**KETTLE FALLS CITY COUNCIL MEETING
BUDGET WORKSHOP
NOVEMBER 30, 2021**

**CALL TO ORDER**

Mayor John Ridlington called the meeting to order at 6:12 p.m.

**ROLL CALL**

Dale Drake, John Ridlington, Jesse Garrett, John Andrew and Wayne Wardlow.

**STAFF**

Staff – Raena Hallam, Dave Willey and Larry Kulesa.

Guests – No Guests were present.

**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.

**COMMITTEE REPORTS**

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

**STAFF REPORTS**

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

**NEW BUSINESS**

**RESOLUTION NO 21-05 – A RESOLUTION OF THE CITY OF KETTLE FALLS DECLARING CITY SUPPORT AND ADOPTION OF THE STEVENS COUNTY MULTI-HAZARD MITIGATION PLAN.**

Mayor John ridlington stated this plan has been in the works for a couple years. In the meantime Mr. Carruso who drafted the plan and left his position with
Stevens County to work for the City of Chewelah. Now FEMA is asking for adoption of the plan as soon as possible.

Council Member Wayne Wardlow stated Ferral Gas in Kettle Falls is a huge hazard. The plan should be checked for updated information such as phone numbers.

Mayor John Ridlington stated that information is in a different plan. This plan has an action item list and Kettle Falls is responsible for a few things, but not a lot. Nothing out of line. He further explained that he attended the meetings when this was drafted.

Council Member Dale Drake explained his issue is he was handed this thing this evening and is expected to vote on it. He stated he is not going to do that.

Assistant Planner Larry Kulesza stated it is a flawed process, similar to the Shoreline Management Plan.

Council ember Dale Drake made a motion to table the Resolution until the next City Council meeting. Council Member John Andrew seconded the motion. Motion carried by all. Council Member Dale Drake – yes, Council Member Jesse Garrett – yes, Council Member John Andrew – yes, Council Member Michael Weatherman - yes and Council Member Wayne Wardlow - yes.

**OLD BUSINESS**

**2022 BUDGET**

Clerk/Treasurer Raena Hallam reviewed the Memorandum and balanced 2022 draft budget she handed out to City Council on November 23, 2021 as homework.

Memo

To: City Council Members

From: Mayor John Ridlington and Clerk/Treasurer Raena Hallam

Date: November 23, 2021

Re: 2022 Draft Budget Highlights

Please find attached a balanced **DRAFT** 2022 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 (example - USDA City Hall Roof and Wastewater Pickup) 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 October CPI for October is 6.2%, which is included in this draft budget. The following contract positions were adjusted as follows Fire Chief – 6.2% increase, Janitorial - $1.50 above minimum wage and Planning Assistant – changed from $20 to $25 per hour.. There are no salary adjustments based on the AWC salary survey. (Salaries & Wages line item for all funds)
* Employee Medical/Dental Benefits will increase by 6%. (Personnel Benefits line item for all funds)
* This budget keeps in mind the same priorities set by City Council during the August 11, 2020 Budget Workshop:

a. Public Safety & Security
b. Savings in Reserve Funds
c. Infrastructure Maintenance and Replacement

The 2022 draft budget includes interfund transfers for savings in the General Fund, Police, Fire, Streets, Water, Sewer and Garbage. 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**

$250,000 - Beginning Fund balances are budgeted based on trends and anticipated carryover from the previous year. The General Fund 2022 beginning balance is quite large this year. We were extremely short staffed in the police department in 2021 and we received $39,000 in insurance claim money. This large beginning balance is not usual and is an indicator of how the General Fund depends on every penny. Without this large beginning fund balance this fund would not be balanced and several of the included items would not be possible. Pg 1, 001.308.80.00

Sales Tax revenues in 2021 were surprisingly higher than anticipated considering the economic effects of COVID 19. The sales tax revenues were increased to balance the 2022 budget. Pg 1, 001.313.11.00 and 001.313.11.01

Included:

$42,000 is included for planning services. *This will be used for contracting with SCJ
Alliance and Larry Kulesza. Beginning in 2022 SCJ Alliance will take the lead
for planning services and will utilize Mr. Kulesza’s research skills to help as
needed. There are several planning issues that need to be addressed and
prioritized. Estimations are for SCJ Alliance for 25 hours per month and Larry Kulesza for 15 hours per month. Pg 8, 001.558.60.41*

*It should also be noted for Planning and Building services the 2022 draft budget is $65,600. There are two large construction projects scheduled in 2022 (KF pharmacy and KF Swimming Pool) and planning applications seem to be steady and constant. Due to the amount of work it has placed on existing staff it has been previously recommended to hire a part time Planner and Building Inspector. However, with a budget of $65,600 it may now also be a cost savings issue.*

