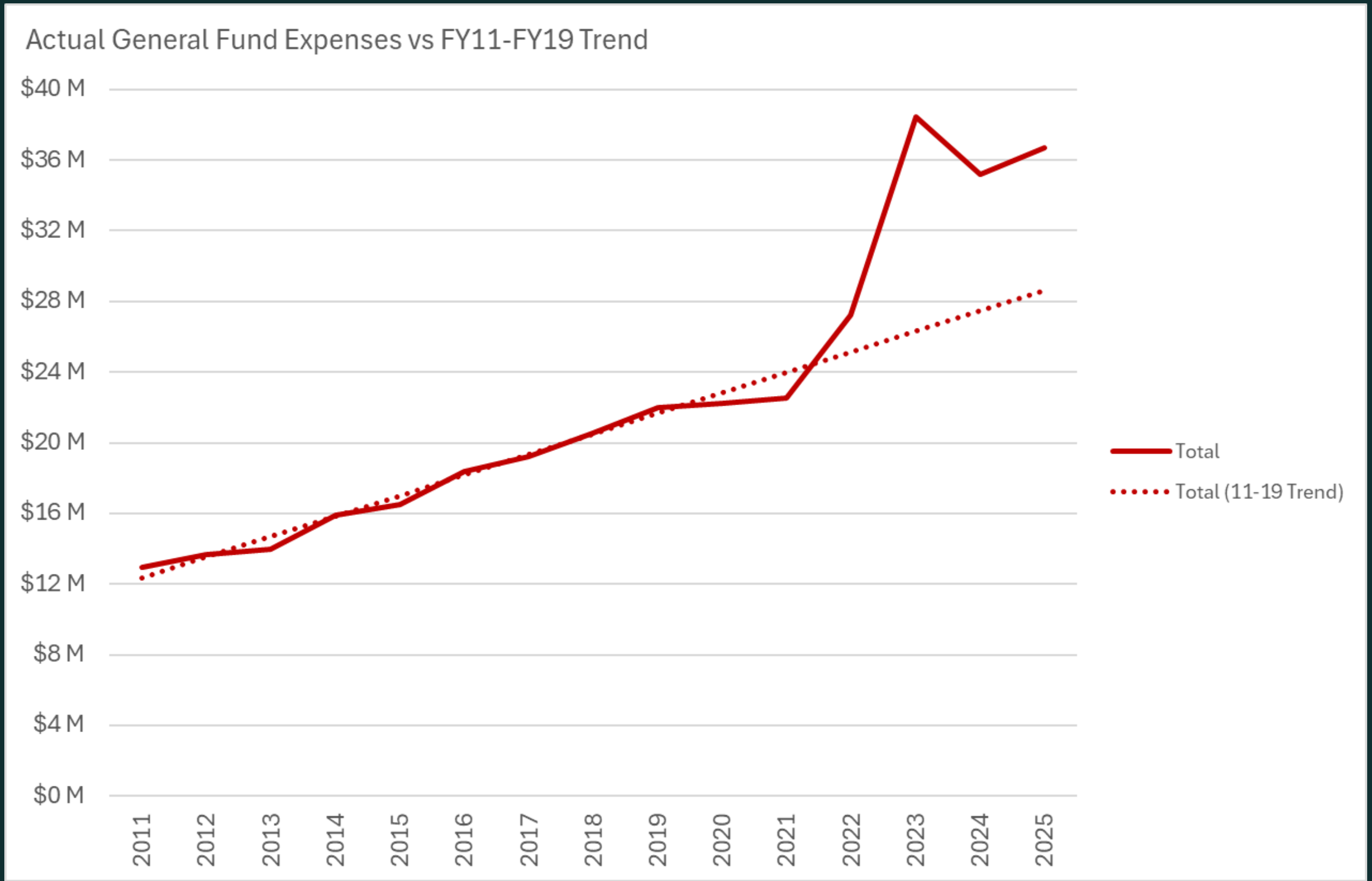
- Revenue makeup has not changed significantly
  - Lodging Tax
  - Property Tax
- External factors raised annual revenue
- Annual revenue growth is steady at about $1.5M per year

**Corresponding philosophy question:**

**What are our revenue growth priorities?**

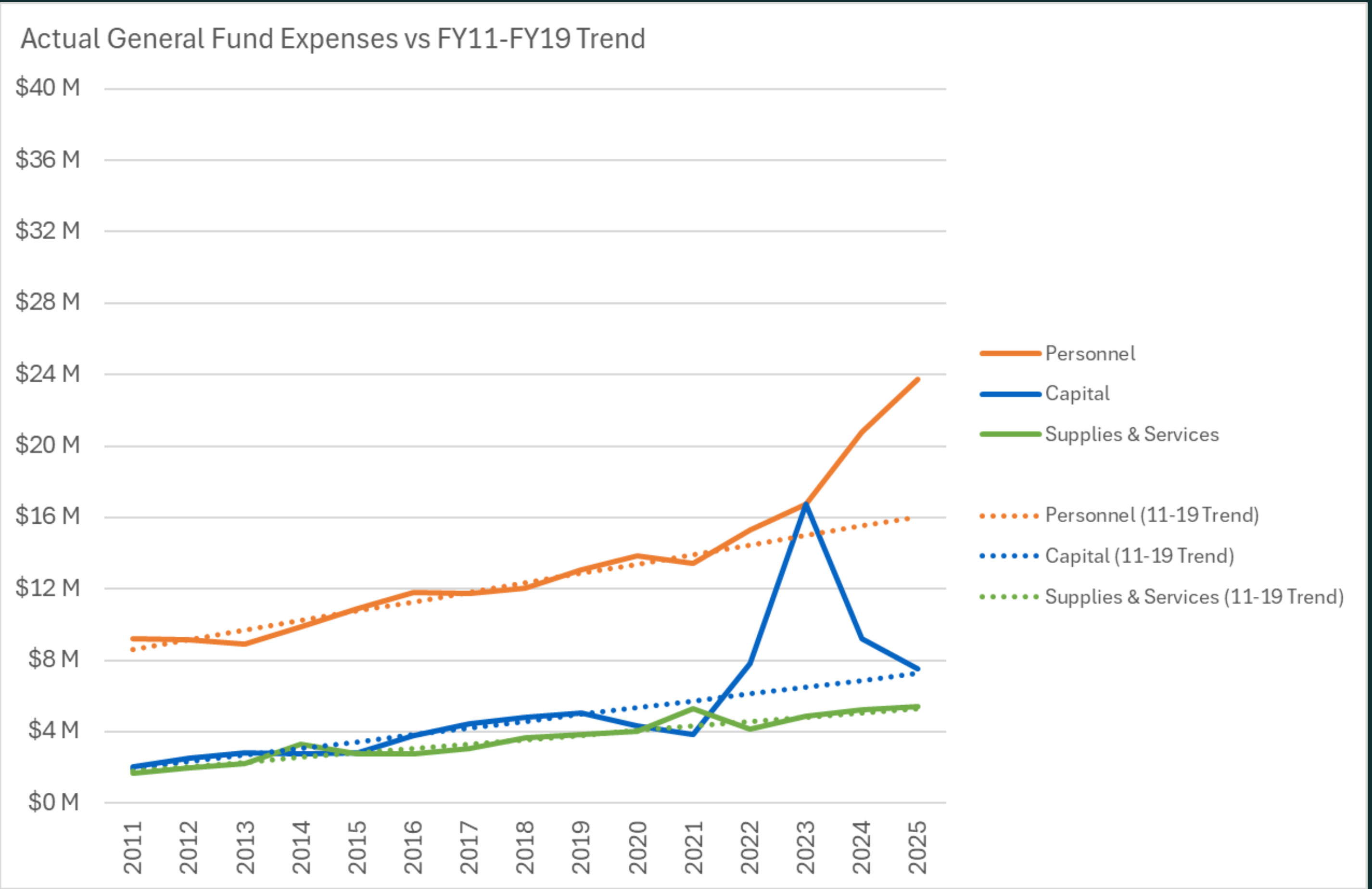
- Stability for expense planning
- Flexibility to react to expense needs
- Maximum potential
- Minimum impact on taxpayer

