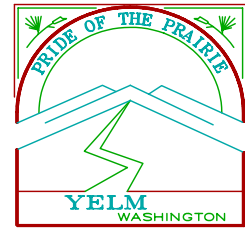


CITY OF YELM 2004 BUDGET SUMMARY



Date: November 18, 2003 (for November 25th Public Hearing on 2004 Budget)
To: Yelm City Council and interested members of the public
From: Mayor Rivas
RE: Highlights of 2004 Budget

RECOMMENDATION:

I recommend that the Public Hearing be opened on the 2004 Final Budget, allow for the staff report and public testimony, and continue the Hearing to the December 10th, 2003 Council Meeting at which time additional public testimony can be heard. The Hearing can then be closed and the 2004 Budget be adopted.

Summary:

Budget work sessions were held each Tuesday in October. "Hold-the-line" preliminary budgets were submitted by each Department Head in September. Estimates of 2003 year-end actual receipts were used as the basis for revenue projections in the major categories such as sales tax and business and occupation taxes. Estimates of projected new development were used to determine 2004 revenues from water and sewer monthly rates and water and sewer hookup fees.

Attached as **Exhibit B** is the 2004 Budget **Ordinance No. 794** which details the revenues and expenditures by fund. Copies of the full budget are available upon request. The following information, lists the major components of the year 2004 Budget:

Current/General Fund - revenues and expenditures total \$3,892,819 for 2004, an increase from 2003 of approximately 1.25%. Attached as **Exhibit A** is a breakdown of the major funding categories of the General Fund and approved project increases for 2004.

As per the voter-approved initiative the property tax revenue increase will be 1% (exclusive of new construction) which equates to an increase in city revenue in the amount of \$6,863 and an estimated 2004 property tax rate for Yelm residents of \$2.82 per 1000 of assessed valuation, down from \$2.88 in 2003.

The general fund budget maintains all current service levels. It proposes to add a half-time Code Enforcement Officer position in the Community Development Department. This new position would be responsible for enforcement of city codes such as land use and sign code violations, business/peddler license enforcement, garage sale enforcement and handicap parking violations.

General Fund projects, equipment, personnel related expenditures include:

- ▶ 16% increase in the City's insurance liability premium.
- ▶ 28% medical insurance premium increase.
- ▶ 19% increase in the Labor & Industry premiums.
- ▶ 2% COLA salary adjustment.
- ▶ Purchase of an electronic records management system to capture and store city documents, as well as a computer network upgrade.
- ▶ Purchase of a solar mobile traffic monitor to be shared between the Community Development, Public Works and Police Departments. The monitor will assist in promoting speed compliance as well as monitor volume of traffic and average traffic speed to assist in planning for future projects.
- ▶ A contract with the Yelm Area Chamber of Commerce for tourism-related services performed for the City.
- ▶ Ongoing financial support of the DARE program and school resource officer at Yelm High School.
- ▶ Ongoing support of the City's Animal Shelter located at the Public Works Facility.
- ▶ Completion of the permit tracking data base in the Community Development Department.
- ▶ Funding for outside assistance for Comprehensive Plan update work as required by statute, including the update to the Critical Areas Ordinance.
- ▶ Contract between the City and Timberland Regional Library.
- ▶ Contract for fire suppression services with Yelm Fire District.
- ▶ Annual transfer to the Municipal Building Fund for debt service on the Public Works Facility and land and remodel work at City Hall.
- ▶ Retire existing Rural Development Bond which financed the addition to City Hall formally occupied by Timberland Regional Library.
- ▶ Transfer to support work on Yelm Creek.
- ▶ Transfer to support the City's street maintenance program.
- ▶ Transfer to support the City's tree program.
- ▶ Transfer to support funding assistance for the 510/507 Loop.