*$4,000 is budgeted for the utilities for the Information Center. The Tourism fund is not collecting enough revenue to counteract the cost of utilities. Therefore, the cost of utilities has been moved to the General Fund.* Pg 9, 001.571.50.47.00

$37,500 is budgeted for the swimming pool. Construction is planned to begin in 2022. I increased all of the operating line items to allow for Public Works Department expenses that may be required during the construction phase. Pg 9, 001.576.20.10 through 001.576.20.48.00

$2,000 is included for new City Council table and chairs. Pg 10, 001.594.11.60

$35,000 is provided for City Hall for the insurance claim. Pg 10, 001.594.14.60.00 (Money for the roof is accounted for in the 109 Fund)

$2,500 is included for document shredding and cleaning of storage areas.
Pg 10, 001.594.14.60.00

$13,500 for police department ammo, body cameras, radios and body armor. Pg, 10, 001.594.21.60.00 and 001.594.21.60.10

$3,000 for the Information Center repair. *The amount was increased to allow for some of the repairs requested by the Planning Commission.* Pg 10, 001.594.73.60.00

$15,000 for parks capital outlay. This includes security cameras and an OTR mower. Pg 10, 001.594.76.60.00

The General Fund is transferring $5,000 to the Current Expense Cumulative Reserve. Pg 11 001.597.10.00

The General Fund is transferring $5,000 to the Police Department Cumulative Reserve.
Pg 11, 001.597.21.00

The General Fund is transferring $8,000 to the Fire Department Cumulative Reserve. Pg 11 001.597.22.00

The General Fund is transferring $20,000 to a Pool Reserve for the operating costs of the swimming pool. Draft contracts include the City will give $20,000 each year towards the operating costs plus the Public Works Department will be responsible for specific maintenance duties. Pg 11, 001.597.30.00

Does NOT Include:

No funding was included for an additional police officer. Pg 7, 001.521.10.11

No funding was included for a police reserve program Pg 7, 001.521.10.49.10

No funding was included for a Summer Parks position. This may change based on decisions regarding the utility funds and staffing for the Public Works Department. Pg 10, 001.576.80.10

No funding was included for an air compressor, motion lights or push mower. Pg 10, 001.594.80.60.00

**101 - LIBRARY FUND, Page 12**

The library budget is balanced with no significant purchases planned. The 2022 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 this year due to COVID 19 restrictions and not being able to rent the community room in 2020. In 2019 we received $2,500 in revenue from rental of the community room. It’s not a lot, but I estimate about a $5,000 revenue loss and it has made a significant impact.

**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 $20,000 to the Street Reserve Fund. Pg 17, 103.597.10.00

There are no significant changes in the Street Fund

**108 - STREET CUMULATIVE RESERVE, Pages 18 - 19**

Includes: Pg 19, 108.595.30.60.00

$16,000 for 8 dry wells.
$10,000 for street signage
$15,000 for new portion of machine shed
$2,000 for misc. tools
$15,000 crack sealing for non arterial streets

Does NOT Include:

$30,000 for misc. paving projects
$15,000 for misc. crack sealing projects

The funding for both of these line items are included in the 109 Current Expense Reserve Fund. Pg 22, 109.594.22.60.10

**106 – CRIMINAL SEIZURE FUND, Page 20**

There are no significant changes in the Criminal Seizure Fund

**107 - POLICE DEPARTMENT RESERVE, Page 21**
The General Fund is transferring $5,000 to the Police Reserve Fund.. 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 City Hall roof. USDA has not awarded us a grant and notified me last week that the maximum grant amount available would be $20,000 if awarded. City Council will need to discuss how they would like to address this issue in 2022. Pg 22, 109.594.14.61.00

$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**
Chief Adams has requested the budget include $20,000 for apparatus replacement. I did not change this budget item. However, the money to paint the City Fire Hall is not included in the 2022 draft budget.

$20,000 is budgeted to purchase apparatus replacement. Pg 23, 110.594.22.60.10

NOT included: Painting of City Fire Station. $22,000

**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. We have not been collecting enough revenue to counteract the expense of paying for the Information Center utilities. For 2022, the General Fund will pay for the utilities allowing this fund to recover from the effects of COVID 19 restrictions.

Utilities for the Information Center was moved to the General Fund. Pg 24, 140.557.33.47

Includes $1,000 for park improvements, which is a carryover from 2021. 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 and Library Funds all transfer money into this fund for loan repayment. There are no significant changes in this fund. Pg, 25 200.376.10.00 and pg 25, 200.397.25.00.00

**300 - CONSTRUCTION FUND, Page 26**

I receipted the COVID 19 Relief Act grant into this fund until it is identified what projects the money will be spent on. In 2022 we will receive another $228,000.

