



# 2025 Proposed Budget Report

Prepared for Chelan City Council  
By the Mayor & Finance Department

## Purpose of this Report

City staff are pleased to present the 2025 Budget Summary to the City Council. The purpose of this report is to consolidate key information provided in the 2025 Budget Workshop Process to provide a concise overview of the financial landscape.

The Mayor's Message and Executive Summary connects the efforts of the past year to upcoming plans for key initiatives and community priorities. The objectives are to provide the Council with insights into how current and ongoing efforts align with forthcoming projects while also highlighting commitment to long-term goals and strategic development. The strategic approach between recent achievements and future initiatives underscores the dedication to creating a vibrant, sustainable community.

The Budget Summary provides information regarding the City's primary funds: Operating (General, Parks, and Utility), Capital, and Debt Service/Special Purpose Funds. The [online 2025 Preliminary Budget](#) contains detailed information regarding all City funds, baseline budgets, Capital Investment Program projects and staffing proposals. We encourage the Council to review the [digital budget book](#) and request clarification or information necessary to ensure a confident understanding of the financial commitments, key initiatives, and priorities that shape the future of Chelan.



## Mayor's Message

### Erin McCardle, Mayor of Chelan

#### Welcome to the 2025 City of Chelan Budget

Dear Chelan City Council and Community,

It is my privilege to present the 2025 City of Chelan Budget Summary, a document reflecting the combined efforts, dedication, and insights from staff, council members, and our engaged citizens. Together, we continue to shape a thriving community that honors our unique local character while planning responsibly for the future. From our iconic lake to our vibrant downtown, we're committed to preserving what makes Chelan special, while implementing a vision to manage growth that enhances livability, stewards the natural environment, and keeps our community connected and resilient.

This past year has been marked by significant progress and accomplishments across City operations and initiatives. Below are some highlights that reflect our commitment to enhancing Chelan's future:

- **Community Engagement and Strategic Planning**

The Lake Chelan Vision Project was completed, gathering community input to identify core values. This foundational work has informed the City's first-ever Strategic Plan and will guide the 2026 Comprehensive Plan Update, shaping housing strategies, development, and economic goals.

- **Strengthening Our Workforce**

The hiring of an HR/Communications Director has transformed recruitment efforts, successfully filling seven critical roles, including Airport Operations Manager, Senior Planner, Parks Assistant Director, and Code Compliance Officer. These efforts have reduced reliance on costly consultants.

- **Improving the Staff Work Environment at City Hall**

Renovations to City Hall included individual office cubicles, fresh paint, and new carpeting in the Community Development department, fostering a more productive and comfortable workspace. Additional updates included replacing 20+ year-old carpeting throughout City Hall, further enhancing the overall work environment.

- **Parks and Recreation Improvements**

Adoption of the Comprehensive Parks, Recreation, and Open Space (PROS) Plan now provides long-term guidance for the Chelan park system. This PROS plan was also recognized as an exemplary model plan by the State of Washington. The City also launched the first Pocket Park on Park Street, enhancing public access to Lake Chelan.

- **Securing Project Funding**

The City worked closely with our strategic partners and legislators to secure funding for critical projects:

- Lake Chelan Airport Waterline – Representative Mike Steele
- East Chelan Reservoir Project - Representative Kim Schrier
- Washington Street Booster Pump Station - Chelan County
- Safe Streets for All – Federal funding
- Document Digitizing Project - Washington State Archives
- Sealcoat and Crack Sealing of Park Facilities – Washington State
- Comprehensive Planning Efforts – Department of Commerce
- Various Pedestrian Improvements – Transportation Improvement Board, Chelan Douglas Transportation Council, and Washington State Department of Transportation

- **Investment of ARPA Funding By December 2024**

In 2021, the City of Chelan received \$1,183,905 in American Rescue Plan Act (ARPA) funding. These funds have been thoughtfully allocated to projects that deliver lasting benefits to our community:

- **Chelan Food Bank Expansion:** \$200,000 was allocated for building expansion planning, enabling the Chelan Food Bank to secure an additional \$2 million from Representative Mike Steele for construction.
- **Washington Street Booster Pump Station Upgrades:** \$400,000 in ARPA funds, combined with \$300,000 from Chelan County, is funding critical upgrades. These improvements address water shortages, unlocking the potential for housing and emergency services projects that were previously on hold.
- **Lake Chelan Boys & Girls Club Tenant Improvements:** \$234,000 is supporting interior improvements for the Boys & Girls Club's space within the Lake Chelan Community Center, helping create a vibrant and functional environment for youth programming.
- **City Facilities Assessment:** \$349,905 was dedicated to assessing and auditing City facilities, laying the groundwork for future upgrades that will meet the needs of a growing community.