Special Project Funds

- ▶ Tree Fund - provides ongoing maintenance to Yelm's Urban Forest and local tree events (including the Neighborhood Tree Program).
- ▶ Tourism Promotion Fund – Dollars allocated to park and museum projects.
- ▶ Yelm Creek Project Fund – A grant from the U.S. Fish and Wildlife, along with City funds, will be used for re-channelization and planting of Yelm Creek north of 103rd Street.
- ▶ Longmire Community Park – Because of the generous contribution of the U.S. Army and Miles Sand and Gravel, construction of Phase 1 of this park will be completed in year 2004. This phase will include 2 Little League fields, a regulation soccer field, basketball court, trail system, extension of the reclaimed water line and related parking facilities.
- ▶ 103rd Street Improvement Fund – In 2003, 90% of the engineering and design work for the street improvement project (from West Road to Creek Street) was completed with revenue from a federal grant (TEA-21) and local dollars from the city's Transportation Facilities Charge Fund. The City has applied for construction dollars from the State Transportation Improvement Board and is awaiting a response.
- ▶ Stevens Street Improvement Fund – In 2003, design was initiated including the appraisal and survey work needed for right-of-way acquisition. Plans for 2004 include completion of design, right-of-way acquisition and construction.
- ▶ Railroad Fund – In year 2004, the remaining federal dollars (\$35,000) from the railroad acquisition grant will be expended to begin work on the trail on the north side of Yelm Ave. at the beginning of the rail line owned by the City.
- ▶ 510/507 Loop (Y-2/Y-3 Alternative Loop) – Monies have been budgeted to obtain funding assistance from both State and Federal sources for engineering, right-of-way acquisition and construction of the northerly 510/507 loop.
- ▶ Cumulative Reserve and Urban Development – The Urban Development portion of this fund will be used to assess the economic development opportunities of the Yelm Industrial Area to broaden and strengthen the City's employment base. In addition, development of the Yelm-Roy Prairie Line including establishment of an operator, will be supported from this fund.

Water Department

- ▶ Project and design work will continue on the capital projects identified in the 2002 Comprehensive Water Plan update. Water system improvements necessary to - meet the current demand on our system and to provide for future population and business expansion are estimated at 3 million dollars and include a new 500,000 -gallon potable water reservoir that will provide additional water storage, increase fire-flow, provide emergency backup, and provide the ability to repair the Baker Hill tank; a touch-read and meter replacement system; hydrant locks; asbestos concrete pipe replacement; upgrades to our existing wells; extension of the reclaimed water line to the Yelm High School and a 500,000 gallon reclaimed water tank to allow the city to continue to diversify the uses of reclaimed water and improve upon our water conservation program; as well as begin the investigation work for the acquisition of new water rights. The funding structure includes the new block rates, low interest loan money from the Departments of Ecology and Health and a revenue bond.
- ▶ Monthly water rates for residential and commercial customers will remain at the 2003 level.

Sewer/Reclaimed Water Department

- ▶ Work has begun to update the economic analysis of the sewer/reclaimed water department now that there is 3 years of operational history to work from. The initial analysis (which set the present rate structure) was done prior to the completion of the system with no operational history or similar type projects in Washington State to use as comparisons. Preliminary work does show that the current rate structure does not support the cost of operating the system and make the necessary debt payments in the future. The Council will be reviewing the analysis in early 2004 and make recommendations on rate and/or hookup fee increases.

Stormwater Department

- ▶ The 2004 budget plans to begin implementation of the stormwater department. Focus will be on formation of a “stormwater team”, staff training, inventory of existing stormwater facilities (private & city owned), ordinance revision and adoption, fee implementation and public outreach and education. This program