# What are the root causes of expense growth?



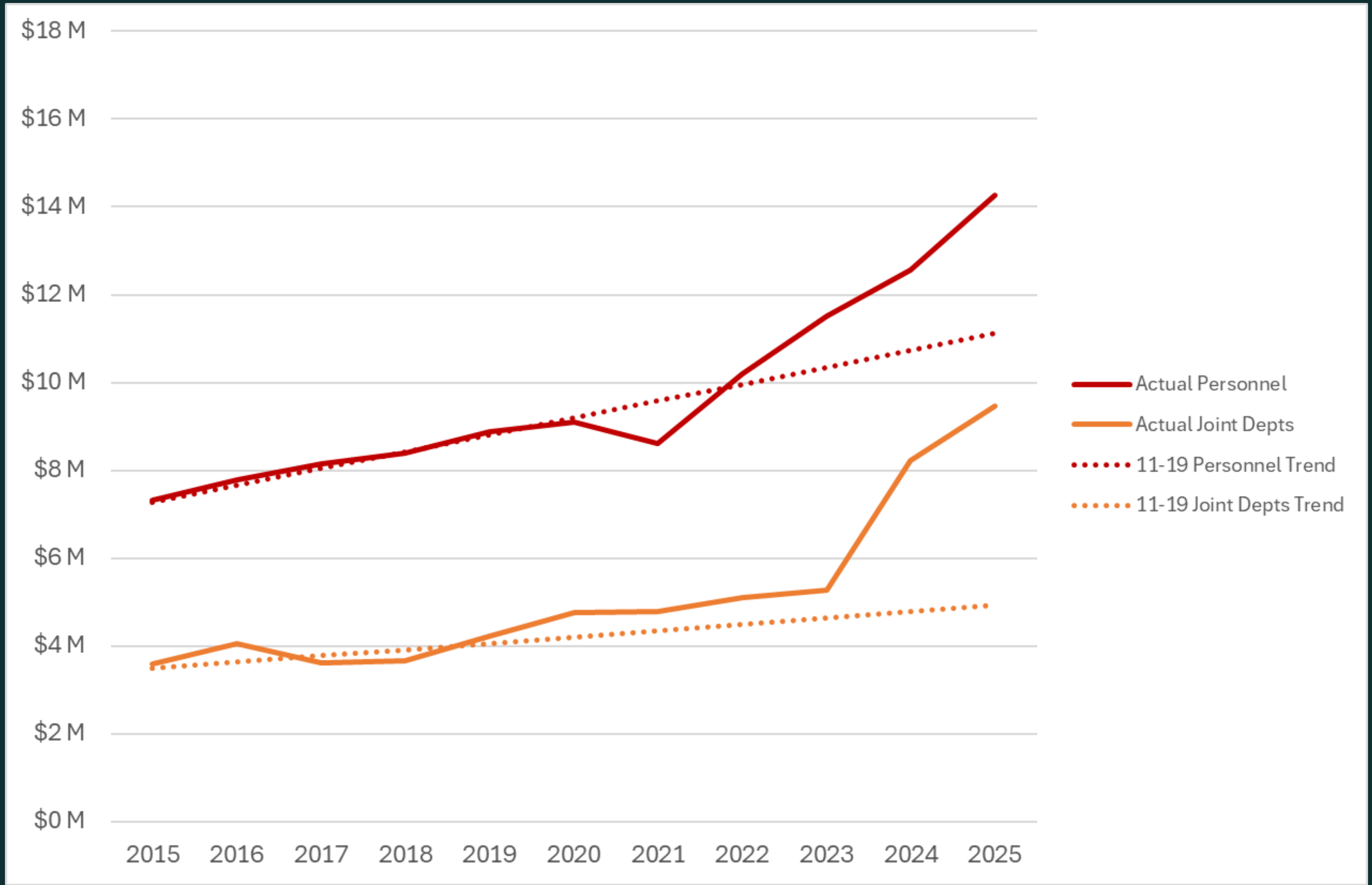

- Expense Growth jumped in FY23
  - FY11-19: $1.1M/yr
  - FY22-25: $2.5M/yr
- Jump is shown by climb above dotted FY11-19 trend

# What are the root causes of expense growth?




- Primarily Personnel Expense Growth
  - Biggest jump above trend
  - Growing at $2M per year
    - (Revenue $1.5M/yr)
  - Includes Town and Joint
- Capital Expenses
  - Spike part of FY23 climb
    - Rec Center
    - Maintenance Facility
  - Has returned to trend
    - Growing at $350,000/yr
- Other Expenses
  - On trend
    - $200,000/yr growth

# Personnel Expense Growth




- Town Personnel
  - $14.3M in FY25
  - 39% of General Fund expenses
- Joint Departments
  - $9.5M in FY25
  - 26% of GF expenses
  - Not entirely personnel, but personnel accounts for the increase
- We have data to break down the Town increase

# Personnel Expense Growth Components

- New FTEs
- Compensation
  - Salary Related Expenses
    - Cost of Labor Adjustment (COLA)
    - Merit Increase
    - Other Increases
  - Medical Related Expenses
    - Premiums
    - Medical Costs

**Corresponding philosophy question:**

**What is our personnel expense philosophy?**

- More FTEs, less compensation
- Fewer FTEs, better compensation
- Prioritize retention
- Prioritize performance

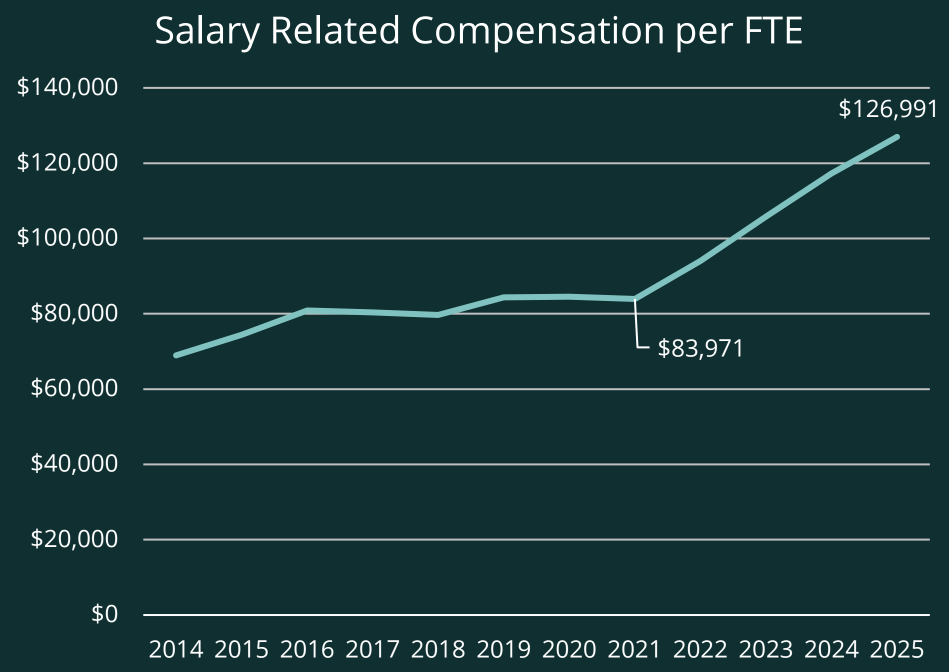
# New FTEs

- We create 1.9 General Fund FTEs every year
  - During COVID, hiring slowed
  - Post COVID, hiring made up for the slowdown
  - The net result is that the FY14-25 average matches FY14-19
    - But new FTEs cost more than they did FY14-19
- New FTEs cause personnel expenses to grow,
- But they do not explain growth from the trend

| FTEs added per yr. | 14-19 | 19-22 | 22-25 | 14-25 |
|---|---|---|---|---|
| General Fund | 1.9 | 1.26 | 2.67 | 1.94 |
| General Gov | 0.92 | 0.83 | 1.59 | 1.08 |
| Public Safety | 0.52 | 0.51 | 0.94 | 0.63 |
| Public Works (Gen) | 0.46 | -0.09 | 0.15 | 0.22 |
| | | | | |
| Public Works (Ent) | -0.10 | 0.16 | 1.03 | 0.28 |
| START | 0.94 | -3.28 | 4.14 | 0.66 |
| Total All Funds | 2.74 | -1.86 | 7.84 | 2.88 |