- **Advancing Innovation and Efficiency**

Progress toward digitizing public documents is nearly complete, with just one department remaining. This year alone, over 400 boxes of expired records were disposed, 25 boxes transferred to State Archives, and hundreds of documents scanned and made available in the Public Portal. Additionally, the Finance Department implemented ClearGov, a new budgeting platform that enhances transparency of City financials.

The Budget Summary represents a commitment to balance the service and infrastructure needs of our diverse and growing community with a commitment to fiscal conservatism, practicality, and a community vision of an economically and environmentally healthy and sustainable City. This budget was created by combining information from our 2017 Comprehensive Plan, the 2024 Lake Chelan Vision Project and the 2024 Community Strategic Plan and most importantly, community and Council feedback. We have carefully considered our priorities and values, focusing on fiscal responsibility, environmental sustainability, and a strong sense of community. Our ongoing vision for Chelan is one of an economically robust and environmentally conscious City, where essential services, public safety, and infrastructure align with the needs and aspirations of all residents.

This budget is built upon the City's vision: ***Chelan is a rural lakeside community surrounded by pristine natural beauty where generations of residents and visitors enjoy an exceptional quality of life.***

Which informs our long-range Guiding Principles:

- **Visionary & Strategic:** A City that is forward-thinking, collaborative and fiscally responsible.
- **Thriving & Connected:** A vibrant, well-planned City where residents have a sense of home.
- **Healthy & Sustainable:** A flourishing City that supports an active community.
- **Accessible & Welcoming:** A safe City where everyone can find community.

And the 2025-26 initiatives that move us forward towards achieving our Guiding Principles:

- **Manage Growth:** Foster balanced and equitable development while safeguarding our lake, preserving agricultural lands, and protecting iconic views for future generations.
- **Increase Community Engagement:** Actively involve the community early and consistently on key issues through accessible and inclusive communication methods.
- **Diversify Housing Options:** Enhance livability by providing a wide range of housing choices that cater to all income levels and meet the diverse needs of our community.
- **Modernize Infrastructure:** Invest in long-term infrastructure and facilities improvements to meet future community needs, while updating outdated policies and practices.
- **Establish a Long-Range Economic Strategy:** Collaborate with key partners and the local community to plan for Chelan's future economic development, aiming to build a thriving, year-round economy.

- **Enhance Youth & Family Well-Being:** Ensure Chelan's youth and families have access to plentiful recreational and cultural opportunities in a safe and welcoming environment.
- **Strengthen Strategic Partnerships:** Work together on key priorities and funding strategies with State and Federal representatives, Chelan County, Chelan County PUD, Chelan Douglas Regional Port Authority, and the Lake Chelan Chamber of Commerce.

These foundational elements drive the decision-making process on the critical work ahead of us in the next year as Chelan continues to implement a vision to manage growth that enhances livability, stewards the environment, and keeps our community connected and resilient, including:

- Supporting programs that promote accessible and sustainable housing through our use of the Affordable Housing Fund to aid our partners in the community.
- Investing additional resources in community engagement, being more transparent and including residents in the decision-making process.
- Improving the City's technology, security, operations, and being more innovative in our approach to leading.
- Maintaining critical infrastructure and planning for the rehabilitation of City buildings.
- Continuing efforts to secure funding for critical infrastructure which will provide wildfire protection and clean-drinking water redundancy for nearly half of our City.
- Heightening the focus on state and federal revenue growth opportunities and our legislative agenda.
- Promoting respect and inclusivity with bilingual communication efforts.
- Investing in our staff through competitive pay and benefits, and new leadership in Human Resources.
- Supporting youth programs such that all youth in the valley have access to recreational opportunities.
- Continuing to support shoulder season and winter economic development efforts that support our locally owned small businesses which create jobs and sustain families.
- Focusing on our Comprehensive Plan updates and developing a plan for long-term growth in our City.
- Giving back to Community Organization through our new Community Benefit Grant program.

Complete information on the 2025 budget, services, and programs can be found online in the [City of Chelan Digital Budget Book](#).