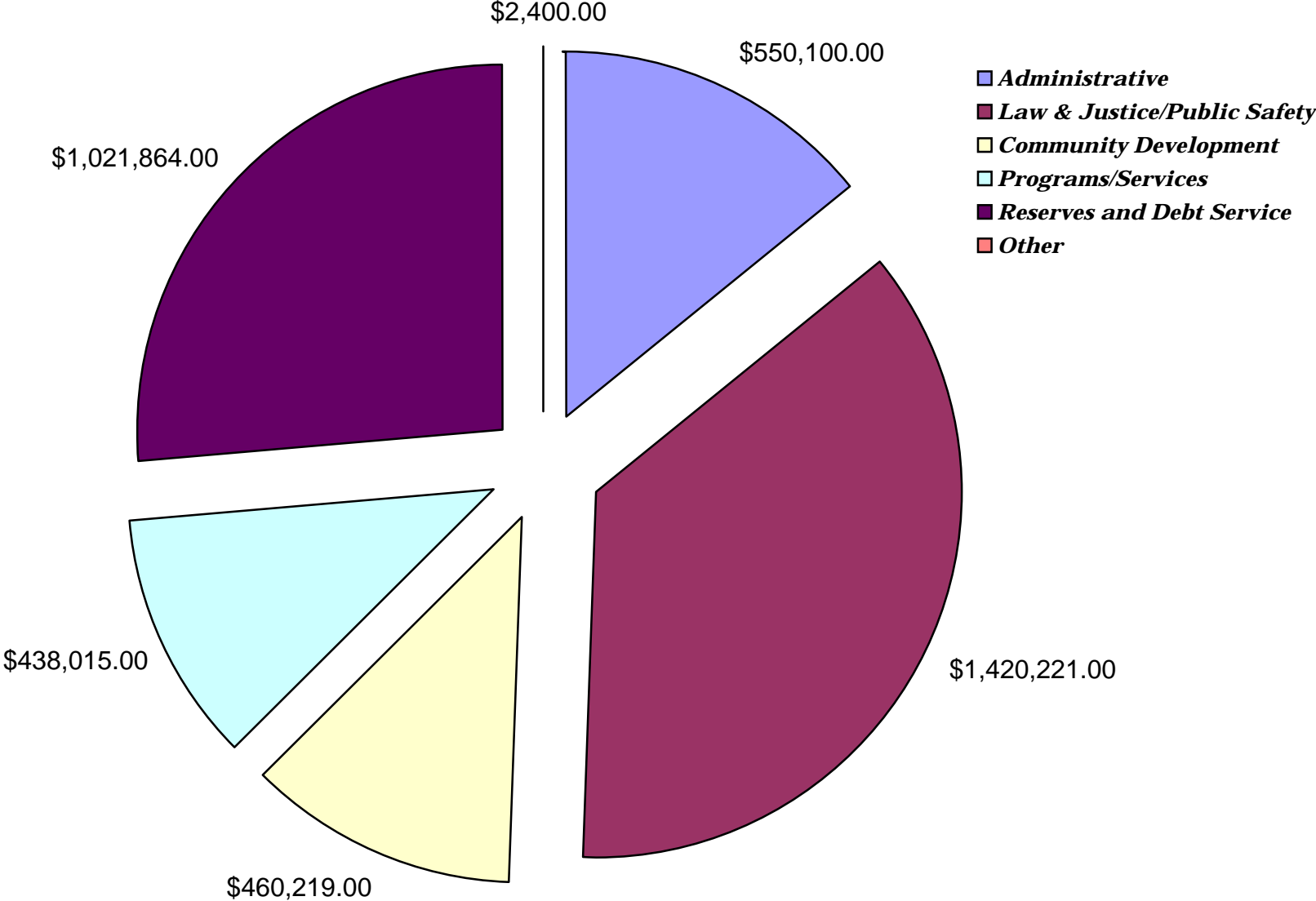
is in response to the US EPA Clean Water Act to ensure water quality management to protect our critical shallow aquifer and surface water within Yelm's city limits.

