

A Work Session Meeting of the City Council was held via teleconference on Tuesday the 12th day of May 2020.

Present online were Councilmen Brown, Carsrud, Lundvall, McLeland, Montgomery, Neary, and Mayor Carter-King; City Administrator Davidson, City Attorney Reyes; Directors Aguirre, Henderson, Hloucal, Muzzarelli, and Wilde; Managers D. Wasson, Porter, Williamson, K. Jones, Palazzari, and Toscana; Senior Administrative Assistant Morales; and City Clerk Staskiewicz.

Budget Workshop #2

City Administrator Davidson opened the meeting with a presentation and budget message.

INTRODUCTION

Pursuant to the direction of the Gillette City Council, and in conformity with Wyoming law, attached is the proposed City of Gillette Budget for Fiscal Year 2021 (FY2021). The attached budget represents a balanced approach for the funding of the City's General Fund for the upcoming fiscal year. The following is Staff's recommendation and collective suggestions as to how funds should be allocated and ultimately spent in the upcoming year. As always, the attached budget is a suggestion for spending by the Council, but is subject to further direction as Council may deem fit. It is our hope that during the upcoming budget discussions, additional direction may be gained so that the final work product is to Council's satisfaction. As the starting point for these discussions, the City's total proposed budget for FY2021 is \$146,422,366.

SUMMARY OVERVIEW

The City of Gillette starts its budget process in approximately January of each year. During the initial process, general discussions are had regarding the outlook for the local, state and national economy. Trends are identified both in our local economy, such as employment rate, natural resource prices, and sales tax revenue. The trends that staff identify are then spot checked against other community revenue sources such as lodging tax receipts, anticipated sales tax revenue calculated by the State, and other governmental entities. In addition, we monitor the information provided to the legislature as to the overall position of Wyoming's economy.

For the last several budget cycles, staff has calculated anticipated sales tax revenue, using the lowest six (6) months of sales tax receipts for the prior year, averaging those results, and then annualizing the same to create the overall anticipated sales tax revenue. When this revenue number was calculated in February 2020 the anticipated sales tax revenue for the FY2021 budget was approximately \$23MM (General Fund) or about a 6% increase from the current year budget. These calculations appeared appropriate based on the overall national and state economies. As we had cautioned in the past, there were underlying concerns regarding coal prices and employment, but oil appeared strong as did retail sales. These factors, combined with trends identified in the national economy, left us optimistic that sales tax revenue would be relatively stable for the upcoming year.

All of this changed in the month of March for every sector of our economy on local, state and national levels. The impact that COVID-19 has had on the economy is profound to the point of being difficult to comprehend. To demonstrate the overall impact, a few basic indicators may help demonstrate what you are already aware of:

The Dow Jones Industrial Average has repeatedly cycled up and down over the last two (2) months. The close on February 20, 2020 was 29,219.98. The close on March 20, 2020 was 19,173.98. (It is important to recognize that the problem is compounded by losses. For purposes of an example, the initial loss of 3% in the market translated into nearly \$1 trillion dollars in unrealized value being literally erased.) On April 20, 2020 Dow Jones Industrial Average was 23,650.44, showing a decline of nearly 20% since February 20, 2020.i

Oil prices have plummeted over the last month, regardless of the location or the type of commodity being sold. For example, On February 20, 2020 Brent Crude was \$58.80/barrel, WTI Crude was \$53.88/barrel, and WY General Sweet was \$45.25/barrel. By comparison on March 20, 2020 Brent Crude fell 48% to \$30.30/barrel, WTI Crude has fallen 57% to \$22.63/barrel and Wyoming General Sweet fell 60% to \$17.75/barrel (March 19, 2020 reporting price). Natural Gas in general had fallen 13% from an already low \$1.931/MCF to \$1.675/MCF during that exact same timeframe. As of April 20, 2020, Brent Crude

was \$25.57/barrelii, WTI Crude was negative \$37.63/barreliii, and Wyoming General Sweet was negative \$45.75/barreliiv.

