

KETTLE FALLS CITY COUNCIL MEETING
BUDGET WORKSHOP
NOVEMBER 14, 2023

CALL TO ORDER

Mayor Jesse Garrett called the meeting to order at 6:00 p.m.

ROLL CALL

Dale Drake, John Ridlington, Jesse Garrett, Chris Shurrum and Michael Weatherman.

STAFF

Staff - Raena Hallam, Dave Willey, Brandon Hoover and Larry Kulesza.

ANNOUNCEMENTS AND MAIL RECEIVED

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

PUBLIC COMMENT

As there was no Public Comment, City Council moved on to the Consent Agenda.

CONSENT AGENDA

As there was no Consent Agenda, City Council moved on to Committee Reports.

STAFF REPORTS

As there were no Staff Reports, City Council moved on to New Business.

COMMITTEE REPORTS

As there were no Committee Reports, City Council moved on to Staff Reports

NEW BUSINESS

2024 BUDGET

Clerk/Treasurer Raena Hallam stated the draft budget was handed out to City Council on November 7, 2023. Raena stated Mayor Garrett asked her to draft the ordinance based on the presented budget.

City of Kettle Falls

Memo

To: City Council Members
From: Mayor Jesse Garrett and Clerk/Treasurer Raena Hallam
Date: November 7, 2023
Re: 2024 Draft Budget Highlights

Please find attached a balanced **DRAFT** 2024 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 6.8%, which is included in this draft budget. Minimum wage will increase from \$15.74 to \$16.28 per hour which is also included in this draft budget.
- Employee Medical/Dental Benefits will increase by 4.1%. (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 2024 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 2023 are higher than anticipated considering the economy. The sales tax revenues were increased to balance the 2024 budget. Pg 1, 001.313.11.00 and 001.313.11.01

Included:

\$50,000 was added to police department salaries & wages for a portion of the School Resource Officer position shared with the school district. (Pg 7, 001.521.10.11) various other line items in the law enforcement budget was also increased to account for the school resource officer position such as the uniform allowance, training, fuel, etc. (Pg 7, 001.521.10.21 through 001.521.10.49)

Funding is not included for a police reserve program Pg 7, 001.521.10.49.10

\$50,000 is added to salaries and wages for the planning department. It is anticipated to advertise for in-house building inspection services, planning services and or combined position. (Pg 8, 001.558.60.10)

\$42,500 is budgeted for professional services, which is the same as last year for planning services. ((Pg 8, 001.558.60.41) *This will be used for contracting with SCJ Alliance (25 hours per month) and Larry Kulesza (15 hours per month). If an in-house position is filled for planning services, both of these contracts will be reevaluated for services needed on a project basis.*

The overall pool budget is increased by \$11,000 in anticipation of the city's costs for the opening of the new swimming pool in 2024. The agreement between the City and the Upper Columbia Pool District has not yet been finalized. (Pg 9, 001.576.20.10 through 001.576.20.48.00)

\$20,000 is included in the pool budget for the Upper Columbia Pool District for maintenance and operation of the swimming pool. If there are carryover funds from the 2023 budget they will be added to this amount. (Pg 9, 001.576.20.41.10)

A Summer Parks position is included. Minimum wage will increase to \$16.28 per hour Pg 10, 001.576.80.10

Capital Outlay: (General Fund Pg 10, 001-594.11.60.00 through 001.594.76.60.20)

\$17,500 for Clerk/Treasurer is included for blinds for 3 windows, document shredding, sprinkler system, handheld meter readers (shared with water fund) Pg 10, 001.594.14.60.00

\$13,000 for police department ammo, laser light sites, body cameras, dept. issued handguns and bullet proof vest replacement. Pg, 10, 001.594.21.60.00 and 001.594.21.60.10

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

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

\$8,500 for Planning Commission projects. (\$5,500 is carryover from 2023). Pg 10, 001.594.58.60.00

\$20,000 for parks capital outlay. This includes security cameras/skate park, lawn tools, toddler play equipment, motion lights and fencing. Pg 10, 001.594.76.60.00

\$5,000 for pool capital outlay for capital items identified after completion. Pg 10, 001.594.79.60.20

The General Fund is transferring \$10,000 to the Current Expense Cumulative Reserve. Pg 11 001.597.10.00

The General Fund is transferring \$12,000 to the Police Department Cumulative Reserve. Pg 11, 001.597.21.00

The General Fund is transferring \$12,000 to the Fire Department Cumulative Reserve. Pg 11 001.597.22.00

The General Fund is transferring \$10,000 to the Library Fund. Pg 11 001.597.34.00