2004 CITY OF YELM BUDGET

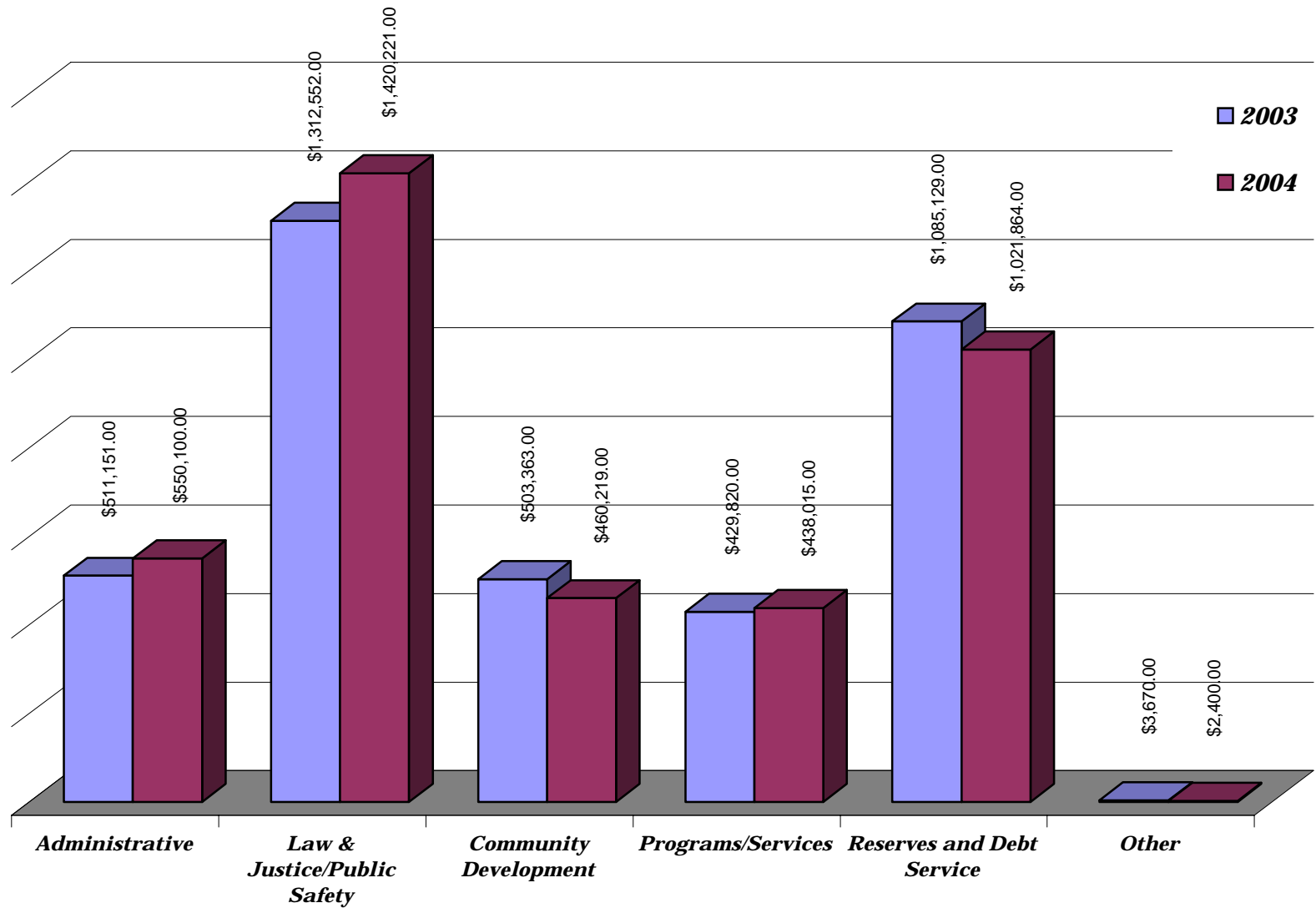
CURRENT/GENERAL FUND DETAIL

CURRENT/GENERAL FUND	BUDGET APPROPRIATION		APPROVED PROJECT INCREASES FOR 2004
	2003	2004	
Administrative	\$ 511,151.00	\$ 550,100.00	Electronic Records Management System, Computer Network Upgrade
Includes: Legislative, Executive, Legal, Administrative/Financial Services			
2004 Increase Approximately 7%		\$ 38,949.00	
Law & Justice/Public Safety	\$ 1,312,552.00	\$ 1,420,221.00	Mobile Traffic Monitor, Mobile Computer Terminal
Court, Police, Fire, Prisoner Support			
2004 Increases, Approximately 8%		\$ 107,669.00	
Community Development	\$ 503,363.00	\$ 460,219.00	Part-time Code Enforcement Officer, Computer Network Upgrade,
Building, Engineering, Planning			
2004 Decreases, Approximately 8%		\$ (43,144.00)	
Programs/Services	\$ 429,820.00	\$ 438,015.00	Y-2/Y-3 Street Project Funding Assistance, City Hall Irrigation System, Tree Maintenance/Pruning
Streets, Parks, Library, Tree City, Historic Presv, Community Support			
2004 Increases, Approximately 2%		\$ 8,195.00	
Reserves and Debt Service	\$ 1,085,129.00	\$ 1,021,864.00	Retire existing Rural Development Bond
2004 Decreases, Approximately 6%		\$ (63,265.00)	
Other	\$ 3,670.00	\$ 2,400.00	
2004 Decreases, Approximately 30%		\$ (1,270.00)	
TOTAL APPROPRIATION	\$ 3,845,685.00	\$ 3,892,819.00	
2004 Overall Increase			
Approximately 1.25%		\$ 47,134.00	