From January 1, 2020 through March 1, 2020, Wyoming's unemployment had been oscillating between 3% and 3.6%.v However, we know that COVID-19 will have a profound impact on employment, and more importantly on unemployment claims. Based on the data available through March 14, 2020, unemployment in Wyoming was estimated to be 3.7%.vi This number, however, cannot and does not reflect the impact the loss of jobs in March and April 2020 will have in the future to Gillette or the State. Nationally, in the past five (5) weeks a total of 26.5MM workers have filed jobless claims, which combined since March presents a total of 33MM unemployed in the United States or a real unemployment rate of 20.6% - the highest level since 1934.vii

The overall impact to the tourism industry, another pillar of the Wyoming economy, is yet to be determined. As of right now, however, Delta Airlines, United Airlines and American Airlines are storing 40% to 60% of their fleet.viii Closer to home, Yellowstone Park is tentatively planned to open on June 15, 2020, but the Park's Old Faithful Inn, Roosevelt Lodge and Grant Village will remain closed in 2020.ix This is an indicator as to the damage that will be inflicted upon the tourism industry, whether it be airlines, the rental car industry, hotels, and other tourism sponsored industries.

To prepare the best budget for the City of Gillette, during these times of uncertainty, Finance and Administration chose to rely on the budget of FY2017 as the starting point for the analysis. As Council may recall this budget was extremely conservative in its approach, and represented a bottom line for operations without substantial impacts upon the citizens of Gillette. From a management perspective it also provided a true idea as to how the organization could operate under limited resources. Changes in both revenues and expenditures are noted throughout this Memorandum. These changes in operations hopefully provide stability that further downward adjustments may not need to be made during the budget year. However, there remains flexibility within the proposed budget to make additional reductions should the need arise.x

Before proceeding into the budget analysis, I would offer the following advice to the current Council and to future Councils: there should no longer be considered a "normal" with regard to our City's finances. The budget processes over the past five (5) years have each presented a challenge at every level. Until the State Legislature provides municipalities with a means of stabilizing vast shifts in monthly revenue, there is no bedrock in which to craft a standardized budget. Every budget moving forward should be crafted upon the minimum it takes to operate the City of Gillette, with any surplus Sales Tax Revenue specifically identified for future projects based on need and the community's goals for the future.

REVENUE

GENERAL FUND

The projected revenues of the General Fund form the basis of the entire budget presented herein. The projected General Fund revenues for FY2021 are \$32,191,565 including an application of unassigned cash. This is a total reduction of \$14,741,126 from the FY2020 revised budget. This estimate reflects an unknown future picture regarding revenue in the current economy. Historically, the General Fund revenue calculations are based on the average of the six (6) lowest receipt months in FY2020. For purposes of this Memorandum, the lowest receipt for the past four (4) years has been considered the benchmark, and annualized over the entire year to create the FY2021 budget.

UTILITIES

Beginning in FY2013, the Gillette City Council mandated that staff provide a utility rate forecast (proforma) annually to the Council. The proforma estimates the performance of each of the enterprise funds over a five (5) year period, while taking into consideration the need for any rate adjustments in each fund on an annual basis. This year's proforma review occurred on January 28, 2020, wherein Council provided direction to review the need for a rate adjustment for both the wastewater fund as well as the distribution side of the water fund. This is the third consecutive year that an adjustment has been required in the wastewater fund to keep up with repairs and maintenance to an aging plant. It should be noted that the Council has previously allowed for the use of Optional 1% Tax revenue to be used as a means of supplementing the capital expenditures for the enterprise funds to keep utility rates as low as possible. This budget, and the discussion of the individual enterprise funds below, assumes this practice will continue through FY2021.

1. *Water Fund.* Through the development of the Madison Regional Water Project, the City calculates rates, and operates this fund in a manner somewhat different than other municipal water systems. The rates charged by the City are made up of two factors: transmission and distribution. Transmission rates are those costs associated with the movement of water from the well field in Crook County to Gillette. The distribution rates are those rates associated with the infrastructure and delivery of water within the City.

The water fund is generally financially solid. However, there is a need to adjust distribution rates to reflect the demands upon that system. Nominal rate increases have been approved effective May 1, 2020. This increase is based on data provided by the Nebraska Municipal Power Pool (NMPP), an organization of which the City is a member, which was retained to provide an evaluation of pricing operations. The proposed rate changes are based on that information and a review of operations.