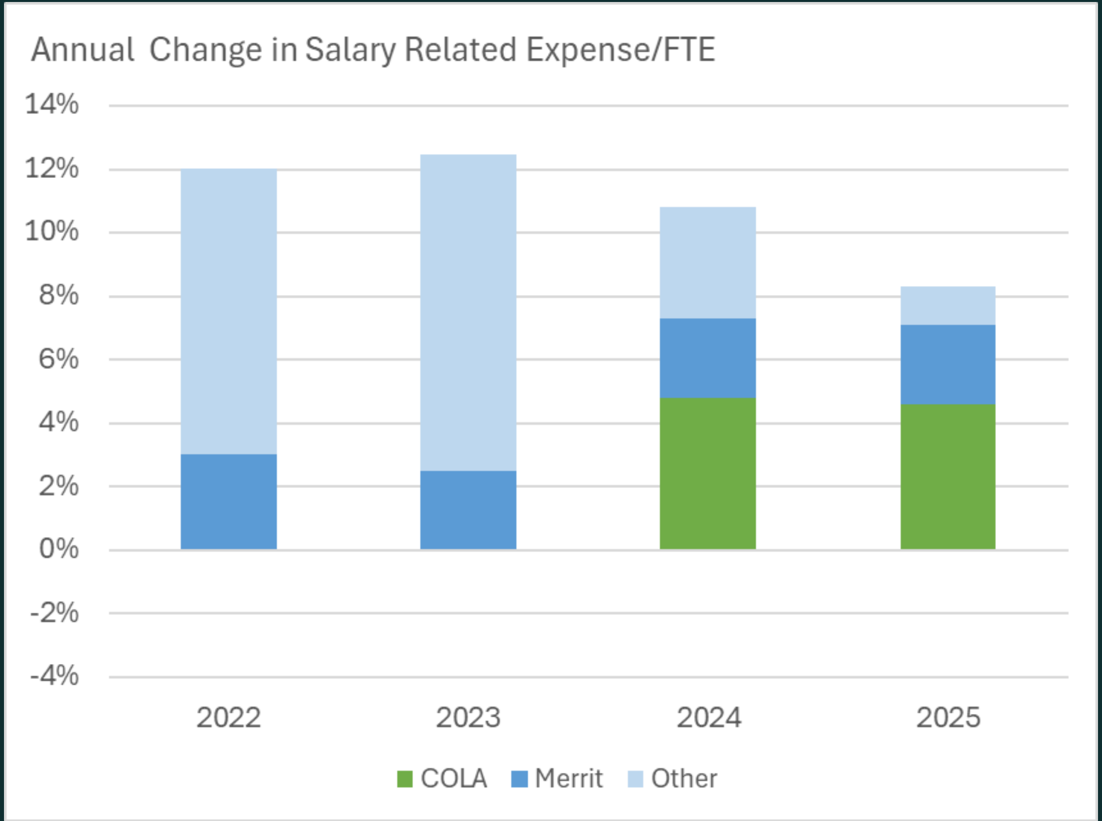
# Salary Related Compensation

- Salary-related compensation is the reason personnel expenses have jumped
  - We pay 51% more than we did 4 years ago



# Salary Related Expenses by component

- From FY11-19 Salaries kept up with inflation
  - It wasn't constant
  - Net was break-even
- New compensation policy (FY23)
  - Cost of Labor Adjustment + Merit increase
  - People move up (not just keep up)
- Other increases represent one-time adjustments
  - After the initial adjustment, indexed adjustments cost more



Budget Analysis

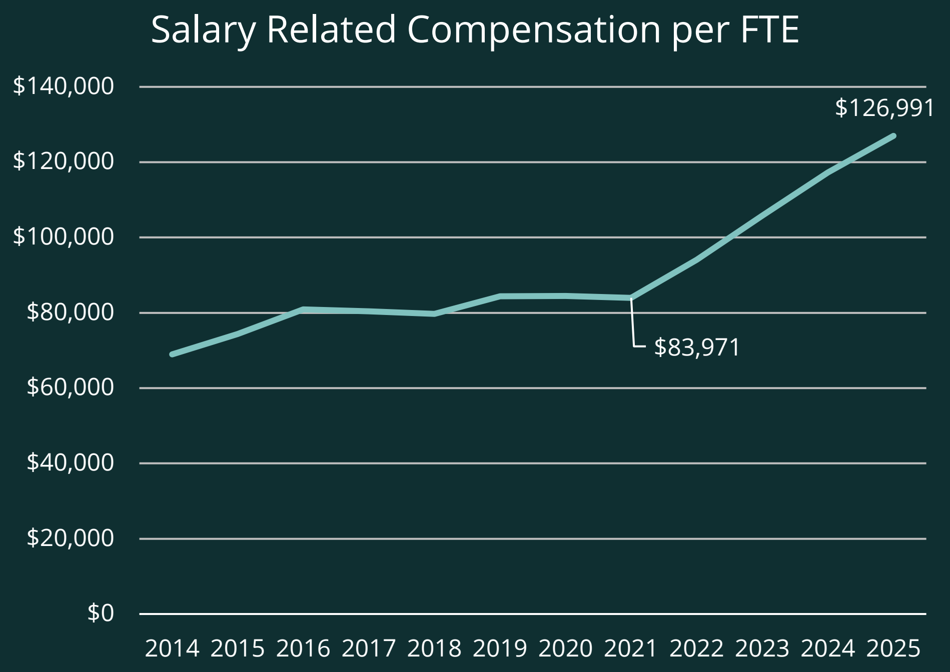
Budget Tools

Public Outreach

Philosophy Qs

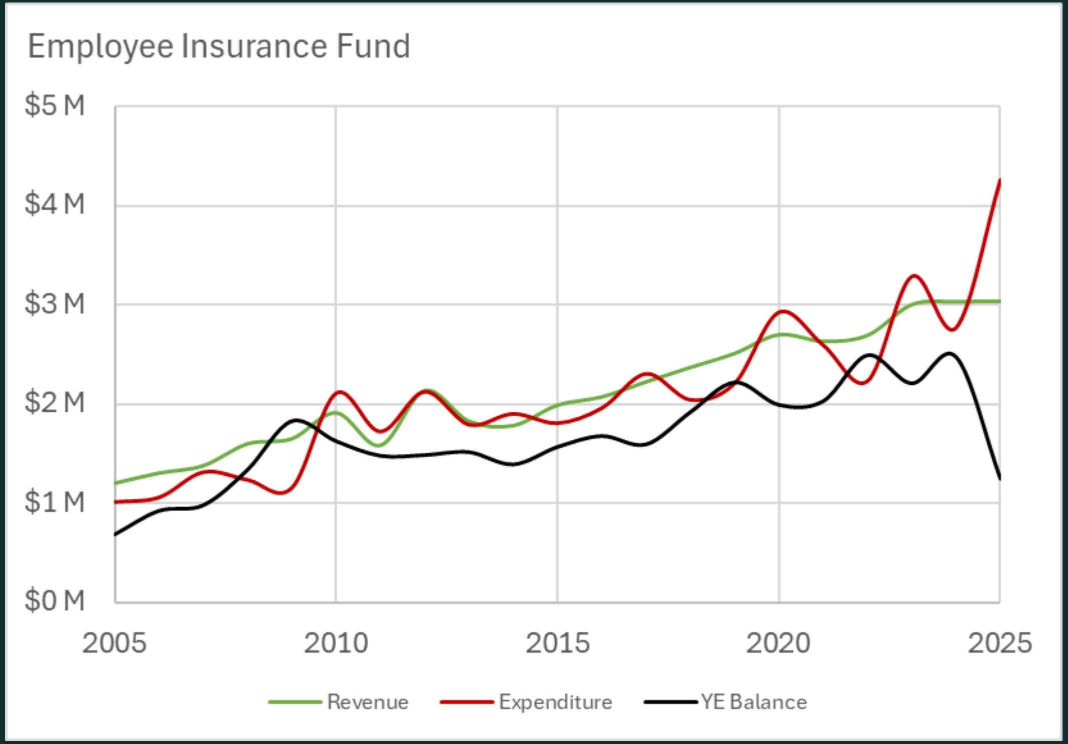
# Salary Related Expenses Looking Forward

- Annual percent change in salary per FTE should be less in the coming years
  - COLA trails inflation, which has decreased, so COLA is likely to decrease
  - Other salary adjustments are becoming less impactful



