

KETTLE FALLS CITY COUNCIL MEETING

BUDGET WORKSHOP

NOVEMBER 12, 2025

CALL TO ORDER

Mayor Jesse Garrett called the meeting to order at 6:06 p.m.

ROLL CALL

Jesse Garrett, Chris Shurrum, John Ridlington, Shellee Haynes, Michael Weatherman and Cliff King.

STAFF

Staff - Dave Willey, Shailynn Elvin and Raena Hallam.

Guests - None

ANNOUNCEMENTS AND MAIL RECEIVED

As there were no Announcements or Mail Received, City Council moved on to Public Comment.

PUBLIC COMMENT

As there was no Public Comment, City Council moved on to New Business.

NEW BUSINESS

2026 BUDGET

Clerk/Treasurer Raena Hallam reviewed the 2026 Draft Budget with the City Council: (Complete copy of 2026 Draft Budget on file)

City of Kettle Falls

Memo

To: City Council Members
From: Mayor Jesse Garrett and Clerk/Treasurer Raena Hallam
Date: November 12, 2025
Re: 2026 Draft Budget Highlights

Please find attached a balanced **DRAFT** 2026 budget. The following is a brief explanation of increases, decreases and projects funded and not funded. Operational expenses and revenues (supplies, communications, etc.) were increased or decreased based on historical trends. It is important to note that beginning fund balances, revenues and expenditures will need to be updated as we get closer to the end of the year. Any grants received or large purchases between now and the end of the year will also require the draft to be updated accordingly.

All Funds

- Salary increases for employees. The average June through May CPI is 2.7%, which is included in this draft budget. Minimum wage will increase from \$16.66 to \$17.13 per hour which is also included in this draft budget.
- Employee Medical/Dental Benefits will increase by 8.7%. (Personnel Benefits line item for all funds)
- This budget keeps in mind the same priorities discussed by City Council during Budget Workshops:
 - a. Public Safety & Security
 - b. Savings in Reserve Funds
 - c. Infrastructure Maintenance and Replacement

The 2026 draft budget includes interfund transfers for savings in the General Fund, Police, Fire, Streets, Water and Sewer. These interfund transfers are identified as 397 and 597 line item numbers in all appropriate funds.

Public Safety and Infrastructure needs have been addressed in the appropriate funds which are explained in more detail below:

001 – GENERAL FUND, Pages 1 - 11

Sales Tax revenues in 2025 are slightly higher than anticipated. The sales tax revenues were increased to balance the 2026 budget. Pg 1, 001.313.11.00 and 001.313.11.01

In 2023 Stevens County proposed a sales tax increase to use for construction and operation of a new criminal justice facility. The City of Kettle Falls along with other neighboring cities agreed to help fund the new jail by providing Stevens County their share of the new sales tax (.01%). Since January, 2025 the City of Kettle Falls has collected over \$150,000 that was paid to Stevens County for the new facility. This agreement will be in effect until the loan is paid in full. The anticipated date is January 2053. Pg 1, 001.313.15.21.00

Included:

\$100,000 is included for a new police officer position. This includes benefits and minimal equipment. There is also \$7,500 included to send an entry level applicant to the academy upon hire if needed.

\$5,000 is included for the Police Reserve Program. As of January 2026 there will not be any reserve officers enrolled in our reserve program. Pg 7, 001.521.10.49.10

A new police vehicle is **NOT** included in the draft budget, nor is the upfitting of a new vehicle. There is \$50,000 available in the Police Reserve Fund to use as matching funds for a vehicle if needed. Pg 11, 001.594.21.60.00

\$50,000 is included for salaries and wages for the planning department which is the same as last year. It is anticipated to advertise for a building inspector, planning services and or a combined position. (Pg 9, 001.558.60.10)

\$42,500 is budgeted for professional services, which is the same as last year for planning services. ((Pg 9, 001.558.60.41) *This will be used for contracting with SCJ Alliance. If an in-house position is filled for planning services, this contract will be reevaluated for services needed on a project basis.*

The overall pool budget did not change and includes \$20,000 for the Upper Columbia Pool District. (Pg 10, 001.576.20.10 through 001.576.20.48.00)

A Summer Parks position is included. Minimum wage will increase to \$17.13 per hour Pg 10, 001.576.80.10

Capital Outlay: (General Fund Pg 11, 001-594.11.60.00 through 001.594.76.60.20)

\$13,000 for Clerk/Treasurer is included for blinds for 3 windows, document shredding and a sprinkler system for City Hall. Pg 11, 001.594.14.60.00

\$13,000 is budgeted to include the Axon Camera & Tasers, Motorola car radio, Motorola portable radio and ammunition. Pg, 11, 001.594.21.60.00

\$16,000 for the Fire Department includes an additional \$10,000 for fire gear and equipment. Pg 11, 001.594.22.60.00

\$15,650 for the Fire Department Joint budget, which is the same as last year based on contract. Pg 11, 001.594.22.60.10

\$10,000 for Planning Commission projects. (\$7,000 is carryover from 2024). Pg 11, 001.594.58.60.00