2. *Solid Waste Fund.* In 2017 several changes were made to the basic operations of the solid waste fund. These changes included: (1) the removal of 3-yard dumpsters for residential customers resulting in a reduction of tipping fees associated with those dumpsters; (2) assisting the privatization of the recycling program through an independent contractor; and (3) replacement of aged and maintenance heavy garbage trucks with new, high-efficiency models. The effects of these changes were substantial enough, that the fund required no increase or variation in its financial operations, even with absorbing the additional customers through annexation, and relocation of the County's solid waste facility to twelve (12) miles north of the City.

The fund is projected to operate above optimal operating conditions for FY2021. If the County's tipping fees remain unchanged at \$75/ton, fuel prices remain relatively stable, and other programs are not implemented within this fund, there should be no need for fee increases for several years to come.

3. *Wastewater Fund.* The City's wastewater facility is one of the more aged facilities and operations of the City. As previously presented, City staff has identified approximately \$46.5MM for repairs and upgrades that have been included in the City's five-year Capital Improvement Program (CIP). During last year's budget preparation, the City was awaiting the results of a structural and operational needs assessment for the wastewater facilities. On May 14, 2019 HDR, Inc. presented the assessment to Council, which set forth the immediate and future facility needs for the wastewater plant. Of immediate concern was the headworks project and associated operations in the amount of approximately \$20MM. Staff has been instructed to seek a loan from the State of Wyoming to assist in this upgrade.

In 2018 staff was authorized to work with the Nebraska Municipal Public Power Pool (NMPP) to evaluate the health of the wastewater fund, determine appropriate cash reserves, and develop and update its financial model. Rate increases were proposed and accepted by Council during the January 22, 2019 workshop. Those needs for a rate increase became effective May 1, 2020. Additional rate increases will be needed to operate and upgrade the facility over the next several years.

4. *Electrical Fund.* The City is one of the few municipalities within the State which is permitted to own its own power plant. The City is the sole owner of the CT II combustion turbine, and holds a 23% ownership in the WYGEN III coal-fired power plant. This ownership interest also requires 100% responsibility for maintenance, upgrades and upkeep in the CT II turbine and a 23% share of responsibility for maintenance, upgrades and upkeep of the WYGEN III facility.

The City's private industry partners largely dictate the maintenance and upgrades to the plant. As part of their long-term planning requirements, they sometimes look to different factors than the City in timing these actions. They rely more upon market conditions, costs of materials, equipment depreciation, and tax ramifications for their actions. They likewise must balance these costs with the needs and requirements of their shareholders. Ultimately, they time many of our maintenance and upgrades to the facility. The electrical fund builds into its budget the known repairs to the electrical system. It is the timing of those repairs that remains somewhat beyond our control.

The fund is projected to operate at appropriate income levels for FY2021, by having a net surplus budget of \$1,130,000 and using zero (\$0.00) in unassigned cash to balance FY2021. Staff did not seek rate increases during the January 28, 2020 work session. It should be noted that staff is carefully monitoring the performance of this fund. For the past several years staff had been anticipating the need to increase rates to meet increased electrical demands. However, the City has encountered much lower than anticipated coal and gas costs in the prior year, which has helped to offset what had been an anticipated

reduction in reserves and the need for a fee increase in the immediate future. Consequently, for purposes of FY2021, no revisions to the budget are anticipated.

EXPENSES

GENERAL FUND EXPENDITURES OF EXTERNAL ORGANIZATIONS

The operations of the General Fund are burdened by the funding of external organizations which are separate from the general operations of the City of Gillette. While many of these external organizations are a benefit to the community, they provide no independent revenue stream to the General Fund. As such, they are expenses to the City as an organization for which there is generally no offsetting financial benefit.

1. *Fire Department:* The funding of the Fire Department is set by means of a Joint Powers Agreement (JPA) between the City of Gillette and Campbell County. The JPA was amended on June 7, 2016 to provide for automatic increases in the operating expenses incurred by the City in upcoming years. To adjust to meet the demands of these increases, this proposed budget assumes the transfer of all Fire Department expenses to the Optional 1% Fund. As such, the Fire Department is addressed later in this Memorandum.