## Conclusion

The 2025 Budget encapsulates our dedication to fostering a community that is safe, sustainable, and thriving. I invite you to explore this document in detail and join us in envisioning a future where Chelan remains a place of beauty, opportunity, and community. I have enjoyed working side by side with professionals at the staff and council level and with an active and engaged citizenry. We are so fortunate to live and work in Chelan. With your support and engagement, we look forward to building a City that serves everyone and continues to grow responsibly and inclusively.

The community's ongoing feedback, questions, and ideas are vital to balancing the City's services with our resources. I look forward to hearing from you. You can contact me by phone at 509-682-8018 or email at [mayor@cityofchelan.us](mailto:mayor@cityofchelan.us). It has been an absolute pleasure representing the City of Chelan. Thank you for your commitment to Chelan, and I look forward to the journey ahead.

Sincerely,



Mayor Erin McCardle

# 2025 City of Chelan Budget Executive Summary

## *Building a Sustainable Future with Strategic Planning and Fiscal Responsibility*

The development of foundational plans, including the 2024 Lake Chelan Vision Project and the first City of Chelan Strategic Plan, has charted a clear course toward achieving the City's vision. These efforts, combined with sound fiscal policies and resilience in the face of pandemic recovery and economic challenges, have positioned the City to address funding gaps, invest in community-informed programs, and advance priority initiatives. The 2025 Budget reflects a balance between meeting the City's service needs and maintaining prudent fiscal management. It funds essential operations—administration, finance, legal, public safety, community development, streets, parks, utilities, and equipment replacement—ensuring the City continues to provide a high quality of life for its residents.

### Operating Budget

The City of Chelan is projecting \$22.49M of revenue in FY2025, which represents a 4.2% increase over the prior year. Budgeted expenditures are projected to decrease by 4.0% or \$926.27K to \$22.4M in FY2025. This reflects strategic adjustments to sustain operations, including cost realignments, payroll adjustments, and increases in health and property insurance. New positions and adjustments in parks and community development will help enhance service delivery across City departments. Notable highlights include:

- **Current Expense Funding:** Essential operations such as finance, legal, and community development are sustained to ensure effective service delivery. Public safety remains a priority, with continued collaboration with Chelan County Sheriff's Department for police services.
- **Personnel Adjustments:** To address Chelan's evolving workforce needs, we have included provisions for payroll adjustments, cost-of-living adjustments (COLA) and benefits. New and adjusted positions within Public Works, Parks and Admin will ensure adequate staff coverage and support improved response times across departments.
- **Insurance and Other Costs:** With rising costs in health, property, and liability insurance, we have re-evaluated and recalculated operation costs to reflect a more conservative spending model, prioritizing essential services and cost efficiency.
- **Community Engagement:** Significant investment in tools and efforts to engage with all the community and encourage citizens to be part of the decision-making process.
- **Public Safety:** Chelan remains committed to a safe and healthy environment for all Chelan residents and visitors. Our continued partnership with Chelan County Sheriff's Department strengthens community policing efforts, ensuring a well-protected and welcoming community.

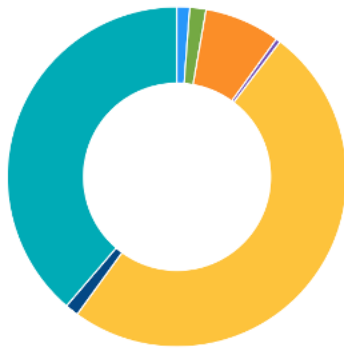
Name	FY2024 Adopted	FY2025 Budgeted
<b>Beginning Fund Balance:</b>	<b>\$15,148,941</b>	<b>\$14,491,168</b>
<b>Revenues</b>		
Taxes	\$5,646,081	\$5,723,895
Licenses and Permits	\$379,400	\$465,469
Intergovernmental Revenues	\$998,933	\$185,052
Charges for Goods and Services	\$11,283,985	\$12,563,833
Fines and Penalties	\$35,000	\$45,000
Miscellaneous Revenues	\$2,841,148	\$2,991,493
Other Financing Sources	\$403,613	\$852,000
<b>Total Revenues:</b>	<b>\$21,588,160</b>	<b>\$22,826,741</b>
<b>Expenditures</b>		
Other Decreases & Transfers Out	\$5,073,208	\$1,080,102
Salaries and Wages	\$6,085,547	\$6,872,409
Personnel Benefits	\$2,576,117	\$2,962,080
Supplies & Materials	\$1,703,025	\$1,807,650
Services	\$7,682,124	\$8,955,726
Professional Services	\$85,252	\$1,000
Capital Outlays	\$125,000	\$790,400
<b>Total Expenditures:</b>	<b>\$23,330,274</b>	<b>\$22,469,367</b>
<b>Total Revenues Less Expenditures:</b>	<b>(\$1,742,114)</b>	<b>\$357,375</b>
<b>Ending Fund Balance:</b>	<b>\$13,406,827</b>	<b>\$14,848,543</b>

