



AGENDA MEMO

Needs Legal Review: No
Committee Meeting Date: March 16, 2022
Agenda Item: 2022 Budget Amendment No. 1
Presented By : Jan Brending, Clerk Treasurer

Action Required

Adoption of Ordinance 2022-03-1099 Amending the 2022 Budget.

Proposed Motion

Move to adopt Ordinance 2022-03-1099 Amending the Budget for the City of White Salmon, Washington for the Fiscal Year Ending December 31, 2022.

Explanation of Issue

Attached is Amendment No. 1 for the 2022 Budget. Changes are as follows:

Beginning Balances

All beginning balances are changed to reflect the actual beginning balances.

Ending Balances

All ending balances are changed based on any changes to beginning balances, revenues, and expenditures.

City Administrator Buyout Costs

Salaries and benefits are changed to reflect the costs for the City Administrator buyout and some minor corrections based on actual costs for health insurance. Total buyout costs are projected to be \$126,379.39 including salaries and benefits. These costs are spread out over the General Fund, Street, Water, and Wastewater funds.

Overhead Cost Allocations

Overhead cost allocations are recalculated every time an amendment reflects expenditure changes. The revenue comes into the Current Expense Fund as Finance Admin Fees, Legislative Admin Fees and HR Admin Fees (page 2 of the Current Expense Budget under "Charges for Goods and Services." The expenditures are shown in the Street Fund, Water Fund and Wastewater Fund.

Ongoing/Carryover Projects

Funding has been adjusted for ongoing/carryover projects from 2021 that was not included in the 2022 budget. They include the following:

- Park Plan Update – page 10, Park Facilities
- 2021 Tree Maintenance – page 10, Park Facilities
- Transportation Planning – page 18, Street Fund
- Water System Plan – page 47, Water Reserve Fund
- SCADA Replacement – page 47, Water Reserve Fund
- Garfield Water Line Replacement (retainage) – page 47, Water Reserve Fund
- Bingen Treatment Plant Improvements – page 58, Treatment Plant Reserve Fund
- Walker House Due Diligence – page ____, Community Services

Additional Projects

Funding has been provided for the following projects:

Climate Action Plan – page 9, Community Services

Funding is provided to hire a consultant to assist the CityLAB Board in developing a climate action plan (\$50,000).

Capital Improvements Plan – page 5, Finance (Current Expense Fund)

Funding is provided to hire a consultant to develop a Capital Improvements Plan (\$25,000). This plan is required before any real estate excise taxes (REET) can be spent. Projects must be in the Capital Improvements Plan or REET funds cannot be spent on that project. Currently two projects are identified for REET funds in the 2022 budget: preliminary engineering for moving the Loop Trail off the immediate Highway 141 right-of-way to excess WSDOT right-of-way and/or through private property via easements and the replacement of the Rheingarten Park playground equipment.

Purchase of Klickitat County Parcel – page 10, Parks

The City Council authorized the purchase of Klickitat County Parcel 03-10-2444-0010/00 located between Highway 14 and Dock Grade Road on February 2, 2022. The budget amendment covers the cost of that purchase (\$31,592).

Emergency Wastewater Line Replacement – page 49, Wastewater Reserve Fund

A main wastewater line that transmits White Salmon wastewater from White Salmon to Bingen has failed. Bingen provided a temporary fix. The mayor declared an emergency and the city has had an engineer and construction company review the work that needs to be done and is proceeding to get the work completed.

14-Inch Main Water Line Improvements – page 420, USDA Rural Development

The city has secured USDA Rural Development funding for the Phase I of the 14-inch Water Main Improvements project. The changes to the fund reflect monies coming and expenditures going out include providing for interim bank financing and paying off that financing by the end of the year. It is likely that the project will not be closed until 2023 depending on timing of bidding and construction.

ARPA Funding, page 8, Community Services

ARPA Funds have been separated out from know “contractual expenditures” and is shown as a separate line item. Per the recommendation of the Personnel and Finance Committee, the funds have not been allocated at this time for “pockets” of spending. The committee recommends that when specific projects come forward from the pockets a budget amendment will be completed allocating the specific funds for the specific project.

Revenue Cautions

Klickitat County has adopted the additional 0.5% sales tax option. Because of the way the state statutes are written, this means that the revenue the city receives from its additional 0.5 sales tax option is reduced by 15% or reducing the 0.5% to 0.425%. For every \$100 sold the city would have received \$0.50 (\$100 x 0.5%); we would now receive \$0.425 (100 x .425%) while the county will receive an extra \$0.075). The city received a total of \$669,310.61 in sales tax including the 0.5% option sales tax revenue. The budget currently provides for \$619,093 in sales tax revenue which is less than what the city received in 2021. Sales tax revenue is always budgeted conservatively because sales taxes association with construction makes up a large portion of that revenue. Staff will be keeping a close watch on this revenue during the year to see if any adjustments are necessary.

Washington State’s gas tax is based on price per gallon not a tax on the selling price. As gas prices continue to increase, staff expects that a reduction in the amount of gas taxes collected in the state

to reduce as consumers begin to use less gas because of the price. The taxes provided for in the Street Fund under “Multimodal Transportation” and “Fuel Tax” are based on a proportion of the state’s collected gas tax (proportioned be capita). Staff will closely watch the returns and adjust revenues as necessary.

Ending Balances per Financial Policies

A spreadsheet is attached that shows the ending policies as required by the city’s finance policies and actual ending balances based on the budget amendments.