Current/General Fund 2004



Current/General Fund 2003/2004



**CITY OF YELM
2004 BUDGET OVERVIEW
ORDINANCE NO. 794**

FUND NUMBER	REVENUE FUND DESCRIPTION	BEGINNING NET CASH/INVEST.	REVENUE APPROPRIATION	TRANSFER TYPE	TRANSFER AMOUNT	TOTALS
001	Current/General Fund	\$ 1,254,019.00	\$ 2,638,800.00			\$ 3,892,819.00
101	City Street Fund	\$ 30,000.00	\$ 54,050.00	1	\$ 211,040.00	\$ 295,090.00
102	Arterial Street Fund	\$ 27,400.00	\$ 25,947.00			\$ 53,347.00
104	Cumulative Reserve/Econ Development	\$ 623,500.00	\$ 2,500.00			\$ 626,000.00
104	Park Reserve	\$ 6,730.00	\$ 150.00			\$ 6,880.00
106	Emergency/Disaster	\$ 18,650.00	\$ 130.00			\$ 18,780.00
107	Tourism Promotion	\$ 50,720.00	\$ 6,350.00			\$ 57,070.00
108	Contingency Fund	\$ 158,006.00				\$ 158,006.00
109	YPD DARE Program	\$ 15,307.00	\$ 20,000.00	1	\$ 20,000.00	\$ 55,307.00
110	YPD Special Projects Fund	\$ 958.00				\$ 958.00
112	Five Corners GO Bond	\$ 10,300.00		2,3	\$ 25,640.00	\$ 35,940.00
114	Y2/Y3 Corridor	\$ 20,600.00		1	\$ 32,000.00	\$ 52,600.00
116	Tree Fund	\$ 5,000.00	\$ 450.00	1	\$ 13,282.00	\$ 18,732.00
118	Park Fee-In-Leiu Of	\$ 61,000.00	\$ 5,000.00			\$ 66,000.00
119	Deposits					\$ -
120	Transportation Facilities Charges	\$ 123,500.00	\$ 50,000.00			\$ 173,500.00
197	Community Development Block Grant	\$ 89,000.00	\$ 750,300.00			\$ 839,300.00
202	1993 Rural Development (FMHA) Bond	\$ 230.00		2,3	\$ 125,131.00	\$ 125,361.00
203	1999 Sewer Revenue Bond/Loans	\$ 57,132.00		2,3	\$ 216,281.00	\$ 273,413.00
204	1999 Sewer Bond/Loan Reserves	\$ 71,000.00	\$ 1,000.00	2,3	\$ 87,103.00	\$ 159,103.00
302	Municipal Building Fund	\$ 236,400.00	\$ 1,000.00	2,3	\$ 126,500.00	\$ 363,900.00
310	Yelm Avenue West Construction					\$ -
312	Yelm Creek Project	\$ 8,600.00	\$ 9,400.00			\$ 18,000.00
314	Longmire Community Park Construction	\$ 67,000.00				\$ 67,000.00
316	103rd/Stevens Street Construction	\$ 47,740.00	\$ 576,106.00			\$ 623,846.00
400	Stormwater	\$ 15,000.00	\$ 24,015.00			\$ 39,015.00
401	Municipal Water	\$ 617,900.00	\$ 781,500.00			\$ 1,399,400.00
402	Utility Consumer Deposits					\$ -
403	Garbage/Recycling	\$ 3,500.00	\$ 1,000.00			\$ 4,500.00
404	Water Capital Improvement	\$ 613,948.00	\$ 3,000.00	2,3	\$ 200,000.00	\$ 816,948.00
405	2003 Water Revenue Bond Redemption	\$ 2,585.00		2,3	\$ 202,500.00	\$ 205,085.00

**CITY OF YELM
2004 BUDGET OVERVIEW
ORDINANCE NO. 794**

FUND NUMBER	EXPENSE FUND DESCRIPTION	2004 APPROPRIATION	CAPITAL PURPOSES & RESERVES	TRANSFER TYPE	TRANSFER AMOUNT	FUND TOTAL
001	Current/General Fund	\$ 2,594,633.00	\$ 771,093.00	1, 2	\$ 527,093.00	\$ 3,892,819.00
101	City Street Fund	\$ 295,090.00				\$ 295,090.00
102	Arterial Street Fund	\$ 4,238.00	\$ 49,109.00			\$ 53,347.00
104	Cumulative Reserve/Econ Development		\$ 626,000.00			\$ 626,000.00
104	Park Reserve		\$ 6,880.00			\$ 6,880.00
106	Emergency/Disaster	\$ 18,780.00				\$ 18,780.00
107	Tourism Promotion	\$ 56,620.00	\$ 450.00			\$ 57,070.00
108	Contingency Fund		\$ 158,006.00			\$ 158,006.00
109	YPD DARE (School Resource Officer)	\$ 45,307.00	\$ 10,000.00			\$ 55,307.00
110	YPD Special Projects Fund	\$ 958.00				\$ 958.00
112	Five Corners GO Bond	\$ 35,940.00				\$ 35,940.00
114	Y2/Y3 Corridor	\$ 52,600.00				\$ 52,600.00
116	Tree Fund	\$ 18,732.00				\$ 18,732.00
118	Park Fee-In-Leiu Of	\$ 66,000.00				\$ 66,000.00
119	Deposits	\$ -				\$ -
120	Transportation Facilities Charges		\$ 173,500.00			\$ 173,500.00
197	Community Development Block Grant	\$ 750,000.00	\$ 89,300.00			\$ 839,300.00
202	1993 Rural Development (FMHA) Bond	\$ 125,361.00				\$ 125,361.00
203	1999 Sewer Revenue Bond/Loans	\$ 267,325.00	\$ 6,088.00			\$ 273,413.00
204	1999 Sewer Bond/Loan Reserves		\$ 159,103.00			\$ 159,103.00
302	Municipal Building Fund	\$ 333,655.00	\$ 30,245.00			\$ 363,900.00
310	Yelm Avenue West Construction					\$ -
312	Yelm Creek Project	\$ 18,000.00				\$ 18,000.00
314	Longmire Community Park Construction		\$ 67,000.00			\$ 67,000.00
316	103rd/Stevens Street Construction		\$ 623,846.00			\$ 623,846.00
400	Stormwater	\$ 28,186.00	\$ 10,829.00			\$ 39,015.00
401	Municipal Water Fund	\$ 509,403.00	\$ 487,497.00	2,3	\$ 402,500.00	\$ 1,399,400.00
402	Utility Consumer Deposits					\$ -
403	Garbage/Recycling	\$ 1,500.00	\$ 3,000.00			\$ 4,500.00
404	Water Capital Improvement	\$ 38,000.00	\$ 752,448.00	2,3	\$ 26,500.00	\$ 816,948.00
405	2003 Water Revenue Bond Redemption	\$ 202,310.00	\$ 2,775.00			\$ 205,085.00