## Capital Budget

The 2025-2030 Capital Improvement Program (CIP) is a cornerstone of Chelan's planning for the future. Coming off a year of reduced revenue growth and forecasting a small growth in 2025, the 2025 CIP is predominately highlighted by investments in City infrastructure, which has been building a fund balance over the past several years in anticipation for necessary projects. Capital projects are funded by a variety of sources such as project specific grants, discretionary income from operating funds (minus fund reserves), and certain restricted revenue resources such as Real Estate Excise Tax and a portion of the lodging tax.

Name	FY2024 Adopted	FY2025 Budgeted
<b>Beginning Fund Balance:</b>	<b>\$2,976,946</b>	<b>\$8,627,083</b>
<b>Revenues</b>		
Taxes	\$400,000	\$112,000
Intergovernmental Revenues	\$14,632,045	\$9,522,279
Miscellaneous Revenues	\$846,925	\$51,219
Other Financing Sources	\$2,178,149	\$431,900
<b>Total Revenues:</b>	<b>\$18,057,119</b>	<b>\$10,117,398</b>
<b>Expenditures</b>		
Other Decreases & Transfers Out	\$406,078	\$398,044
Supplies & Materials	\$125,000	\$0
Services	\$2,848,960	\$10,000
Capital Outlays	\$16,933,406	\$11,829,595
<b>Total Expenditures:</b>	<b>\$20,313,444</b>	<b>\$12,237,639</b>
<b>Total Revenues Less Expenditures:</b>	<b>(\$2,256,325)</b>	<b>(\$2,120,242)</b>
<b>Ending Fund Balance:</b>	<b>\$720,621</b>	<b>\$6,506,841</b>

The 2025 CIP is budgeted at \$9.3 million, spending by department is broken out as follows:



Capital Improvement (1%)	\$112,000.00
General Parks Capital (2%)	\$145,000.00
Public Works Shop (7%)	\$672,000.00
RV Park Capital (0%)	\$40,000.00
Sewer Capital (50%)	\$4,631,549.00
Streets Capital (1%)	\$120,000.00
Water Capital (39%)	\$3,612,417.00
<b>TOTAL</b>	<b>\$9,332,966.00</b>

Projects of significance to highlight include:

- **General Governmental Capital Projects:** A total of \$112,000 is earmarked for various community projects, with the majority dedicated to upgrading audio and visual technology in City Council chambers to improve community engagement.
- **Park Capital Projects:** Beach enhancements, utility vehicle replacements and upgrades to Parking Kiosks are planned for the Chelan Park system.
- **Water and Sewer Utility Upgrades:** With \$8.2 million dedicated to water and sewer utility projects, we are committed to maintaining high-quality utility services for all residents and businesses.
- **Transportation Projects:** With a small fund balance, there will be one project to fund until an additional revenue source is created, or the fund balance can be increased.

## Special Purpose Funds

### Lodging Tax

The City of Chelan is projecting \$1.48M of Lodging Tax Revenue in FY2025, which represents an 18.3% decrease over the prior year. The Housing and Tourism Promotion Funds reflect Chelan’s dedication to supporting affordable housing initiatives and promoting local tourism, which contributes significantly to our economy. These funds will help develop community resources and enhance Chelan as a destination for residents and visitors alike. The City of Chelan collects a 2% “basic” lodging tax as a credit against the 6.5% state sales tax (consumer does not see any tax increase) and a 3% “additional” lodging tax that is added to the City’s 8.4% sales tax. Increases in expenditures in 2025 include a 1-time hiring of Park Enforcement Security Services (\$100,000) and increases in contributions to Historic Downtown Chelan Association and Chelan Recreation Capital.