2. *CAM-PLEX.* The CAM-PLEX is managed through the Campbell County Joint Powers Public Land Board and a JPA. The proposed budget from the City for FY2021 is as follows: \$702,136 in operating expenses, a capital contribution of \$303,500, and vehicle depreciation contribution in the amount of \$50,492. These amounts are consistent with the funding requests from the CAM-PLEX.

In FY2020, the CAM-PLEX undertook a remodel of both the Heritage Center and Energy Hall. Funding of the \$6MM project came from the City, the County, and a combination of a grant and loan from the State of Wyoming through the State Loan Investment Board (SLIB). There are anticipated cost overruns in the project regarding upgrades to the sewer system which were not envisioned in the original project budget. Currently, it appears that the Land Board will be able to absorb those costs overruns within their existing funds and proposed budget.

3. *Gillette College.* Gillette College is funded in several separate and distinct ways through the City. For the purposes of the General Fund, the City makes annual payments on the Resident Housing Facility in the amount of \$1,140,000 per year, plus interest. This long-term funding obligation will continue to have an impact as a General Fund expense through FY2026-2027. The facility is managed by Gillette College, and any income stream received from the College (budgeted this year in the amount of \$244,369) is simply used to offset the ongoing financial obligation the City has towards the Resident Housing Facility. This year, the total sum of \$1,140,000 is allocated to this payment plus accrued interest in the amount of \$166,780.

4. *Gillette Main Street Program.* During the April 2019 budget process, Council instructed staff to budget a total of \$20,000 for the FY2020 budget, with an instruction to reduce that amount over the next four (4) years. In keeping with Council's direction, the amount budgeted is \$15,000 for FY2021.

5. *Energy Capital Economic Development.* The mission of Energy Capital Economic Development is to "stimulate and facilitate a diverse economy through business retention, expansion, and recruitment".^{xi} The City of Gillette has consistently been a member of the organization and a financial supporter. The sitting Mayor and City Administrator are permanent members of the Board of Directors, allowing for some influence over the activities of the organization. For the upcoming year, the budget anticipates providing funding in the amount of \$130,000, the same amount of funding as in FY2020.

6. *Northeast Wyoming Growth Alliance.* This organization, NEWGA, is a cooperative group made up of Gillette, Buffalo, and Sheridan which seeks to encourage new businesses and economic growth in the area. The Board of Directors includes the Mayor and the City Administrator. Additionally, the Executive Director of ECED is on the technical advisory board. NEWGA did not seek funding for FY2021 and believes it will not require funding through the upcoming year. As such, the funding has been reduced from \$40,000 to zero (\$0.00) for FY2021.

7. *Advanced Carbon Products Innovation Center (ACPIC).* The Advanced Carbon Products Innovation Center, otherwise known as ACPIC, is a proposed coal research facility at the former Ft. Union Coal Mine. The purpose of ACPIC is to provide a scalable research facility for inventors and entrepreneurs looking to expand the uses of Powder River Basin coal beyond consumption for power

generation. ACPIC has been promoted through Energy Capital Economic Development, the University of Wyoming, and through private industry. Funding for the project has come from the State Loan and Investment Board (SLIB), U.S. Economic Development Administration (EDA) grants, the Wyoming State Legislature, Campbell County, and the City of Gillette. For purposes of the FY2021 budget, ACPIC has requested no additional funding from the City for purposes of furtherance of the project. However, as required under the EDA grant, and based on prior discussions, ACPIC may seek additional funding for purposes of assisting in operational expenses within the next budget year. If such a request is made, Council will then need to determine the availability of funds for such further purposes.

8. *Rare Earth Element (USDOE Project).* The University of Wyoming School of Energy Resources (on behalf of the City of Gillette and Campbell County) provided a proposal to the United States Department of Energy (USDOE) to study rare earth elements located in Powder River Basin coal reserves. The University of Wyoming committed to assisting in funding this project, should the USDOE award the same to the University of Wyoming. The Council has previously agreed to contribute \$62,500 for FY2021 [for as many as three (3) consecutive years] in the event the University of Wyoming is awarded the Rare Earth Elements project from the USDOE.