101 - LIBRARY FUND, Page 12

The library budget is balanced with no significant purchases planned. The 2024 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. Primary revenues are property taxes and the community room rental fees. With the cost of inflation, . 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 \$5,000 less than last year to the Street Reserve Fund. Pg 17, 103.597.10.00

There are no other significant changes in the Street Fund

108 - STREET CUMULATIVE RESERVE, Pages 18 - 19

Includes: Pg 19, 108.595.30.60.00

\$8,000	Dry wells.
\$3,000	Signage
\$5,250	Misc. tools/tires
\$15,000	New paint system
\$50,000	High School Connector Sidewalk Project (Matching Funds)

Does NOT Include:

\$40,000 New Pickup (Sewer, Water Street)
\$60,000 Machine Shed (Sewer, Water Street)
\$30,000 for misc. paving projects - The funding for this line item is included in the 109 Current Expense Reserve Fund. Pg 22, 109.594.22.60.10

106 – CRIMINAL SEIZURE FUND, Page 20

In the 2023 budget, these funds were used to update the police evidence room. Therefore, there are no significant expenditures planned for 2024.

107 - POLICE DEPARTMENT RESERVE, Page 21

The General Fund is transferring \$12,000 to the Police Reserve Fund.. which is a \$7,000 increase from last year. Pg 21, 107.397.00.00

109 - GENERAL FUND (CURRENT EXPENSE) CUMULATIVE RESERVE, Page 22

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

\$25,000 for police building roof (\$50,000 split between 109 Fund and ARPA Fund)

\$30,000 for misc. paving projects, Pg 22, 109.594.22.60.10

\$15,000 for misc. crack sealing projects, Pg 22, 109.594.22.60.10

110 - FIRE DEPARTMENT CUMULATIVE RESERVE, Page 23

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

140 – TOURISM, Page 24

With COVID 19 the tourism industry has 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. In 2023, we expected an increase in tourism revenues, but it has not been significant. For 2024, the General Fund will continue to pay for the utilities allowing this fund to recover.

Includes \$1,000 for park improvements, which is a carryover from 2023. Pg 24,
140.594.33.60.00

200 - LTGO BOND FUND, Pages 25

The LTGO Bond Fund is used to repay the Banner Bank Loan. The General Fund, Water, Sewer and Library Funds all transfer money into this fund for loan repayment. It is anticipated at the end of 2024 the city will be very close to having enough funds to pay this loan in full. This will be revisited during the 2025 budget process.

There are no significant changes in this fund.

300 - CONSTRUCTION FUND, Page 26

There are no significant changes in this fund. Pg, 26. Now that the Energy Project is completed, this fund can be closed by resolution.

401 - WATER FUND, Pages 27 - 28

The water rate study is almost completed, and the council utilities committee is working hard to make recommendations to the City Council. There is no rate increase included in this draft budget. However, the committee is discussing a rate increase and changing the rate structure in 2024.

There are no significant changes in the Water Fund.

402 - WATER CONNECTION FUND, Page 29

The Water Connection Fund is transferring \$75,000 to the Water Cumulative Reserve Fund. Pg 29, 402.597.10.00

This fund will also be purchasing the gate for the falls pump station and GIS mapping.

403 - WATER CUMULATIVE RESERVE, Pages 30 - 31

Page 31, 403.594.34.60.10

Includes:

\$8,000	Heat in shop bays
\$15,000	Lower Boise Loop
\$28,000	Valve replacement
\$5,000	Radio meters study only (in progress)
\$100,000	New radio readers and software
\$10,000	New SCADA/computers
\$10,500	Tires and misc. tools
\$50,000	Finish repair to the Gray Eagle Water Tank
\$5,000	New well meters
\$48,000	VFD for well #2 and volt meters for all wells

Does NOT Include:

\$110,000	Paint and maintenance on blue water tank
\$40,000	New Pickup (Sewer, Water Street)
\$60,000	Machine Shed (Sewer, Water Street)

410 - SEWER FUND, Pages 32 - 33

In 2023, the city increased the sewer base rate \$5.00. There was concern at that time the \$5.00 would not be enough based on inflation rates. The 2024 budget includes a \$9.50 increase to the sewer base rate. Attached are CPI calculations for inflation since 2014, 2015 and 2018. Pg 35, 412.343.50.00

It is anticipated a rate study by RCAC can be completed for the sewer fund. This is something the City Council can address after the first of the year.

411 - SEWER CONNECTION, Page 34

There are no significant changes in the Sewer Connection Fund.