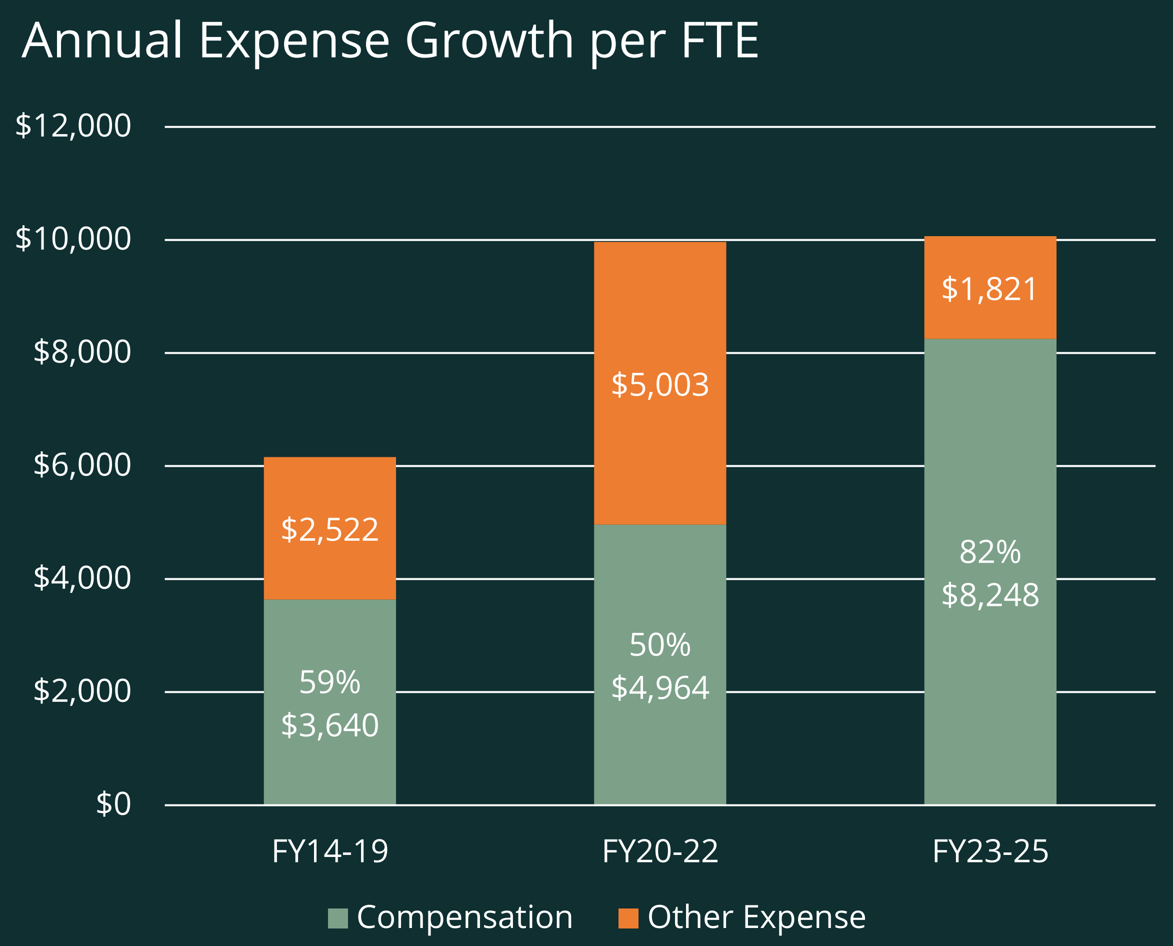
# Medical Related Expenses

- Not contributing to expense growth yet, but might soon
  - General Fund expense is a steady transfer to Insurance Fund
  - See steady revenue line
- Employee Insurance is a high risk fund that is spent down
  - Bad year in FY25
  - Policy decisions
    - Reduce contributions/balance
    - Retain Cadillac benefits
- Can't hold off on expenses like can in other funds
  - Will have an emergency expense if there is another year like FY25

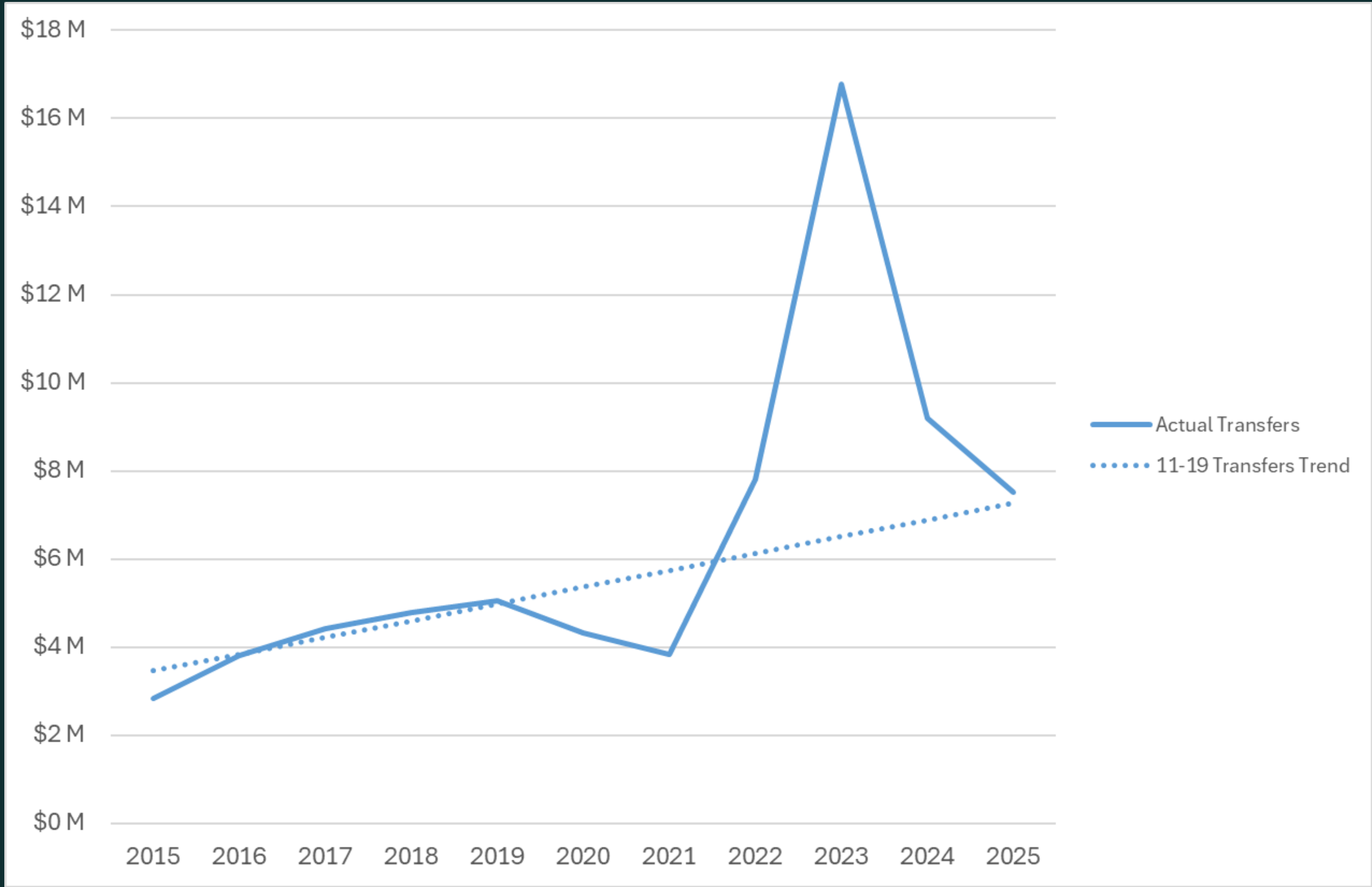


# Other Expenses by personnel

- Each FTE also requires equipment, training, consultants, etc.
- FY20-22 expense growth went to consultants, materials, software, equipment, etc.
- FY23-25 expense growth went to compensation