**CITY OF YELM
2004 BUDGET OVERVIEW
ORDINANCE NO. 794**

FUND NUMBER	EXPENSE FUND DESCRIPTION	2004 APPROPRIATION	CAPITAL PURPOSES & RESERVES	TRANSFER TYPE	TRANSFER AMOUNT	TOTALS
406	2003 Water Revenue Bond Reserve		\$ 202,150.00			\$ 202,150.00
407	(Sewer) LID #1 Revenue Bond Payment	\$ 222,300.00				\$ 222,300.00
412	Sewer/Reuse Operations/Maintencance	\$ 892,498.00	\$ 32,167.00	2,3	\$ 330,685.00	\$ 1,255,350.00
415	SRL3118 Sewer Loan Repayment/Rsv.	\$ 97,110.00	\$ 55,491.00			\$ 152,601.00
416	(Sewer) LID #1 Revenue Bond Reserve		\$ 109,650.00	2	\$ 69,800.00	\$ 179,450.00
430	Shortline Railroad	\$ 36,278.00				\$ 36,278.00
431	Water Construction Fund	\$ 141,266.00	\$ 2,782,724.00			\$ 2,923,990.00
						\$ 15,418,019.00
	2004 PROJECTED EXPENSES	\$ 6,854,094.00	\$ 7,209,351.00		\$ 1,356,578.00	\$ 15,418,019.00
Transfer types: 1 = Operating Transfers, 2 = Debt Service Transfers, 3 = Equity/Reserve/Capital Transfers						
Fund 001, Current/General Fund - provides the following services:						
Support for Legislative/Executive/Administrative/Financial Services \$550,100						
Public Safety/Law & Justice: Court, Police, Fire, Detention/Correction, Animal Control, \$1,420,221						
Community Development Services (Building, Engineering, Planning) \$460,219						
Programs/Services: Parks, Library, Historic Preservation, Tree City, Community Support, \$438,015						
Debt Service Costs: \$250,771						
Reserves: \$771,093						
Miscellaneous: \$2,400						
Dedicated Funds - provide services, fund programs, fund capital expenditures and/or repay debt						
Debt Service Payments and Debt Reserve Funds: 112, 202, 203, 204, 302, 405, 406, 407, 415, 416						
Road/Street (Capital Expenditure) Project Funds: 101, 102, 114, 120, 310, 316						
Utility/Enterprise Funds: 400, 401 412						
Special/Dedicated Projects Funds (may include capital expenditures): 106, 107, 109, 110, 116, 197, 302, 312, 314, 403, 430, 431						
Funds 119 and 402 are Trust Accounts; money held for a period of time but not belonging to the City						