Name	FY2024 Adopted	FY2025 Budgeted
<b>Beginning Fund Balance:</b>	<b>\$4,849,975</b>	<b>\$5,256,478</b>
<b>Revenues</b>		
Taxes	\$1,750,000	\$1,400,000
Miscellaneous Revenues	\$55,000	\$75,000
<b>Total Revenues:</b>	<b>\$1,805,000</b>	<b>\$1,475,000</b>
<b>Expenditures</b>		
Lodging Tax Advertising-Chamber Support	\$700,000	
Lodging Tax- Chamber Wages		\$49,000
Lodging Tax- Chamber Supplies & Materials		\$21,500
Lodging Tax- Chamber Advertising/Marketing		\$433,000
Lodging Tax- Chamber Visitor Center		\$113,000
Lodging Tax- Chamber Legal & Prof Fees		\$42,500
Lodging Tax- Chamber Permits		\$1,000
Lodging Tax- Chamber Utilities		\$15,000
Lodging Tax- Chamber Insurance		\$25,000
Lodging Tax Advertising-HDCA Support	\$50,000	\$62,500
Lodging Tax Contribution-Chelan SD AAU Program	\$25,000	\$20,000
Lodging Tax Tran Out-TO #201 Marina Debt	\$97,471	\$97,471
Lodging Tax Tran Out-TO #110 Rstroom Maint	\$20,000	\$120,000
Lodging Tax Tran Out-TO #201 Beach Debt	\$40,381	\$40,395
Lodging Tax Tran Out-TO #310 Rec Capital	\$405,645	\$495,000
Lodging Tax Tran Out-TO #110 Rec M & O	\$60,000	\$60,000
<b>Total Lodging Tax:</b>	<b>\$1,398,497</b>	<b>\$1,595,366</b>
<b>Total Expenditures:</b>	<b>\$1,398,497</b>	<b>\$1,595,366</b>
<b>Total Revenues Less Expenditures:</b>	<b>\$406,503</b>	<b>(\$120,366)</b>
<b>Ending Fund Balance:</b>	<b>\$5,256,478</b>	<b>\$5,136,112</b>

## Affordable Housing

The City of Chelan is projecting \$15K of Affordable Housing Revenue in FY2025, which represents a 57.1% decrease over the prior year. The Housing Fund reflects Chelan's dedication to supporting affordable housing initiatives. Affordable Housing revenue is generated through 1-time contributions from the Lookout development on new home sales and small state-shared contribution.

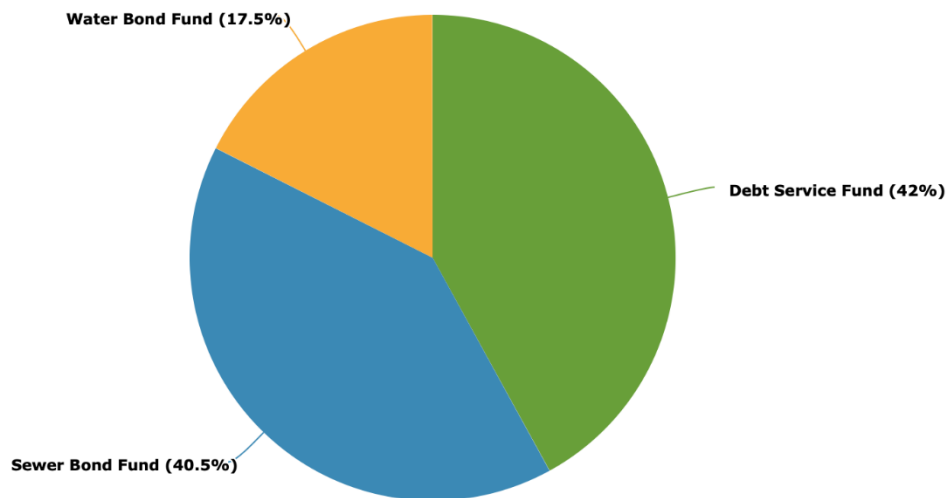
Name	FY2024 Adopted	FY2025 Budgeted
<b>Beginning Fund Balance:</b>	<b>N/A</b>	<b>\$169,267.00</b>
<b>Revenues</b>		
Taxes	\$15,000.00	\$15,000.00
Other Financing Sources	\$20,000.00	\$0.00
<b>Total Revenues:</b>	<b>\$35,000.00</b>	<b>\$15,000.00</b>
<b>Expenditures</b>		
Services	\$64,609.00	\$56,400.00
<b>Total Expenditures:</b>	<b>\$64,609.00</b>	<b>\$56,400.00</b>
<b>Total Revenues Less Expenditures:</b>	<b>(\$29,609.00)</b>	<b>(\$41,400.00)</b>
<b>Ending Fund Balance:</b>	<b>N/A</b>	<b>\$127,867.00</b>