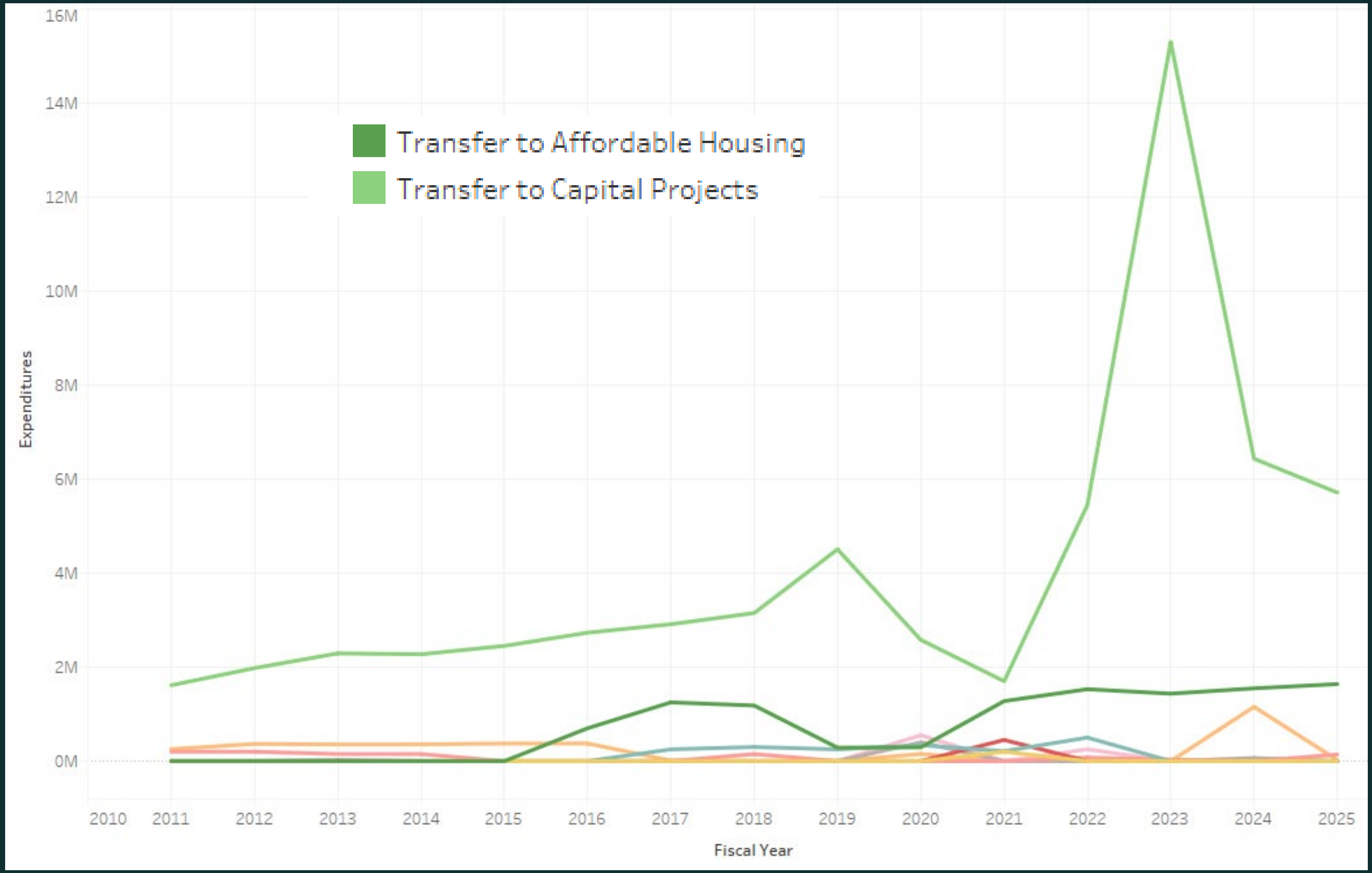
# Capital Expense Growth




- Capital expenses show up as transfers to other funds
  - 16% of General Fund expenses in FY11
  - 20% in FY25
- Almost all GF capital expense goes to
  - Capital Improvement Fund
  - Affordable Housing Fund

# Capital Expense Growth

- Capital Fund
  - ½ of 5th Cent by policy
  - Additional as needed
  - Capital Fund at 72% of budgeted expense
    - Actual expense consistently below budget
- Affordable Housing
  - Significant addition in FY17
    - Unfunded Comp Plan mandate
  - Not much contribution to growth after introduction
  - AH Fund at 777%
    - Holding for Virginian



# Expense Growth Conclusions

- Personnel Expenses are the root cause of recent, rapid growth
  - Should slow down
    - Fewer adjustments, reduced COLA, normalized FTE growth
    - But will still exceed revenue growth
- Medical expense growth has not impacted the General Fund budget yet
  - Fund balance has been drawn
  - Liability moving forward
- Capital expense growth has increased thus there is less money available for compensation adjustment

# What are the impacts of unfunded Comp Plan Mandates

- Affordable Housing
  - Fund Transfers for supply
  - 2 additional FTEs (jointly funded County personnel growth)
- Transportation
  - 2 additional FTEs (jointly funded County personnel growth)
- Conservation
  - 1 additional FTEs
  - Town stormwater and water quality work

# Budget Tools

Identify any additional revenue and expense tools to explore

# Status Quo Gap

- Budgeted expenses exceed revenues
- Expense growth exceeds revenue growth
- General Fund balance will drop below reserves in 2-4 years

| Year | | FY26 | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|---|---|
| Budget | | | | | | | |
| | Rev | 36,300,000 | 37,800,000 | 39,300,000 | 40,800,000 | 42,300,000 | 43,800,000 |
| | Exp | 39,000,000 | 41,600,000 | 44,200,000 | 46,800,000 | 49,400,000 | 52,000,000 |
| | Balance | 18,400,000 | 15,700,000 | 11,900,000 | 7,000,000 | 1,000,000 | -6,100,000 |
| | | 47% | 38% | 27% | 15% | 2% | -12% |
| Annual Growth | | | | | | | |
| | Rev | 1,500,000 | | | | | |
| | Exp | 2,600,000 | | | | | |
| | Growth Difference | -1,100,000 | | | | | |

# Revenue Tools

- Additional penny of General Sales Tax
- Additional Property Tax
- Additional pennies of Lodging Tax
- Sale of Assets
- SPET
- Fees
- Exactions

# Revenue Tools: Addition penny of General Sales Tax

- Maximum 7 cents of sales tax
  - 4 to State (30% to Local Government)
  - 5th to Local (exist)
  - 6th (currently SPET)
  - 7th (currently County SPET, could be general penny)
    - Wouldn't start generating revenue until County SPET is fulfilled
- Requires voter election
  - Passed in Town in 2020
  - Failed Countywide

| | Budget | Annual Growth |
|---|---|---|
| Status Quo Gap | -$2,700,000 | -$1,100,000 |
| 7th Penny | +$11,300,000 | +$560,000 |

- Paid by local and visitor consumers
  - Sales tax is generally considered "regressive," meaning it has a greater impact on lower-income families

# Revenue Tools:
# General Sales Tax Penny Budget Impact

- Does more than cover the budget gap

- Would ensure a 25% reserve for 50 years
  - Doesn't solve the growth gap
    - Makes the issue moot in near-term
    - Potentially worsens the issue in the long-term if new expense growth is added

| Year | | FY26 | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|---|---|
| Budget | | | | | | | |
| | Rev | 47,600,000 | 49,660,000 | 51,720,000 | 53,780,000 | 55,840,000 | 57,900,000 |
| | Exp | 39,000,000 | 41,600,000 | 44,200,000 | 46,800,000 | 49,400,000 | 52,000,000 |
| | Balance | 18,400,000 | 27,000,000 | 35,060,000 | 42,580,000 | 49,560,000 | 56,000,000 |
| | | 47% | 65% | 79% | 91% | 100% | 108% |
| Change in Rev/Exp | | | | | | | |
| | Rev | 2,060,000 | 2,060,000 | 4,120,000 | 6,180,000 | 8,240,000 | 10,300,000 |
| | Exp | 2,600,000 | 2,600,000 | 5,200,000 | 7,800,000 | 10,400,000 | 13,000,000 |
| | Growth Difference | -540,000 | -540,000 | -1,080,000 | -1,620,000 | -2,160,000 | -2,700,000 |

# Revenue Tools: Additional property tax

- Maximum of 8 mils
  - Currently at 0.5
  - Numbers represent additional 7.5 mils
  - Most municipalities in Wyoming use all 8
- Set by Council policy
  - Annual adjustable
- Paid by property owners

| | Budget | Annual Growth |
|---|---|---|
| Status Quo Gap | -$2,700,000 | -$1,100,000 |
| 7.5 mils Property Tax | +6,400,000 | +$600,000 |

# Revenue Tools: Additional property tax Budget Impact

- Does cover the budget gap for 9 years
  - (assuming status quo expense growth)
- Would ensure a 25% reserve for 30 years
  - Doesn't solve the growth gap
    - Makes the issue moot in near-term
    - Potentially worsens the issue in the long-term if new expense growth is added

| Year | | FY26 | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|---|---|
| Budget | | | | | | | |
| | Rev | 43,200,000 | 45,300,000 | 47,400,000 | 49,500,000 | 51,600,000 | 53,700,000 |
| | Exp | 39,000,000 | 41,600,000 | 44,200,000 | 46,800,000 | 49,400,000 | 52,000,000 |
| | Balance | 18,400,000 | 22,600,000 | 26,300,000 | 29,500,000 | 32,200,000 | 34,400,000 |
| | | 47% | 54% | 60% | 63% | 65% | 66% |
| Change in Rev/Exp | | | | | | | |
| | Rev | 2,100,000 | 2,100,000 | 4,200,000 | 6,300,000 | 8,400,000 | 10,500,000 |
| | Exp | 2,600,000 | 2,600,000 | 5,200,000 | 7,800,000 | 10,400,000 | 13,000,000 |
| | Growth Difference | -500,000 | -500,000 | -1,000,000 | -1,500,000 | -2,000,000 | -2,500,000 |

# Revenue Tools: 2% Lodging Tax

| | Budget | Annual Growth |
|---|---|---|
| Status Quo Gap | -$2,700,000 | -$1,100,000 |
| 2 cents Lodging Tax | +$1,900,000 | +$195,000 |

- Maximum 7 cents of lodging tax
  - 5 exist
    - 3 to state
    - 2 to Town, County, TTB
  - 2 additional local pennies possible
- 40% of the collection would come to the Town
  - 30% must be used for visitor services
    - Even if this cannot be used for anything, it frees other General Fund money
  - 10% to General Fund
  - Other 60% to TTB (not included in numbers above)
- Requires voter election
- Paid by visitors

# Revenue Tools: 2% Lodging Tax Budget Impact

- Doesn't cover the budget gap
  - (assuming status quo expense growth)
- Would ensure a 25% reserve for 1 more year vs. status quo
  - Doesn't solve the growth gap

| Year | | FY26 | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|---|---|
| Budget | | | | | | | |
| | Rev | 38,200,000 | 39,895,000 | 41,590,000 | 43,285,000 | 44,980,000 | 46,675,000 |
| | Exp | 39,000,000 | 41,600,000 | 44,200,000 | 46,800,000 | 49,400,000 | 52,000,000 |
| | Balance | 18,400,000 | 17,600,000 | 15,895,000 | 13,285,000 | 9,770,000 | 5,350,000 |
| | | 47% | 42% | 36% | 28% | 20% | 10% |
| Change in Rev/Exp | | | | | | | |
| | Rev | 1,695,000 | 1,695,000 | 3,390,000 | 5,085,000 | 6,780,000 | 8,475,000 |
| | Exp | 2,600,000 | 2,600,000 | 5,200,000 | 7,800,000 | 10,400,000 | 13,000,000 |
| | Growth Difference | -905,000 | -905,000 | -1,810,000 | -2,715,000 | -3,620,000 | -4,525,000 |