**401 - WATER FUND, Pages 27 - 28**

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

There are no significant changes in the Water Connection Fund

**403 - WATER CUMULATIVE RESERVE, Pages 30 - 31**

Page 31, 403.594.34.60.10

Includes:

$12,000 for the lower Boise Loop
$21,000 for valve replacement
$140,000 to line the Gray Eagle Water Tank$5,000 for new radio meters study only
$10,000 for new SCADA/computers
$2,000 for new tapping tool
$7,000 for tires and Misc. tools
$65,000 for paint and maintenance on blue water tank – *this was reduced and only
 the $65,000 was carried over from 2021. The request for 2022 was
 $110,000*$13,000 for new well meters
$23,000 for new machine shed
$10,000 for used water truck

Does NOT Include:

Everything requested is included, but some items were reduced as indicated.

**410 - SEWER FUND, Pages 32 - 33**

In 2021, the City stopped transferring $5.00 of each sewer bill into the Sewer Reserve to build up the Sewer Fund. The 2022 budget also does not include this transfer. Pg 35, 412.343.50.00

In 2015 the sewer rate was decreased by $1.50 and has not been increased since. I have included a copy of the ordinance. The 2022 budget includes a $5.00 sewer rate increase, but I also took into account the possibility of a low income discount. A $5.00 increase over a 7 year period and in consideration of the rising inflation rates, it is my recommendation the sewer rate be increased no less than $5.00 effective immediately.

As the Utilities Committee review the rates, if they determine it needs increased or decreased after the first of the year the City Council can adopt another ordinance making those changes.

**411 - SEWER CONNECTION, Page 34**
The Sewer Connection Fund has no significant changes.

**412 - SEWER CUMULATIVE RESERVE, Pages 35 – 36**The $5.00 utility bill revenue was removed from the reserve as explained in the Sewer Fund above.

Includes: Pg 36, 412.594.35.60.10

$15,000 for computer replacement
$5,000 for used water truck
$45,000 for 8th Juniper lift station controls
$50,000 Two man holes, repair or replace
$40,000 One Ton Pickup – We have reapplied for a grant for this in 2022.
$7,000 for tires, miscellaneous tools
$15,000 work deck at 8th street lift station
$23,000 for new machine shed
$55.000 line sewer lines

**420 - GARBAGE FUND, Pages 37 - 38**

Currently there is a lot of discussion about our garbage services. The garbage rate was increased in 2015 at the same time Stevens County increased their landfill fees. It is my recommendation the City increase the garbage rate $2.00 effective immediately and then adjust again after the first of the year depending on City Council’s decisions.

The 2022 budget includes a $2.00 increase for garbage.

I did not adjust salaries except for the 6.2% COLA. Until it is determined what will happen in the garbage fund, I made no significant changes other than the rate increase.

The Garbage fund is transferring $10,000 to the Garbage Reserve Fund. Pg 38, 420.597.10.00

**421 - GARBAGE CUMULATIVE RESERVE FUND, Page 39**

Includes: Pg 39, 421.594.60.10

$10,000 for canister repair
$5,000 for machine shed
$3,000 for tires and miscellaneous tools

Not Included:

$400,000 garbage truck

Council Member Dale Drake stated he would like to see Fire Chief Phil Adams receive a wage increase and Shelly Adams be increased to $16.00 per hour.

Council Member Dale Drake stated he is not in favor of a 6.2% increase for the employees. It adds $50,000 to the budget just for wages. He would like the City to give a flat rate instead.

Planning Assistant Larry Kulesza stated he is not sure the language in the Resolution allows the City Council to change the increase from percentage to a flat rate. It will need a legal opinion.

Council Member Jesse Garrett stated giving a flat rate saves money but higher wages receive less and lower wages receive more.

Council Member Dale Drake stated he wants to remove the City Council table and chairs and Avista will burn documents for City Hall at no cost. He further stated he didn’t want any rate increases in the budget until the utilities committee had time to meet.

Council Member John Andrew questioned $57,500 for the swimming pool.

Mayor Ridlington stated the passage of the tax levy in support of the pool set a record. The people support it.

Council Member Dale Drake stated this draft budget is not acceptable.

**PUBLIC COMMENT**

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

**ADJOURNMENT**

Mayor John Ridlington adjourned the meeting at 8:45 p.m.

Approved:

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_ John Ridlington, Mayor

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