**CITY OF YELM
2004 BUDGET OVERVIEW
ORDINANCE NO. 794**

	A	B	C	D	E	F
1	2004 BUDGET TRANSFERS					
2						
3	TRANSFER	TRANSFER	TRANSFERRING FUND	TRANSFERRING FUND	RECEIVING FUND	RECEIVING FUND
4	AMOUNT	TYPE	DESCRIPTION	NUMBER	DESCRIPTION	NUMBER
5						
6	\$ 211,040.00	1	Current/General Fund	001 000 000 597 00 00 00	City Streets	101 000 000 397 00 00 00
7	\$ 20,000.00	1	Current/General Fund	001 000 000 597 00 03 00	YPD DARE/Resource Officer	109 000 000 397 21 01 00
8	\$ 13,282.00	1	Current/General Fund	001 000 000 597 00 05 00	Tree (Program) Fund	116 000 000 397 00 05 00
9	\$ 100,000.00	1,2,3	Current/General Fund	001 000 000 597 10 00 00	Municipal Building Fund	302 000 000 397 10 00 00
10	\$ 125,131.00	2,3	Current/General Fund	001 000 000 597 80 08 00	1993 Rural Development Bond	202 000 000 397 72 00 00
11	\$ 25,640.00	2,3	Current/General Fund	001 000 000 597 95 63 04	Five Corners Bond Pymt	112 000 000 397 00 06 00
12	\$ 32,000.00	1	Current/General Fund	001 000 000 597 40 09 00	Y2/Y3 Corridor	114 000 000 397 40 09 00
13	\$ 527,093.00		CURRENT FUND TOTAL			
14						
15	\$ 200,000.00	3	Municipal Water Fund	401 000 000 34 63 01 00	Water Capital Reserve	404 000 000 397 34 63 01
16	\$ 200,000.00	2,3	Municipal Water Fund	401 000 000 597 80 72 00	2003 Water Bond Pymt	405 000 003 397 80 72 00
17	\$ 2,500.00	2,3	Municipal Water Fund	401 000 000 597 80 72 01	2003 SRL Water Loan Pymt	405 000 004 397 80 72 00
18	\$ 402,500.00		WATER FUND TOTAL			
19						
20	\$ 26,500.00	2,3	Water Capital Reserve	404 000 000 597 19 62 00	Municipal Building Fund	302 000 001 397 19 62 00
21						
22	\$ 69,800.00	2,3	LID#1 Guarantee	416 000 000 597 02 00 00	99 Swr Bond/Loan Reserves	204 000 000 397 02 00 00
23						
24	\$ 97,101.00	2,3	Sewer Operations	412 000 000 597 35 70 01	2003 State Loan Pymt	415 000 000 397 35 70 00
25	\$ 216,281.00	2,3	Sewer Operations	412 000 000 597 80 72 00	1999 RDA Bond Pymt	203 000 000 397 00 00 00
26	\$ 17,303.00	2,3	Sewer Operations	412 000 000 597 89 00 00	1999 RDA Bond Reserve	204 000 000 397 00 00 00
27	\$ 330,685.00		SEWER FUND TOTAL			
28						
29	\$ 1,356,578.00		TOTAL 2004 TRANSFERS			
30		1	Operating Transfers	Operating Transfers are made to funds lacking sufficient dedicated funding to support activity.		
31		2	Debt Service Transfers	Debt Service Transfers pay bond or loan payments for existing debt.		
32		3	Equity/Reserve/Capital	E/R/C Transfers open/close funds, meet reserve requirements or pay for capital costs.		

Appendix II City of Yelm Elected Official/Employee Position Classification Salary Schedule			
Classification	Classification Number	Annual Minimum	Annual Maximum
Assistant Planner	100	\$39,168	\$46,764
Bailiff	150	\$15 per hour	\$15 per hour
Building Official	200	\$40,392	\$48,228
CA Administrative Assistant	250	\$31,824	\$38,004
Certified Court Interpreter	300	\$40-\$55 per session	\$40-\$55 per session
City Administrator (CA)	350	\$65,484	\$78,192
City Clerk/Treasurer	400	\$50,184	\$59,928
Civil Service Secretary	450	\$10.20 per hour	\$10.20 per hour
Code Enforcement Officer	475	\$14.35 per hour	\$14.35 per hour
Community Development – Director	500	\$53,244	\$63,576
Community Development – Administrative Assistant, p/t	550	\$25,704	\$30,696
Councilmembers	600	\$2,100	\$2,100
Court Administrator	650	\$38,556	\$46,032
Court Clerk	700	\$26,928	\$32,148
Deputy City Clerk	750	\$29,376	\$35,076
Engineer	800	\$46,884	\$55,980
Judge	850	\$23,436	\$23,436
Judge Pro-Tem	900	\$35 per hour	\$35 per hour
Mayor	950	\$7,344	\$12,240
Accounting Clerk/Ofc. Asst.	1000	\$26,256	\$31,356
Office Assistant, p/t	1050	\$24,300	\$29,016
Police Chief	1100	\$55,080	\$65,772
Police Dept. Admin. Asst.	1150	\$29,988	\$35,808
Police Detective	1200	Addt. 3% over Officer pay step	Addt. 3% over Officer pay step
Police Officer	1250	\$36,720	\$43,836
Police Records Clerk	1300	\$26,616	\$31,788
Police Sergeant	1350	\$46,692	\$49,536
Program/Project Manager	1400	\$43,452	\$51,888
Provisional Officer – Temp.	1450		
Public Works (PW) – Administrative Assistant, p/t	1500	\$29,988	\$35,808
PW Animal Control Officer	1550	\$1,200	\$1,200
PW Director	1600	\$50,184	\$59,928
PW Mtc. Worker/Equipment – Operator	1650	\$31,824	\$38,004
PW Mtc./Mechanic	1700	\$34,272	\$40,920
PW Mtc./Streets/Parks	1750	\$28,152	\$33,612
PW Office Asst., Temp./Part-time	1775		
Reserve Officer	1800	\$10.20 per hour	\$10.20 per hour
Senior Accounting Clerk	1850	\$33,048	\$39,456
Water Plant Operator	1900	\$35,496	\$42,384