# Revenue Tools: Sale of Assets

- Adds value of asset to Fund Balance
- Doesn’t increase revenue growth
- Eliminates an asset to be used for future projects or operations

# Revenue Tools: SPET

- Already in use, not a new source
- Could add a penny of SPET instead of General Penny
  - Carrying forward current County SPET
- Elected for specific projects
- Primarily dedicated to capital improvements
  - Portion can be used for ongoing operations and maintenance of improvements

# Revenue Tools: Additional Fees

- Set by policy
  - Could be increased to recapture more cost
  - Could be applied to more Town services
- Currently growing with inflation

# Revenue Tools: Exactions

- Set by policy
  - Must be tied to the impact of new development
  - The maximum amount is proportional to the impact
- Tied to specific infrastructure
- State is looking at eliminating this option
- Paid by developers

# Revenue Tools

- What revenue tools would you like to know more about?
  - Additional penny of General Sales Tax
  - Additional Property Tax
  - Additional pennies of Lodging Tax
  - Sale of Assets
  - SPET
  - Fees
  - Exactions
  - Other

# Expense Tools

- 0% Capital Transfer
- Lodging Tax Dedication
- Freeze FTE growth
- Reduce Benefits
- Bonding/Debt
- Other Fund Recapture

# Expense Tools: 0% Capital Transfer

- Currently transfer 50% of 1 penny of local option sales tax to Capital Fund by policy
- Elimination of automatic transfer leaves more in General Fund
  - Stresses Capital Fund balance
  - Will need to find money for Capital Fund elsewhere

| | Budget | Annual Growth |
|---|---|---|
| | -$2,700,000 | -$1,100,000 |
| 0% Capital Transfer | +$5,650,000 | +$280,000 |

# Expense Tools: 0% Capital Transfer

- Would cover the budget gap for 3 years
  - (assuming status quo expense growth)
- Would ensure a 25% reserve for 10 years
  - if transfer eliminated long-term
  - Doesn't solve the growth gap

| Year | | FY26 | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|---|---|
| Budget | | | | | | | |
| | Rev | 36,300,000 | 37,800,000 | 39,300,000 | 40,800,000 | 42,300,000 | 43,800,000 |
| | Exp | 33,350,000 | 35,670,000 | 37,990,000 | 40,310,000 | 42,630,000 | 44,950,000 |
| | Balance | 18,400,000 | 21,350,000 | 23,480,000 | 24,790,000 | 25,280,000 | 24,950,000 |
| | | 55% | 60% | 62% | 61% | 59% | 56% |
| Change in Rev/Exp | | | | | | | |
| | Rev | 1,500,000 | 1,500,000 | 3,000,000 | 4,500,000 | 6,000,000 | 7,500,000 |
| | Exp | 2,320,000 | 2,320,000 | 4,640,000 | 6,960,000 | 9,280,000 | 11,600,000 |
| | Growth Difference | -820,000 | -820,000 | -1,640,000 | -2,460,000 | -3,280,000 | -4,100,000 |

# Expense Tools: Lodging Tax Allocation

- Currently allocate the 30% of Lodging Tax for visitor services to START
- Different allocation could leaves more in General Fund
  - Stresses START Fund balance
  - Will need to find money for START elsewhere

| | Budget | Annual Growth |
|---|---|---|
| | -$2,700,000 | -$1,100,000 |
| Lodging Tax Dedication | +$1,400,000 | +$146,000 |

# Expense Tools: Lodging Tax Allocation Budget Impact

- Doesn’t cover the budget gap
  - (assuming status quo expense growth)
- Would ensure a 25% reserve for 1 more year vs. status quo
  - Doesn’t solve the growth gap

| Year | | FY26 | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|---|---|
| Budget | | | | | | | |
| | Rev | 36,300,000 | 37,800,000 | 39,300,000 | 40,800,000 | 42,300,000 | 43,800,000 |
| | Exp | 37,600,000 | 40,054,000 | 42,508,000 | 44,962,000 | 47,416,000 | 49,870,000 |
| | Balance | 18,400,000 | 17,100,000 | 14,846,000 | 11,638,000 | 7,476,000 | 2,360,000 |
| | | 49% | 43% | 35% | 26% | 16% | 5% |
| Change in Rev/Exp | | | | | | | |
| | Rev | 1,500,000 | 1,500,000 | 3,000,000 | 4,500,000 | 6,000,000 | 7,500,000 |
| | Exp | 2,454,000 | 2,454,000 | 4,908,000 | 7,362,000 | 9,816,000 | 12,270,000 |
| | Growth Difference | -954,000 | -954,000 | -1,908,000 | -2,862,000 | -3,816,000 | -4,770,000 |

# Expense Tools: Freeze FTE growth

- Currently adding 1.9 general fund employees per year

- Freezing FTE growth would limit personnel expense growth to compensation increases
  - The compensation increases are the primary driver of personnel expense growth

| | Budget | Annual Growth |
|---|---|---|
| | -$2,700,000 | -$1,100,000 |
| Freeze FTE growth | +$0 | +$330,000 |

# Expense Tools: Freeze FTE growth Budget Implications

- Doesn't cover the budget gap
  - (assuming status quo expense growth)
- Doesn't extend the 25% reserve timeline
- Doesn't solve the growth gap

| Year | | FY26 | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|---|---|
| Budget | | | | | | | |
| | Rev | 36,300,000 | 37,800,000 | 39,300,000 | 40,800,000 | 42,300,000 | 43,800,000 |
| | Exp | 39,000,000 | 41,270,000 | 43,540,000 | 45,810,000 | 48,080,000 | 50,350,000 |
| | Balance | 18,400,000 | 15,700,000 | 12,230,000 | 7,990,000 | 2,980,000 | -2,800,000 |
| | | 47% | 38% | 28% | 17% | 6% | -6% |
| Change in Rev/Exp | | | | | | | |
| | Rev | 1,500,000 | 1,500,000 | 3,000,000 | 4,500,000 | 6,000,000 | 7,500,000 |
| | Exp | 2,270,000 | 2,270,000 | 4,540,000 | 6,810,000 | 9,080,000 | 11,350,000 |
| | Growth Difference | -770,000 | -770,000 | -1,540,000 | -2,310,000 | -3,080,000 | -3,850,000 |

# Expense Tools: Reduce Benefits

- Reducing benefits or having staff contribute more to benefits would limit personnel expense growth
- Amount of impact depends on which benefits we look at which would require additional analysis and discussion

# Expense Tools: Debt/Bonding

- Using debt or bonding for capital projects allows projects to be initiated sooner to avoid cost escalation
  - Instead of waiting for money to accrue for the planned project
  - Bond against future revenue to start the project sooner
  - Doesn't produce new revenue or make room for more projects

- Can bond against SPET or future operations revenue

# Expense Tools: Other Fund Recapture

- Another version of the Capital Transfer discussion
- Transfers to Capital Facilities, Affordable Housing, Fleet, IT, Employee Housing  and other funds that are made by policy can be reversed
- Money would come back into the General Fund
  - Stresses the funds the money was originally dedicated to
  - Threatens projects that are in planning relying on those funds
- Short-term infusion, not long-term solution