\$16,000 for parks capital outlay. This includes security cameras/skate park, playground equipment installation, motion lights and fencing. This also includes \$5,000 for a portion of the purchase of a new pickup. Pg 11, 001.594.76.60.00

\$5,000 for pool capital outlay for capital items, which is the same as last year. Pg 11, 001.594.76.60.20

The General Fund is transferring \$15,000 to the Current Expense Cumulative Reserve, which is \$5,000 more than last year. Pg 11, 001.597.10.00

The General Fund is transferring \$25,000 to the Police Department Cumulative Reserve. This is an \$8,000 increase in anticipation of purchasing a new vehicle in the next couple years. Pg 11, 001.597.21.00

The General Fund is transferring \$20,000 to the Fire Department Cumulative Reserve which is an \$8,000 increase. Pg 11, 001.597.22.00

The General Fund is transferring \$15,000 to the Library Fund, which is a \$5,000 increase. Pg 11, 001.597.34.00

101 - LIBRARY FUND, Page 12

The library budget is balanced with no significant purchases planned. The 2026 draft budget includes the amount to be paid to the Library District. Pg 12, 101.572.10.41

The Library Fund will be transferring \$1,000 to the Library Reserve Fund. Pg 12, 101.597.10.00

The library budget is very tight and it was necessary to transfer an additional \$5,000 from the General Fund. Primary revenues are property taxes and the community room rental fees. It

is anticipated Council Committees will be assigned to review fund distribution of property tax revenues within funds and research the pros and cons of annexing the library into the Stevens County Rural Library District.

102 - LIBRARY CUMULATIVE RESERVE Page 13

There are no significant changes in the Library Reserve Fund

103 - STREET FUND - Pages 14 – 17

The Street Fund is transferring \$5,000 which is the same as last year to the Street Reserve Fund. Pg 16, 103.597.10.00

There are no other significant changes in the Street Fund

108 - STREET CUMULATIVE RESERVE, Page 18A and Page 18B

The High School Connector Project is finished but is still in close out process with WSDOT. This late in the year it is not expected to be reimbursed by WSDOT before December 31, 2025. I have provided two budgets for the Street Cumulative Reserve Fund. If the funds are received before the budget is adopted the recommendation is to adopt Street Cumulative Reserve Budget A. If WSDOT DOES NOT reimburse the city, then draft Street Cumulative Reserve Budget B will be included in the ordinance.

Street Cumulative Reserve Budget A

Includes: Pg 17, 108.595.30.60.00

\$10,000	Dry wells.
\$3,000	Signage
\$2,000	Misc. tools/tires
\$5,000	Street painting
\$10,000	New pickup share
\$20,000	Miscellaneous sidewalk projects

Does NOT Include:

\$20,000 for misc. paving projects - The funding for this line item is included in the 109 Current Expense Reserve Fund. Pg 20, 109.594.22.60.10

Street Cumulative Reserve Budget B

Includes: Pg 17, 108.595.30.60.00

\$0.00	Dry wells.
\$0.00	Signage
\$2,000	Misc. tools/tires

\$0.00 Street painting
\$0.00 New pickup share
\$0.00 Miscellaneous sidewalk projects

Does NOT Include:

\$20,000 for misc. paving projects - The funding for this line item is included in the 109 Current Expense Reserve Fund. Pg 20, 109.594.22.60.10

If it is necessary to adopt budget B and the funds are received from WSDAOT after the beginning of the year a budget amendment can be done by City Council to adopt budget A and spending can move forward accordingly.

106 – CRIMINAL SEIZURE FUND, Page 19

There were no significant expenditures in 2025 and none are expected in 2026.

107 - POLICE DEPARTMENT RESERVE, Page 20

\$50,000 is budgeted for possible matching funds to purchase a new vehicle and upfit the vehicle. The General Fund is transferring \$25,000 to the Police Reserve Fund. This is a \$8,000 increase from last year. Pg 20, 107.397.00.00

109 - GENERAL FUND (CURRENT EXPENSE) CUMULATIVE RESERVE, Page 21

The ¼ cent Excise Tax is governed by RCW to only be spent on arterial streets. The draft budget includes:

\$30,000 for misc. arterial crack sealing/paving projects, Pg 21, 109.594.22.60.10

\$30,000 for misc. paving projects, Pg 20, 109.594.22.60.10

110 - FIRE DEPARTMENT CUMULATIVE RESERVE, Page 22

There are no significant changes in the Fire Department Cumulative Reserve Fund.

\$50,000 is included for gear and equipment. Pg 22, 110.594.22.60.10

140 – TOURISM, Page 23

With COVID 19 the tourism industry seen significant losses throughout the state. Tourism funds primarily pay for the utilities at the Information Center and assist local groups with festivities and local events. There are no significant changes in the Tourism Fund.