APPENDIX III CITY OF YELM 2004 BENEFIT SCHEDULE

All regular full-time and regular part-time employees are eligible to participate in the benefits listed below. Regular part-time employees receive benefits pro-rated according to hours worked. Unless approved by the Mayor/City Administrator, benefit eligibility is limited to the employee only until completion of the trial period.

SICK LEAVE

Sick leave accumulates at the rate of one (1) equivalent workday per month. Upon termination of employment for reasons other than dismissal for misfeasance or malfeasance, each employee will be paid for twenty-five percent (25%) of the total number of accumulated sick leave days at the rate of pay applicable for such employee. However, the payment for accumulated sick leave shall not exceed an amount equal to one month of gross salary or equivalent wage.

PAID VACATION

Each employee covered by this agreement shall be entitled to vacation with pay. Unless approved by the Mayor/City Administrator, new employees must satisfactorily complete their trial period to be entitled to use accrued vacation leave.

Vacation leave accrues monthly. With the exception of police officers who are covered under a union contract, each regular full-time employee is entitled to vacation leave as follows:

Year of Employment	Vacation Days Earned Per Year
First and Second Year	10 days p/year
Third and Fourth Year	13 days p/year
Fifth - Ninth Year	15 days p/year
Tenth - Fourteenth Year	18 days p/year
Fifteen or more	20 days p/year

MEDICAL, DENTAL, AND VISION INSURANCE BENEFITS

Regular full-time and regular part-time employees (pro-rata basis benefits) are eligible to participate in the City's medical insurance program. Employee's families are also eligible to participate following successful completion of the employee's trial period. The City contribution to this benefit is 100% for employees and 80% for eligible family members.

Current insurance company policy requires 100% participation in dental and vision programs by all "Regular" full-time and/or part-time employees. Policy also permits a maximum of 25% of all "Regular" full-time and/or part-time employees to forego participation in the City sponsored medical plan. "Regular" full-time employees choosing not to participate receive a monthly payment of \$100 instead of insurance. "Regular" part-time employees receive one half of the stipend amount. Dental and vision benefits for employees and eligible family members remain active when choosing this option.

**APPENDIX III
CITY OF YELM 2004 BENEFIT SCHEDULE**

RETIREMENT

All employees participate in the Social Security program with the city paying a matching contribution. Police officers are eligible for participation in the LEOFF II retirement program. Other employees participate in the state PERS I, II or III, program. The city's contribution is determined by the program and is subject to adjustments at various times throughout the year.

Employees may elect to participate in a state sponsored deferred compensation program. The city does not contribute to this program.

OTHER

The city provides state worker's compensation and unemployment insurance for employees. Coverage costs are determined by the program.

PAID HOLIDAYS

The following holidays are recognized by the city:

New Years Day.....	January 1
Martin Luther King's Birthday.....	3rd Monday in January
President's Day.....	3rd Monday in February
Memorial Day.....	Last Monday in May
Independence Day.....	July 4
Labor Day.....	1st Monday in September
Veteran's Day.....	November 11
Thanksgiving Day.....	4th Thursday in November
the Day after Thanksgiving.....	4th Friday in November
Christmas Day.....	December 25
One "Floating" Holiday.....	Date selected by Employee