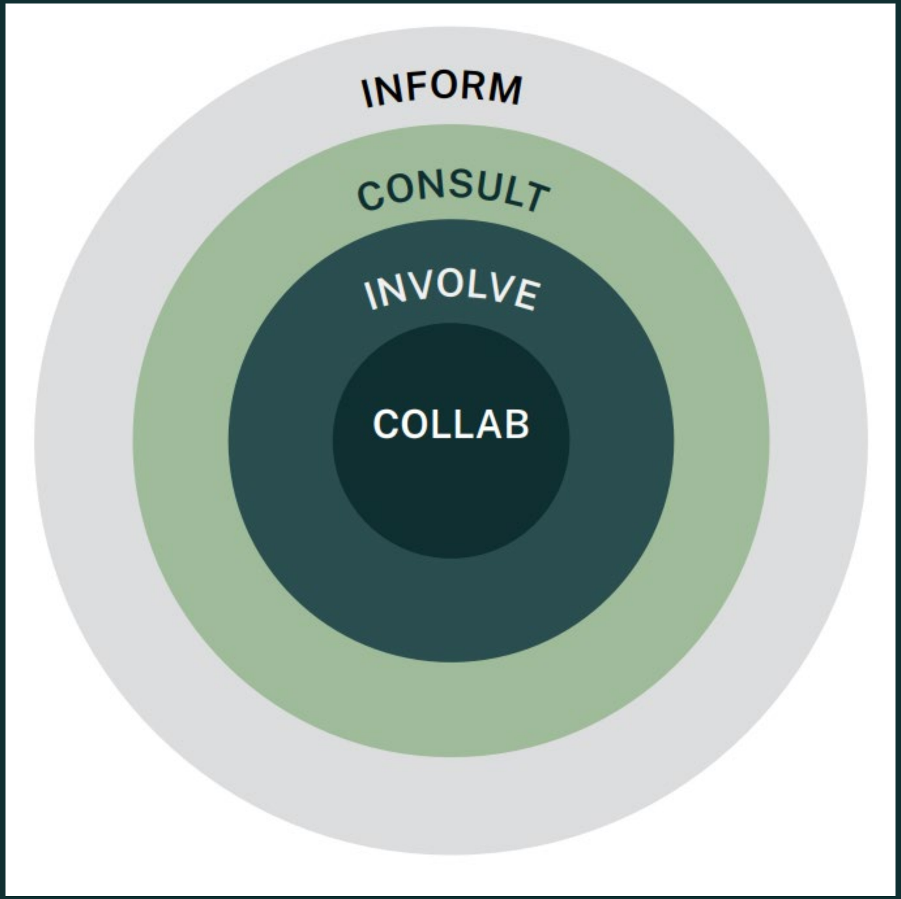
# Expense Tools

- What expense tools would you like to know more about?
  - 0% Capital Transfer
  - Lodging Tax Dedication
  - Freeze FTE growth
  - Reduce Benefits
  - Bonding/Debt
  - Other Fund Recapture
  - Other

# Community Engagement

The Town's goal with community engagement is to shrink the distance between people impacted by decisions and those making them.

The 'Engagement Spectrum' to the right illustrates the Town's continuous work to build relationships with and learn from community members as we inform, engage with, and educate about the Town's work.



# ToJ Community Engagement Spectrum

### Inform

The most regular and consistent form of engagement is putting information out. Every week the Town publishes information through a variety of channels.

### Consult

For short-term & smaller projects, the Town consults community members once, gathering input and insight through surveys, focus groups, and workshops.

### Involve

For longer-term & larger projects, the Town involves community members numerous times in the process, gathering insight and perspective and checking back with constituents to let them know how community input informed decisions.

### Consult

Through Citizen Review Committees, Task Forces, & other groups the Town collaborates with community members to gather consistent and continuous input and perspective and help move initiatives forward.

# Community Engagement: Meeting 1 Feedback

- Bring back an "Inform+" option that includes more information specific to this process above and beyond normal communications (Option C)
- Bring back a "Consult" option that is after Step 3 to get community feedback on Council's initial discussions (Option B)

# Community Engagement

A. Consult on general opinion before Visioning (Step 2) and Philosophy (Step 3)

B. Consult on focused opinion to inform Action Plan (Step 4)
   - after Visioning (Step 2) and Philosophy (Step 3)

C. Inform+ throughout the process

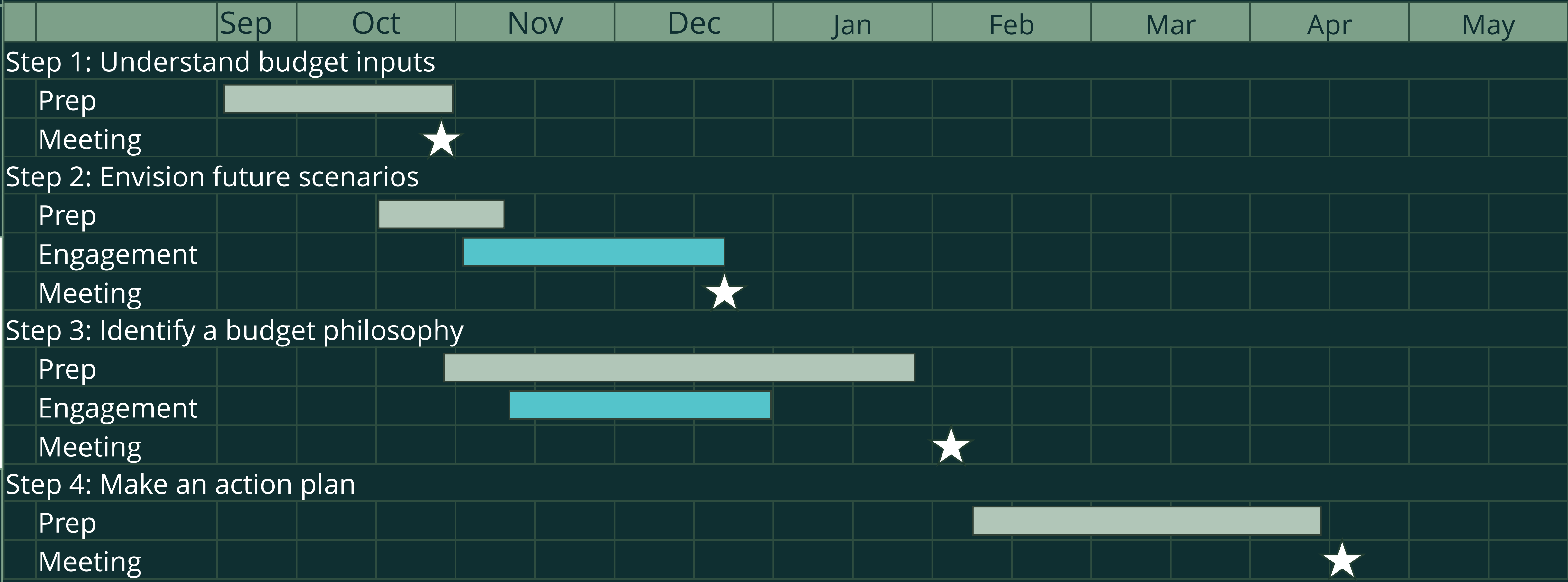
# A. Consult before Visioning/Philosophy

- Format: survey, workshop, outreach series
  - Exact details to be determined by External Affairs
  - Prompt Categories
    - What services do you want more/less/same from ToJ?
    - How would you be willing to pay for that level of service?
- Design Focus
  - Get the opinions of the entire community
  - Meet the public where they are – high level
  - Build in the time to do it well
  - Get the opinion early in the process

**Consult**

Through Citizen Review Committees, Task Forces, & other groups the Town collaborates with community members to gather consistent and continuous input and perspective and help move initiatives forward.

# A. Consult before Visioning/Philosophy



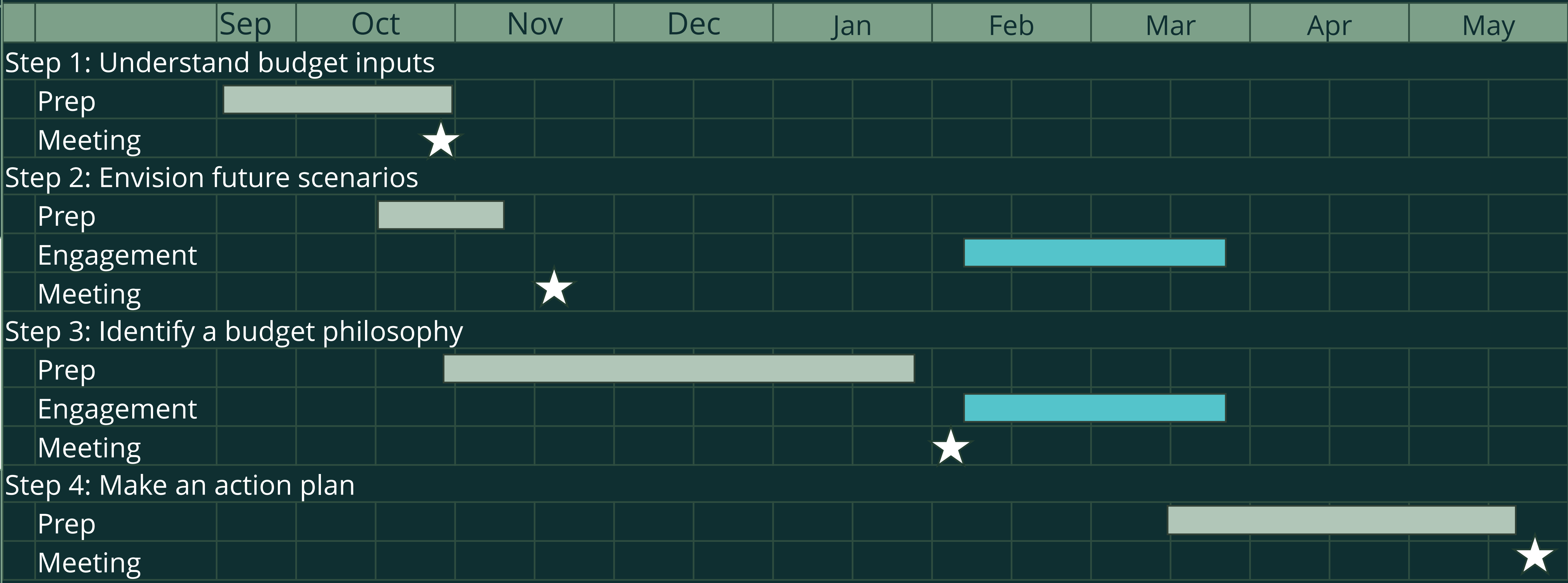
# B. Consult after Visioning/Philosophy

- Format: focus groups
  - Exact details to be determined by External Affairs
  - Scenario-based prompts to understand how different groups in the community perceive trade-offs
- Design Focus
  - Get the opinions of the entire community
  - Meet the public where they are – high level
  - Get feedback once draft vision and philosophy are in place

**Consult**

Through Citizen Review Committees, Task Forces, & other groups the Town collaborates with community members to gather consistent and continuous input and perspective and help move initiatives forward.