200 - LTGO BOND FUND, Pages 24

The LTGO Bond Fund is used to repay the Banner Bank Loan. As of June, 2025 the payoff amount for this loan was approximately \$225,000. Currently the fund has a balance of \$243,000. It is my recommendation to pay this loan off before then end of the year. Paying the loan off early will save money in the following funds:

\$20,000	General Fund
\$1,600	Library Fund
\$32,000	Water Fund
\$8,000	Sewer Fund

300 - CONSTRUCTION FUND, Page 25

There are no significant changes in this fund. Now that the Energy Project is completed, this fund can be closed by resolution.

401 - WATER FUND, Pages 26 - 27

The water rate study is complete, and the rates were adjusted accordingly in 2024. A small increase was also implemented in 2025. There is no rate increase included in this draft budget. However, City Council should discuss if a rate increase is needed based on inflation (3.0%) to maintain the rate structure. Public Hearings are scheduled to discuss this issue in more detail.

402 - WATER CONNECTION FUND, Page 28

The Water Connection Fund is transferring \$75,000 (same as last year) to the Water Cumulative Reserve Fund. Pg 28, 402.597.10.00

There are no significant changes in the Water Connection Fund.

403 - WATER CUMULATIVE RESERVE, Pages 29 - 30

Page 30, 403.594.34.60.10

Includes:

\$5,000	Phone line to wells
\$8,000	Tires and misc. tools
\$15,000	Lower Boise Loop
\$28,000	Clay valve replacement/repair
\$18,000	SCADA/computer replacement
\$30,000	New pickup
\$50,000	New well meter for well #5
\$200,000	New radio readers and software
\$150,000	Well #3 complete replacement
\$25,000	Machine shed installation

GIS Mapping is included in the water fund under professional services. Pg 27, 401.534.10.41

Does NOT Include:

\$210,000 Blue Reservoir tank – painting

410 - SEWER FUND, Pages 31 - 32

In 2025, the city increased the sewer base rate \$10.00 and reached out to RCAC to perform a sewer rate study. The inventory portion of this study has been completed but the financial portion probably will not start until after the first of the year. Based on this scenario the study will not be completed until at least April or May at the earliest.

The 2026 budget does not include a rate increase for the sewer fund. This fund continues to be extremely tight and there are no budgeted capital project items included.

The Sewer Fund is transferring \$20,000 into the Sewer Reserve Fund for emergency purposes only. Pg 32, 410.597.00.20.00

411 - SEWER CONNECTION, Page 33

The Sewer Connection Fund is transferring \$20,000 into the Sewer Reserve Fund for emergency purposes only. Pg 33, 411.597.00.20.00

412 - SEWER CUMULATIVE RESERVE, Pages 34 - 35

The Sewer Reserve Fund is depleted. \$40,000 is included in the budget for emergencies as needed. There are no other capital expenditures and there is no cushion for any unanticipated expenditure. Pg 35, 412.594.35.60.00

After completion of the sewer rate study city council will need to review options and address as soon as possible.

420 – GARBAGE FUND, Pages 36

There are no significant changes in this fund. Pg, 36. This fund can be closed by resolution.

It should be noted the contract with Sunshine Disposal has an automatic COLA rate increase built in each year. We usually receive this percentage in February and the new rates will be in effect in May, 2026.

421 - GARBAGE CUMULATIVE RESERVE, Page 37

There are no significant changes in this fund. Pg, 37. This fund can be closed by resolution.

CONCERNING ISSUES:

Library Fund – The library fund is not keeping up with inflation. The primary revenues for this fund are property taxes, community room rental fees and for the last three years it has been supplemented by the general fund. In 2026 these revenues need to be reviewed and discussion about future funding.

Street Funds – The street fund is also tight and 2025 is a perfect example of having to wait on grant funds to adopt a healthy budget for the next year. This fund will always rely on grant funds, but it also receives a portion of the property taxes as a revenue. City council will need to be careful when reviewing the proportionate share of property taxes for the Library and General Fund and how it will affect the Street Fund.

Sewer Fund – The sewer fund has been depleted and with a large increase over the last three years is maintaining operations only. Not being able to repair and properly maintain the larger components of the wastewater treatment facility will probably be more costly in the long run. There are parts that are no longer available and/or cannot be purchased due to financial constraints. The sewer rate study is of the utmost importance and quick action of the City Council with the information from the study is of the essence.

Staffing – The 2026 budget includes a new police officer position which has been a goal for several years. Looking into the future city council will need to look at staffing for Public Works and City Hall. We have employees reaching retirement age and the work load is gradually increasing for all departments. This year's audit is taking a hard look at employees who have to carry over vacation and comp time. This is not because permission isn't granted to take the time it's the work load doesn't allow enough time to take.

Positions to consider in the future:

Public works crew member, building inspector, city planner, city hall staff member.

There are creative ways to help the departments and not all of these positions need to be full-time. It's just time to start thinking and having discussions about the future of the departments and staffing needs.

OLD BUSINESS

As there was no Old Business, City Council moved on to Public Comment.

PUBLIC COMMENT

As there was no Public Comment presented, City Council moved on to Adjournment.

ADJOURNMENT

Mayor Jesse Garrett adjourned the meeting at 7:15 p.m.

Approved:

Jesse Garrett, Mayor

Attest: _____
Raena Hallam, Clerk/Treasurer