ONE-PERCENT (1%) FUND

Beginning in 2017, Council undertook a new method to the allocation and use of Optional 1% funds. Rather than projecting the 1% revenues into the future and budgeting accordingly, the Council undertook to only spend those funds for which cash was physically held by the City. The cash-on-hand approach to 1% has continued to be a success. It has allowed for a managed approach to projects, allowed for matching funds to be readily available for grant projects, and has been positive in every regard. The policy is continued within this budget.

The budget for FY2021 anticipates \$21,590,998 will be available for construction projects and other 1% projects from cash-on-hand. For reference, in FY2020 approximately \$22.6MM was available for 1% designated projects, and in FY2019 a budget of \$16.5MM was available for construction projects and other 1% projects from cash-on-hand.

1. *Social Service Funding.* In 2012, the Gillette City Council passed Resolution 2356 which was designed to place a cap on the amount of 1% funds that could be allocated towards social service agencies. Pursuant to Resolution 2356, the total amount of 1% funds which may be allocated towards social service agencies is 5% of the sales tax revenue collected. With the economic downturn in FY2016, it became clear that maintaining the 5% cap would do substantial harm to the community, including those organizations who were in place to specifically help those most impacted by the downturn. Consequently, in 2017 (FY2018) Council provided a temporary increase in this cap from 5% to 6% with a sunset provision. The same approach was taken in 2018 (FY2019) wherein the cap was increased from 5% to 5.5% to meet social service agencies' needs. This year (FY2021) it will be necessary to provide an increase in the cap from 5% to 6.5% to reasonably address the financial concerns of the social service agencies.

For FY2021 staff has projected 1% receipts at \$14.85MM, providing a total estimated funding for social service agencies at \$965,250. With careful planning, staff has been able to meet funding requests from social service agencies within the 6.5% temporary cap. Staff has recommended, and Council has provisionally approved "new" and or additional funding for Edible Prairie Project in the amount of \$5,000, and the Salvation Army in the amount of \$25,000. Regarding agencies requesting an increase in funding, the Council has provisionally approved the following: Council of Community Services \$80,000 (an increase of \$45,000); and Gillette Abuse Refuge Foundation \$69,000 (an increase of \$5,000).

2. *Gillette College 1% Funding.* Beginning in FY2019 Gillette College received \$500,000 in 1% funds to offset the costs of operations. This amount has remained unchanged through the FY2020 budget. For FY2021 Gillette College has requested additional funding in the amount of \$184,000. With the anticipated downturn in the economy expected to last some time into the future, Staff is unable to support the entire increase sought in the request. However, recognizing the need of the College, Staff has recommended an increase of \$50,000 to Gillette College with anticipated 1% funding for FY2021 in the amount of \$550,000.

3. *Fire Department 1% Funding.* As mentioned previously, the proposed budget envisions the transfer of the funding for the Joint Powers Fire Board from the General Fund to the Optional 1% Budget. The proposed budget anticipates the following expenditures from the 1% Fund: operating expenses in the amount of \$2.4MM; approximately \$123,750 for purposes of the capital equipment replacement fund;

\$24,750 for the Fire Facility Maintenance Account; capital requests in the amount of \$84,101; and the sum of \$250,000 towards the Vehicle Depreciation Fund. The total amount provisionally budgeted is \$2,882,601.

The transfer of this expense between the General Fund and the Optional 1% Fund is permissible under the prior resolutions passed by the Council. Those resolutions prohibit City general fund operation expenses from being paid out of the Optional 1% Fund. However, they do not prevent the operations of a third party (as is the case with social service agencies) to be funded through this account. Additionally, the most recent 1% Survey indicated that emergency services was a priority in the community. As such, to present the most viable budget for Council's consideration, the City's funding of its share of the Joint Powers Fire Board must come from the Optional 1% Fund.