412 - SEWER CUMULATIVE RESERVE, Pages 35 – 36

The Sewer Reserve Fund will need time to rebuild even after the rate increase. Staff have been advised to choose the top priority projects and the budget will be reviewed again mid-year. The top three priority projects have been identified as follows:

\$50,000	Replace controls/deck at Juniper lift station
\$15,000	Work deck at 8 th street lift station
\$50,000	New manholes & repair

The Sewer Cumulative Reserve Includes: Pg 36, 412.594.35.60.00

\$50,000	Replace controls/deck at Juniper lift station
\$4,000	Computer replacement
\$15,000	Work deck at 8 th street lift station
\$50,000	New man holes & repair (reduced by \$10,000)
\$9,000	GIS mapping
\$5,250	Tires, miscellaneous tools

Does not include:

\$100,000	CIPP sewer lines
\$25,000	Escape liners for aeration pond
\$40,000	New pickup (Sewer, Water Street)
\$60,000	Machine shed (Sewer, Water Street)
\$3,000	Utility pump shed heater – Included in ARPA Fund
\$7,000	Aeration diffusers – Included in ARPA Fund
\$8,000	Replace floats in lift stations – Included in ARPA Fund

420 – GARBAGE FUND, Pages 37 – 38

There are no significant changes in this fund. Pg, 37-38. This fund can be closed by resolution.

421 - GARBAGE CUMULATIVE RESERVE, Page 39

There are no significant changes in this fund. Pg, 39. This fund can be closed by resolution.

150 – ARPA FUND, Page 40

The ARPA Fund was created for the specific purpose of receiving and expending the 2021 American Rescue Plan Act Funding. All ARPA Funds must be expended by June 30, 2024.

Items identified in the 2024 draft budget that will be paid for by ARPA Funds:

\$25,000	Police building roof, split between 109 Fund and ARPA Funds
\$3,000	Utility pump shed heater
\$7,000	Aeration diffusers
\$8,000	Replace floats in lift stations.

Clerk/Treasurer Raena Hallam asked if there are any questions regarding the draft budget.

Council Member Michael Weatherman stated he asked why the COLA was 6.8% instead of 3.2%. He stated everything he has read states it is 3.2%.

Clerk/Treasurer Raena Hallam stated at the last meeting she distributed a copy of the US City Average, added June through May and divided by 12, according to the resolution adopted by City Council.

Council Member John Ridlington asked what the CPI Info handed out this evening meant. Clerk/Treasurer Raena Hallam stated the sheets are copies of inflation calculators regarding the proposed \$9.50 sewer increase.

CPI Inflation Calculator

\$ 67.00

in January ▼ 2014 ▼

has the same buying power as

\$88.16

in September ▼ 2023 ▼

Calculate

CPI Inflation Calculator

\$ 65.50

in January ▼ 2015 ▼

has the same buying power as

\$86.26

in September ▼ 2023 ▼

Calculate

CPI Inflation Calculator

\$ 65.50

in January ▼ 2018 ▼

has the same buying power as

\$81.33

in September ▼ 2023 ▼

Calculate

Inflation Calculator

If in	2018	(enter year)
I purchased an item for \$		65.50
then in	2023	(enter year)
that same item would cost		\$80.29
Cumulative rate of inflation:		22.6%

Clerk/Treasurer Raena Hallam stated she used the years and different rates to show the cost of inflations.

Council Member Dale Drake asked why the sewer rates were increased without talking with the Utilities Committee. Clerk/Treasurer Raena Hallam stated the draft budget includes a sewer rate increase. She further explained last year the sewer rate was increased by \$5.00 and at that time it was discussed that it may not be enough.

Clerk/Treasurer Raena Hallam stated the draft budget includes the \$9.50 increase, but it requires an ordinance to actually increase the sewer rate.

Mayor Jesse Garrett explained the City will have public hearings and draft an ordinance before the sewer rate is increased. The rate came from the increased cost of expenditures and the rates to being increased prior to last year. It's costing more and more to operate and we are losing money in the Sewer Fund.

Council Member Dale Drake stated his concern is not being included in determining the sewer rates.

Mayor Jesse Garrett stated the Utility Committee has been busy with the Water Rate Study. Once the water rate study is completed then the sewer rate can be reviewed by the utility committee.

Council Member Dale Drake stated that was his plan as well.

Mayor Jesse Garrett explained the sewer rate needs to be increased. If the Utilities Committee recommends something different, then the draft budget will have to be adjusted accordingly.

Council Member John Ridlington stated it is good to be current with rates and keep ahead of inflation.

Council Member Michael Weatherman stated last year there was already a \$5.00 what happened to that money.

