

**KETTLE FALLS CITY COUNCIL MEETING**  
**BUDGET WORKSHOP**  
**OCTOBER 29, 2024**

**CALL TO ORDER**

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

**ROLL CALL**

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

**STAFF**

Staff - Raena Hallam, Dave Willey and Brandon Hoover.

**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 Staff Reports.

**STAFF REPORTS**

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

**COMMITTEE REPORTS**

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

**NEW BUSINESS**

**2025 BUDGET**

Clerk/Treasurer Raena Hallam reviewed a memo and a balanced draft budget with the City Council: (copy of draft budget on file)

# Memo

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

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Please find attached a balanced **DRAFT** 2025 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 3.3%, which is included in this draft budget. Minimum wage will increase from \$16.28 to \$16.66 per hour which is also included in this draft budget.
- Employee Medical/Dental Benefits will increase by 7.3%. (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 2025 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 2024 are higher than anticipated considering the economy. The sales tax revenues were increased to balance the 2025 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%) . The City of Kettle Falls since May, 2023 has collected over \$60,000 that will be 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:

\$10,000 was included for the Police Reserve Program, but an additional police officer was not included. Pg 7, 001.521.10.49.10

\$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 \$16.66 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

\$10,000 for police department ammo, pepper ball gun and medical kits. Pg, 11, 001.594.21.60.00 and 001.594.21.60.10. Body Cameras are included in the 107 fund. Pg 19, 107.594.21.60.00

\$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

\$7,000 for Planning Commission projects. (\$1,680 is carryover from 2024). Pg 11, 001.594.58.60.00

\$24,500 for parks capital outlay. This includes security cameras/skate park, lawn tools, toddler play equipment, motion lights and fencing. 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 \$10,000 to the Current Expense Cumulative Reserve. Pg 11, 001.597.10.00

The General Fund is transferring \$17,000 to the Police Department Cumulative Reserve. This is a \$5,000 increase in anticipation of body camera requirements over the next five years. 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 2025 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. 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. It should also be noted staff is in the process of updating the community room rental fees and hope to have them in place by the first of the year.

### **102 - LIBRARY CUMULATIVE RESERVE Page 13**

There are no significant changes in the Library Reserve Fund

**103 - STREET FUND - Pages 14 – 16**

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 17**

Includes: Pg 17, 108.595.30.60.00

\$10,000	Dry wells.
\$3,000	Signage
\$2,000	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 20, 109.594.22.60.10

**106 – CRIMINAL SEIZURE FUND, Page 18**

In the 2023 budget, these funds were used to update the police evidence room. There were no significant expenditures in 2024 and none are expected in 2025.

**107 - POLICE DEPARTMENT RESERVE, Page 19**

\$12,000 is budgeted for the purchase of body cameras. This is part of a five year plan. The General Fund is transferring \$17,000 to the Police Reserve Fund. This is a \$5,000 increase from last year. Pg 19, 107.397.00.00

**109 - GENERAL FUND (CURRENT EXPENSE) CUMULATIVE RESERVE, Page 20**

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 20, 109.594.22.60.10

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

**110 - FIRE DEPARTMENT CUMULATIVE RESERVE, Page 21**

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

**140 – TOURISM, Page 22**

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. In 2023, we expected an increase in tourism revenues, but it was not significant. Surprisingly in 2024, it appears to be less than 2023. Therefore, the General Fund will continue to pay for the utilities allowing this fund to recover.

**150- ARPA FUND, Page 23**

All of the ARPA Funds were spent in 2023 and 2024. The 2025 budget does not include any ARPA funds. I suggest we keep the fund active for another year in case the federal government decides to issue additional funding.

**200 - LTGO BOND FUND, Pages 24**

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 2025 the city will be very close to having enough funds to pay this loan in full. I will be requesting a payoff amount from Banner Bank late next year for Council discussion.

There are no significant changes in this 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. There is no rate increase included in this draft budget. However, City Council should discuss if a rate increase is needed based on inflation (2.5%) to maintain the rate structure.

**402 - WATER CONNECTION FUND, Page 28**

The Water Connection Fund is transferring \$75,000 to the Water Cumulative Reserve Fund. Pg 28, 402.597.10.00

There are no significant changes in the Water Fund.

**403 - WATER CUMULATIVE RESERVE, Pages 29 - 30**

Page 30, 403.594.34.60.10  
Includes:



A rate increase is not included in this budget. However, we have yet to pay for a pump that is currently being repaired and there are debt obligations in 2025. There are no capital projects included in the 2025 budget and if there are any unforeseen breakdowns the sewer funds will not be able to recover.

The Sewer Fund is no longer able to transfer money into the Sewer Reserve Fund.

**411 - SEWER CONNECTION, Page 33**

The Sewer Connection Fund is no longer able to transfer money into the Sewer Reserve Fund.

**412 - SEWER CUMULATIVE RESERVE, Pages 34 - 35**

The Sewer Reserve Fund is depleted. \$40,000 is included in the budget to pay for the pump currently being repaired. There are no other capital expenditures and there is no cushion for any unanticipated expenditures. Pg 35, 412.594.35.60.00

**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, 2025.

**421 - GARBAGE CUMULATIVE RESERVE, Page 37**

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

**BUDGET HISTORY**

<b>Draft 2025 (10/29/24)</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
\$ 5,210,368	\$ 5,107,353	\$ 4,704,438	\$ 5,116,983	\$ 4,400,228

Council Member John Ridlington stated the pool house needs an additional electrical outlet in the office area.



Council Member John Ridlington stated he supports an increase in the water and sewer rates. He stated the water rate should be increased by the inflation rate just to keep the rate from falling behind again. He further stated the sewer rate should be increased \$10 to help the fund recuperate. He stated the sewer fund is in this position due to the rate not being increased as needed over the years.

**PUBLIC COMMENT**

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

**ADJOURNMENT**

Mayor Jesse Garrett adjourned the meeting at 7:06 p.m.

Approved:

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Jesse Garrett, Mayor

Attest: \_\_\_\_\_  
Raena Hallam, Clerk/Treasurer