# B. Consult after Visioning/Philosophy



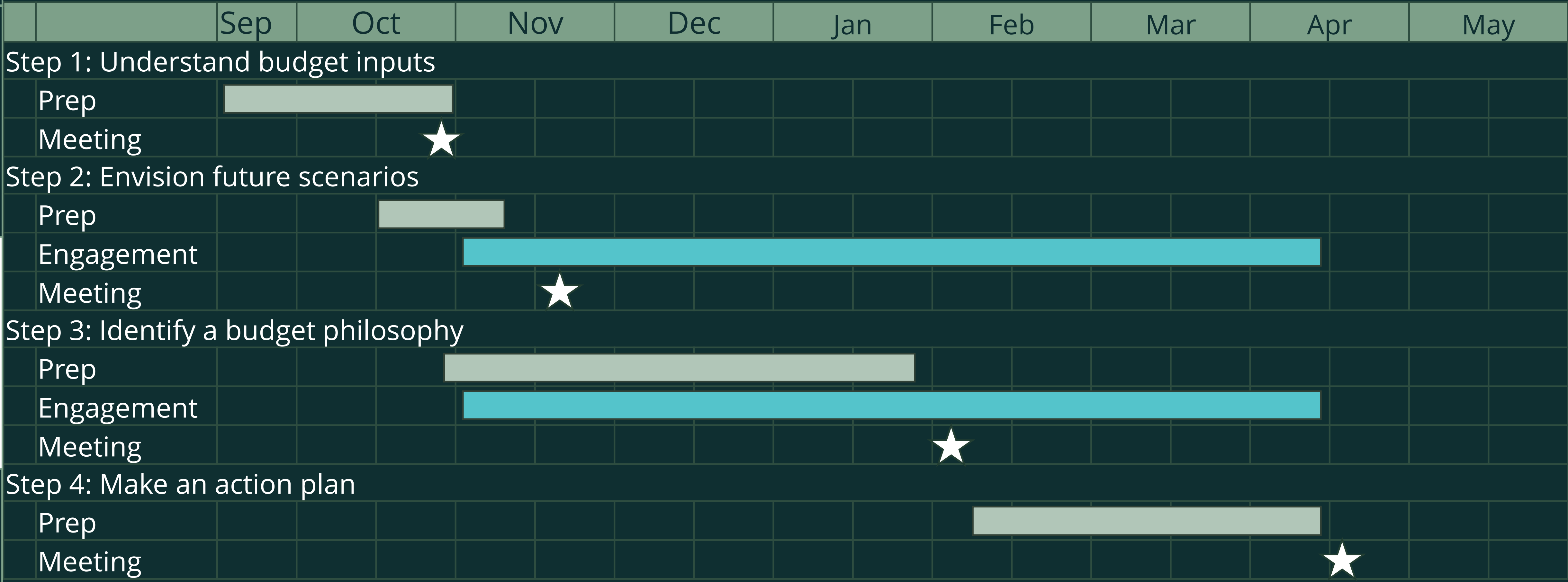
# C. Inform +

- Staff will do this at a minimum
- Incorporate this into existing outreach
  - Electronic media
  - Meeting recordings
  - Presentations/fact sheets
  - Brown bags
  - News media
- Develop additional strategic budgeting materials to help the community understand the "state of the budget"

**Inform**

The most regular and consistent form of engagement is putting information out. Every week the Town publishes information through a variety of channels

# C. Inform +


Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Step 1: Understand budget inputs
Prep
Meeting
Step 2: Envision future scenarios
Prep
Engagement
Meeting
Step 3: Identify a budget philosophy
Prep
Engagement
Meeting
Step 4: Make an action plan
Prep
Meeting

# Public Engagement

A. Consult on general opinion to inform Visioning (Step 2) and Philosophy (Step 3) – Staff Recommendation
B. Consult on focused opinion to inform Action Plan (Step 4)
C. Inform+ throughout the process

Which Public Engagement option should we pursue?

# Budget Philosophy

# What is a budget philosophy

- High-level principles of budgeting
- The general answers to strategic budget questions that tend to arise in organizational budgeting and management
- How will we use it?
  - This process: Prioritize and set budget approach to revenue and expenses, reserve fund
  - Ongoing: Allow staff make proposals, recommendations, and justifications that align with Council priorities

# Identifying our budget philosophy

- A preliminary list of questions is included on the next slide
  - Just a starting point to help understand the concept
- Tyler will meet with each of you and the senior staff to refine the questions
  - Do you understand the questions?
  - Are the questions relevant?
  - What questions would you add?
- Finalizing the questions will be an objective of the next meeting
- Answering the questions will be the object of Step 4

# Example Budget Philosophy Questions

## Revenue

- What are our revenue growth priorities?
  - Stability for expense planning
  - Maximum potential
  - Minimum impact on tax payer
- How to use property tax?
  - We shouldn’t
  - Part of revenue floor
  - Annual revenue adjustment
  - Infrastructure maintenance
- How to use sales/lodging tax?
  - Revenue floor
  - Fluctuation = annual adjustment
  - Infrastructure maintenance
- What is the purpose of fees?
  - Cost recovery (tied to O&M costs)
  - As a push or pull incentive
- What is our priority for surplus?
  - Grow general fund for future
  - Grow capital fund for future
  - Pilot new operations

## Operations Expenses

- What is our level of service priority?
  - Fast
  - Cheap
  - Quality
- What is our operational response to cyclical revenue?
  - Vary LOS
  - Vary staffing
  - One-time expenditures
- What is our compensation philosophy?
  - Prioritize retention
  - Prioritize performance
- What do we do when we find/lose efficiency
  - Shift LOS expectation
  - Add/reduce programs

## Capital Expenses

- How do we approach maintenance?
  - On a regular schedule
  - Extend until broken
  - Quality
- How do we prioritize capital projects?
  - Maintain core infrastructure to meet daily and future needs
  - Comp Plan or other community goals
  - Future O&M costs
  - Opportunities linked to required maintenance
  - Geographic service equity
- What is our approach to project debt?
  - Avoid
  - Use it to avoid construction cost inflation
  - If the project has future revenue to pay from

# How do we want to answer the questions?

A. Let them evolve organically from discussion
   - Staff will identify answers based on visioning and tools prioritization
   - Council will review and revise

B. Answer them directly

# Next Steps

| | Step 0 | Step 1 | Next Step<br>Step 2 | Step 3 | Step 4 |
|---|---|---|---|---|---|
| Council Meeting | Sep 16, 2025 | Oct 23, 2025 | TBD | TBD | By May 2026 |
| Objective | Process setup | Understand the budget inputs | Envision future scenarios | Define a budget philosophy | Make an action plan |
| Outcomes | • Process objectives<br>• Determine public outreach | • ID outstanding questions<br>• ID additional tools<br>• Scope expert input | • Vision for where we would like to go in each scenario (Status quo, more, less)<br>• Finalize budget philosophy Qs | • Budget philosophy answers<br>• Initial budget tool prioritization | • Finalized action plan |
| Materials | • Proposed process | • Detailed status quo background<br>• List of budget tools<br>• Staff & Council input on philosophy Qs<br>• Historical budget philosophy | • Visioning exercise<br>• Sr. staff (&public?) input on vision | • Analysis of budget tools<br>• Sr. staff (&public?) input on budget tools | • Draft action plan based on vision, philosophy, and tools |

# Next Steps

- Set the date for our next meeting
  - Public outreach option A: December
  - Public outreach option B or C: November
- Meetings with individual Councilors on Philosophy Questions
- Engage Sr. Staff in preparation for Step 2: Visioning
- Implement selected community outreach plan

# Closing

- What did you think of this meeting format?
  - What did you like?
  - What should we do differently for future meetings?