## Debt Service Funds

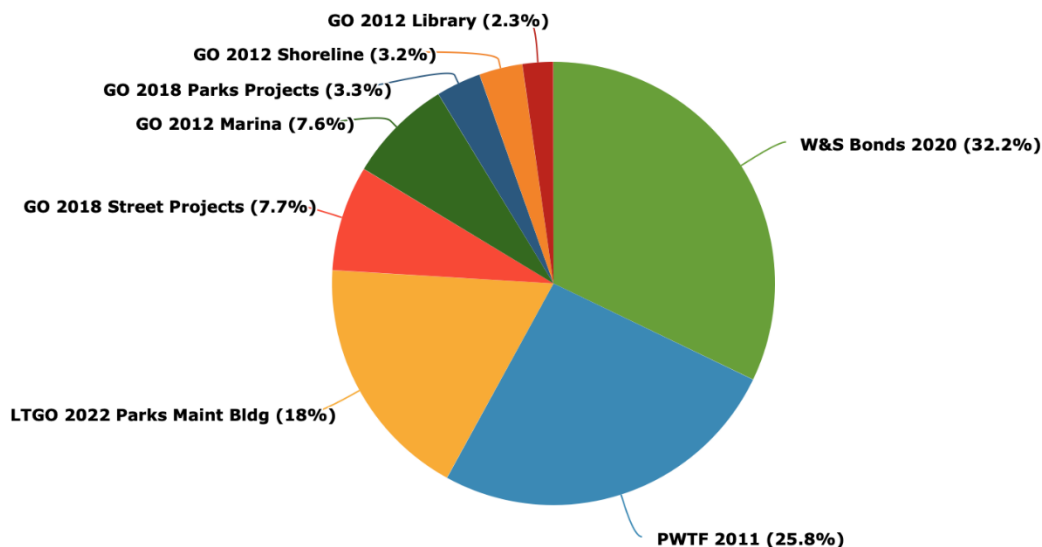
The City of Chelan is projecting \$1.28M of revenue in FY2025, which represents a 0.0% increase over the prior year. Budgeted expenditures are projected to increase by 0.0% or \$149.34 to \$1.28M in FY2025. Councilmanic Debt (Debt Service Fund) and Utility Debt Service (Water & Sewer Bond Funds) account for funding and subsequent loan payments to external creditors. The City will maintain adequate available debt capacity to ensure funding for major, high priority capital



projects. Funding for Councilmanic Debt comes from various sources including Real Estate Excise Tax and 2% Loding Tax Collections. Utility Debt is funded through collections from monthly utility rates and general facilities connection charges.



**Councilmanic Debt:** This fund is currently being used to pay debt for the purchase of the library building, Marina and Shoreline improvements, construction of the Parks Maintenance Building and Street Projects.  
**Water & Sewer Debt:** Projects include improvements to the Wastewater Treatment Facility as well as Collection System improvements.



## Citywide Personnel Summary

At the end of 2024, the City of Chelan has a total of 114 positions. To address Chelan's evolving workforce needs, we have included provisions for payroll adjustments, cost-of-living adjustments (COLA) and benefits. New and adjusted positions within Public Works, Parks and Admin will ensure adequate staff coverage and support improved response times across departments. The City of Chelan personnel breakdown:

Elected Officials	8
Non-Represented (+2 Proposed)	13
Full-Time Union (+2 Vacant)	47
Seasonal Non-Union (+2 Proposed)	49
Temporary Non-Union (+1 Proposed)	0

With the following key changes, the City integrates essential benefits, staffing, and pay structure improvements to support growth and retain talent:

- **Base Updates:** 3.08% COLA, 7.3% medical cost increase, 9.11% employer retirement rate, a 23% increase in Paid Family Medical Leave, and stable vision/life insurance costs.
- **Added Benefits:** City match of up to 5% of gross wages on a 457-retirement plan for non-represented employees.
- **New Positions:** Senior Planner (transition for John Ajax), Temporary Administrative Assistant, two seasonal Golf Maintenance Greenskeepers, and a Capital Project Manager for Public Works. Parks & Recreation will onboard a new Assistant Parks & Recreation Director/Capital Project Manager in December 2024, alongside addressing some seasonal position vacancies.
- **Wage Structure Adjustments:**
  - o Consolidation of wage scales to simplify payroll.
  - o Reclassification adjustments to manage salary compression between Director and Assistant Director roles and specific represented employees.
  - o Promotion of an employee to Records Manager/Admin Assistant due to certification.