GILLETTE REGIONAL WATER SUPPLY PROJECT

The Gillette Regional Water Supply Project, commonly known as the "Madison Project" is one of the largest, if not the largest, water projects undertaken by the State of Wyoming. The total estimated costs of this project, when completed, is \$217,000,000 which does not consider additional funding for the Regional/District extensions. Funding for this project is made through a series of annual grants from the State of Wyoming, a loan from the State of Wyoming to the City of Gillette, and a Local Capital Facilities Tax. Through the construction of the Madison Project, the City has been responsible for prioritizing smaller aspects of construction by identifying priority projects in advance. The City, in cooperation with the Wyoming Water Development Commission, has identified the following Madison projects for the upcoming budget:

Priority 5

(FY2020-21) CC Airport, Hoy MHP, Lakeview MHP, Section 4, Means, Hitching Post Design and Construction.

Of these amounts, the Wyoming Water Development Commission, in the 2020 Omnibus Water Bill, has recommended \$3,088,700 in grant funding for this project, with the remaining balance of \$1,521,300 to come from the Local Capital Facility Tax funds currently held by the City.

HUMAN RESOURCES

The City of Gillette currently has 283 full time equivalent (FTE) positions. For purposes of comparison, the highest employment by the City was 319.5 FTE, in addition to 41 seasonal employees. In January 2020 there were several proposed positions which were being considered for inclusion in the FY2021 budget. Based on the uncertainty of the economy, no new positions are requested. The budget anticipates continuing with 283 FTE positions with an addition of 37 seasonal employees.

RESERVES

GENERAL FUND

Effective September 4, 2018, staff proposed and Council agreed to increase the reserves to one hundred fifty (150) days in operations in the General Fund. For the FY2021 budget, the total amount set aside for general fund operation reserves is \$14.17MM. While there is no standard or set sum in which to rely upon for reserves, staff continues to recommend this conservative approach to budgeting. Setting aside more into reserves, while appearing prudent, may be detrimental as tax dollars would not be utilized for public needs.

UTILITY RESERVES

Under the financial policies set by Council, each enterprise fund is required to maintain a ninety (90) day operating reserve, and one full years' worth of capital depreciation reserves.

1. Water: The water fund, in total, has approximately \$8.65MM in available cash-on-hand. As previously discussed during the proforma presentation, it is difficult to determine the balance of each component until construction of the Madison project, and its Regional Extensions is complete. The transmission side of the water system retains healthy reserves, however, the distribution side of the water system required a ten percent (10%) increase for the upcoming fiscal year.xii

2. Sanitation and Solid Waste: For the end of FY2021, the projections for solid waste are an available fund balance of \$1.594MM, with operating reserves of approximately \$757,635 and no capital reserves.xiii Short of an increase in County tipping fees, the reserve amounts are correct for the fund.

3. *Wastewater: For the end of FY2021, wastewater is currently projected to have an available fund balance of \$287,000, and capital reserves of approximately \$2.46MM.*
4. *Electrical: For the end of FY2021, the projections for the electrical enterprise funds are an available fund balance of a \$6.870MM with operating reserves of \$5.415MM and capital reserves of \$4.041MM.*

MEDICAL FUND

The City, as a self-funded entity, maintains a Medical Fund to cover expenses associated with: medical claims, prescription claims, dental claims, short-term disability claims, administrative costs, and participation in the Campbell County Coordinated Benefit Trust. This fund has proven challenging to manage over the years due to constantly increasing medical costs. The demand for the City's High Deductible Health Plan with a Health Savings Account has remained strong. Currently, there is a total of fifty-three (53) participants in the High Deductible Health Plan, with more anticipated in the years to come.

The Medical Fund has a reserve requirement equal to six (6) months of expenses for the fund. This amount does change and currently is approximately \$2.7MM, and would provide medical insurance coverage for participants for a period of six (6) months should the fund otherwise lack income. The fund has approximately \$2.9MM in total cash assets, leaving a reserve overage of approximately \$222,000. This proposed budget proposes a \$50,000 transfer to the health insurance fund to assist in unforeseen deficiencies. This fund will be carefully monitored through the end of FY2021 to determine if any additional transfers are required.