Mayor Jesse Garrett explained 3.2% isn't the CPI across the board. The CPI fluctuates based on the products. Pipe fittings are different than a loaf of bread.

Public Works Superintendent Dave Willey referred to the CPI calculators. He stated it appears in 2014 the rate was \$67.00 and was reduced to \$65.50 in 2015. It stayed that same rate until 2023. The buying power in 2014 was \$88.16.

Council Member Dale Drake stated he has no issue with the numbers, he stated the utilities committee was sidelined about. No one talked to them and he feels pretty much blind sided. It's a slap in the face.

Clerk/Treasurer Raena Hallam stated she disagrees. She stated she brought it up last year that the sewer fund was in worse shape than the water fund. In 2022 the draft budget was adopted with a \$5.00 increase that was not implemented by City Council until 2023.

Council Member Dale Drake stated what's the use of having a utilities committee.

Planning Assistant Larry Kulesza stated the lesson is to look at the rates annually and minimally adjust for inflation.

Council Member John Ridlington asked why the City doesn't look at the rate of inflation each year along with the property tax revenues.

Mayor Jesse Garrett stated we are talking about changing a process that has been in place for many administrations. We are at the point now where the expenses are going up faster than the rates. The utilities committee can look at this, but with this increase (\$9.50) we can have a balanced budget. It is up to the City Council and the utilities committee to establish the actual budget rate. It may be possible the \$9.50 won't be enough. Last years \$5.00 increase didn't increase the budget, it just stopped the drain of the sewer fund. The point is just because the budget includes the rate increase it is not in place until the ordinance is adopted. If we wait for a sewer study it could be another whole year. The sewer fund can't handle that.

Council Member John Ridlington asked about the status of the School Resource Officer position. Police Officer Brandon Hoover stated he is an applicant for the SRO position and has interview with the School District November 27th. They are also doing interviews for a SSO position which is a noncommissioned officer. The School District really wants a SRO but they are not going to wait for the City to get their staffing issues solved.

Council Member John Ridlington asked about funding for the swimming pool.

Clerk/Treasurer Raena Hallam referred to the memo:

The overall pool budget is increased by \$11,000 in anticipation of the city's costs for the opening of the new swimming pool in 2024. The agreement between the City and the Upper Columbia Pool District has not yet been finalized. (Pg 9, 001.576.20.10 through 001.576.20.48.00)

\$20,000 is included in the pool budget for the Upper Columbia Pool District for maintenance and operation of the swimming pool. If there are carryover funds from the 2023 budget they will be added to this amount. (Pg 9, 001.576.20.41.10)

\$5,000 for pool capital outlay for capital items identified after completion. Pg 10, 001.594.79.60.20

Clerk/Treasurer Raena Hallam explained the \$5,000 is for things Mayor Garrett has mentioned, such as a bench. It is not necessarily earmarked for anything specific.

Clerk/Treasurer Raena Hallam stated once the agreement between the Upper Columbia Pool District and the City is finalized the budget can be amended if needed.

Mayor Garrett asked about paying off the LTGO Bond Fund Loan. Clerk/Treasurer Raena Hallam stated the amortization schedule would have to be updated, but she thinks the fund will have enough money at the end of the year to possibly pay the loan off about 10 years early.

Council Member John Ridlington stated he really wants to support the funding for dry wells. They make a big difference.

Mayor Garrett Jesse Garrett asked where the cost of the leaf pickup was expended. Clerk/Treasurer Raena Hallam stated this year she took it from parks. Raena further explained the City Council needs to close the fund since the City no longer does garbage services.

Council Member Chris Shurrum asked if the City has property to dispose of the leaves. Public Works Superintendent Dave Willey stated it is hauled to the landfill versus the employees cutting bags for three days. He stated we can build the clam shell to pick up leaves with the front loader instead of having people bag their leaves.

Council Member Michael Weatherman stated his wife was upset that the City didn't give enough notice this year that there would not be a fall leaf pickup.

Council Member Chris Shurrum stated where he used to live, you could buy a permit to dump the debris at a mulching machine. He stated the machine stayed on the property and was a successful program.

Council Member Dale Drake stated if the Police Dept's gym membership was included in the budget. Mayor Garrett stated it would need to be discussed during a regular meeting and adopted accordingly.

OLD BUSINESS

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

PUBLIC COMMENT

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

ADJOURNMENT

Mayor Jesse Garrett adjourned the meeting at 7:10 p.m.

Approved:

Jesse Garrett, Mayor

Attest: _____
Raena Hallam, Clerk/Treasurer