CONCLUSIONS

The proposed budget for FY2021 in the amount of \$146,422,366 is balanced and in accordance with Wyoming law.^{xiv} The City, as an organization, is financially healthy. Over the past ninety (90) days the budget, the budget message and the short-term future of the economy has been substantially altered. The budget anticipates a substantial drop in Sales Tax Revenue which has required approximately \$6.4MM in cuts to General Fund operations. Likewise, several large cuts have been required in the Optional 1% Fund for the upcoming fiscal year. The budget presented seeks to remain fiscally conservative, only expending funds when necessary, and focusing on cash-on-hand for large capital expenditures. In closing, the budget as presented allows for continued operations of the City with nominal impacts on the community. It also provides Council with the flexibility to direct further reductions should the economy force such action, but also allows for an expansion of projects should we see a recovery in the upcoming year.

The Mayor and Council reviewed Division Budgets with the Finance Department, Human Resources Department, Administration, Police Department, and the City Attorney.

Review May 19th Council Agenda

The Mayor and Council reviewed the upcoming Council Agenda.

Adjournment

Mayor Carter-King commended the Finance Department for their work on the budget, and reminded Council that the teleconference meeting for Workshop #3 would take place at 5:30 p.m. on May 13th. There being no further business to come before the Council, the meeting adjourned at 7:33 p.m.

(S E A L)

ATTEST:

Cindy Staskiewicz, City Clerk

Louise Carter-King, Mayor

Footnotes for Budget Message:

ⁱ Data taken from: finance.yahoo.com/quote/%5EDJI/history as of April 27, 2020.

ⁱⁱ Brent Crude data from: macrotrends.net/2480/brent-crude-oil-prices-10-year-daily-chart as of April 27, 2020.

ⁱⁱⁱ WTI Crude Oil data from: investing.com/commodities/crude-oil-historical-data as of April 27, 2020.

^{iv} Wyoming Sweet Price data from: oilmonster.com/crude-oil-prices/Wyoming-sweet-price/186/28 as of April 27, 2020.

^v Historically 4% unemployment is considered “full employment” by economists. Currently, the Congressional Budget Office uses a rate of 4.6% as the non-accelerating inflation rate of unemployment (NAIRU).

^{vi} Wyoming Dept. Workforce Services, doe.state.wy.us/lmi/news.htm as of April 27, 2020.

^{vii} Lambert, Lance, “Real Unemployment Rate Soars”, [Fortune.com](https://fortune.com), April 23, 2020 article, last review April 27, 2020.

^{viii} Fruen, Lauren, “The World’s Largest Airline Parking Lot”, dailymail.co.uk/news/article-8247971, as of April 23, 2020.

^{ix} Hirst, Greg, “Yellowstone’s Old Faithful Inn Closed for 2020 Summer Season, Limited Park Activities to Resume June 15th”, Oil City News, oilcity.news/wyoming/2020/04/24/yellowstones-old-faithful-inn-closed-for-2020-summer-season-limited-park-activities-to-resume-june-15/, as of April 24, 2020, last review April 27, 2020.

^x Staff recommends that the budget be re-evaluated in September/October 2020 to determine whether mid-year adjustments should be made to the budget to better reflect changes in the economy.

^{xi} The mission statement taken directly from the ECED website.

^{xii} Overall, the water fund is solid. The reason for the relatively large reserves in this fund is directly related to the development of the regional water system, the development of regional connections, and the impact the regional extensions may have on the overall fund. These reserves are on the transmission side of the water system. Regarding distribution, a 10% increase has been approved, effective May 1, 2020, for in-city distribution. These calculations will be monitored carefully in the upcoming year to determine the best means to reach the ideal reserve for the fund.

^{xiii} The capital reserve amount for the Solid Waste Enterprise is effectively zero. It should be kept in mind that the actual solid waste vehicles, including garbage trucks, fall within the fleet account, and are independent of the Solid Waste Enterprise fund.

^{xiv} This number is somewhat deceptive as it includes the \$20MM sought from SLIB for the wastewater project. Were it not for these funds, the budget amount would be considerably less. For purposes of comparison, the FY2020 budget was \$151,917,895, the FY2019 budget \$124,625,835 and the FY2018 budget was \$110,919,490.