April 7, 2026
5:15 PM

CITY OF CHELAN
CITY COUNCIL WORKSHOP AGENDA

Chelan City Hall
Council Chambers

1. CALL TO ORDER AND ROLL CALL
2. JOINT MEETING WITH THE CHELAN DOUGLAS REGIONAL PORT AUTHORITY
   A. CALL TO ORDER AND ROLL CALL
3. AGENDA CHANGES
4. WORKSHOP DISCUSSION TOPICS
   A. Chelan Valley Economic Update (City Administrator McAloon)
   B. Joint Meeting with the Chelan Douglas Regional Port Authority (City Administrator McAloon)
   C. Lake Chelan Chamber of Commerce Quarterly Report (Executive Director Mike Steele/City Administrator McAloon)
   D. Short Term Rental Cap (Community Development Director Ajax)
   E. Ordinance No. 2026-16XX Budget Amendment No. 2 (Finance Director Evans)
   F. PPC Solutions, Inc. dba Phoenix Protective Corp Professional Services Agreement for Security Services in City Parks (Parks and Recreation Director Cooper)
5. MOTION CONSIDERATION
   A. Resolution No. 2026-1479 Public Works Construction Night Shift Differential (City Administrator McAloon)
6. CITY ADMINISTRATOR AND DEPARTMENT REPORTS
7. MAYOR AND COUNCIL COMMENTS
8. ADJOURNMENT

Our Vision

Chelan is a rural lakeside community surrounded by pristine natural beauty where generations of visitors and residents enjoy an exceptional quality of life.

Our Guiding Principles & Outcomes

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.

The next meeting will be a City Council Regular Meeting on April 14, 2026, beginning at 5:15 p.m. in Council Chambers, 135 E. Johnson Avenue, Chelan, Washington.
A City Council meeting packet is available for review on the City’s Website: City of Chelan under Government

- City Council Meetings & Agendas.

CHELAN

Economic Situation Analysis

A Data Briefing for Council, Port Commission & Chamber Board

15+	**4**	**9**	**April '26**
Years of Tax & Employment Data Analyzed	Benchmark Years	Data Sources	Council Workshop

Data: WA DOR · Census OnTheMap · Placer.ai · BERK Tourism Study · WA ESD · ACS Census · Redfin/Rocket Homes · 2026 City of Chelan Adopted Budget · 2026 DRAFT City Comp Plan

Agenda

01

How the City Is Funded

Operating funds revenue sources & expenses

02

What the Economy Looks Like

Retail sales, sector mix & employment

03

Strategic Risks & Pressure Points

Construction dependency, tourism compression & missing anchors

04

Path Forward

Year-round strategy, KPIs & next steps

Executive Summary

Chelan has grown, but the pattern of growth appears less balanced and less year-round than the City may want over time.
- A lot of the recent growth is tied to construction and visitor-driven activity, while the year-round sectors that typically help stabilize a small community make up a smaller share of the economy than they used to.

Chelan remains strongly dependent on peak summer activity.
- Compared with Leavenworth, Chelan's retail sales and lodging activity remain much more concentrated in peak summer months, with weaker shoulder- and winter-season performance.

City cost pressures are rising faster than core inflation-adjusted revenues, raising long-term budgeting questions.
- That does not mean Chelan is in crisis. It does mean the current pattern is putting more pressure on the City to think carefully about long-term stability, not just short-term growth.

The purpose of this workshop is to help frame that discussion.
- The question in front of us is not whether Chelan has strengths — it clearly does. The question is how we build on those strengths in a way that creates more year-round stability for residents, businesses, and the City itself through emerging opportunities tied to the airport and other non-tourism sectors.

REGIONAL CONTEXT

Chelan County: The Big Picture

$675.5M
Visitor Spending
2024 (record high, +30% in 5 yrs)

$722K
Median Home Price
in city (+67% since 2020)

$57.5K
Average Annual Wage
(only 62% of WA state avg)

3.8%
Unemployment Rate
(below WA state avg of 5.1%)

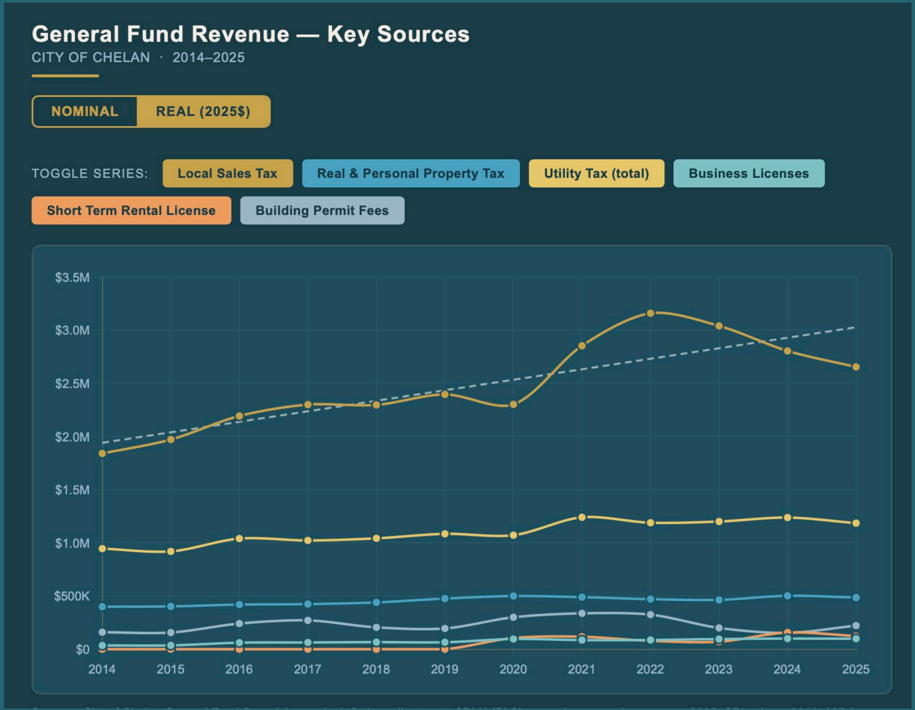
Regional Conditions to Plan Around

Tourism is a major county economic driver, but the region also faces persistent planning challenges: lower-than-state-average wages, housing affordability pressure, and wildfire risk.

Source: BERK Tourism Study Feb 2026 · WA ESD · ACS Census · Redfin/RocketHomes

PART 1: HOW THE CITY IS FUNDED

Historical General Fund Revenue Trends *(Inflation Adjusted)*



Key Sources Grew

+41% real

CAGR 3.2%/year | Avg. increase of $126,185/year

Business Licenses

+180%

a genuine positive sign of expansion of local business

Utility Tax

+24%

One of the steadiest long-term revenue sources

Property Tax

+22%

Slow stable growth

Permit Revenue

2021 Peak

Cyclical revenue, not durable year-round strength

STR Revenue

$123K

A new revenue source, also linked to tourism

City Implication

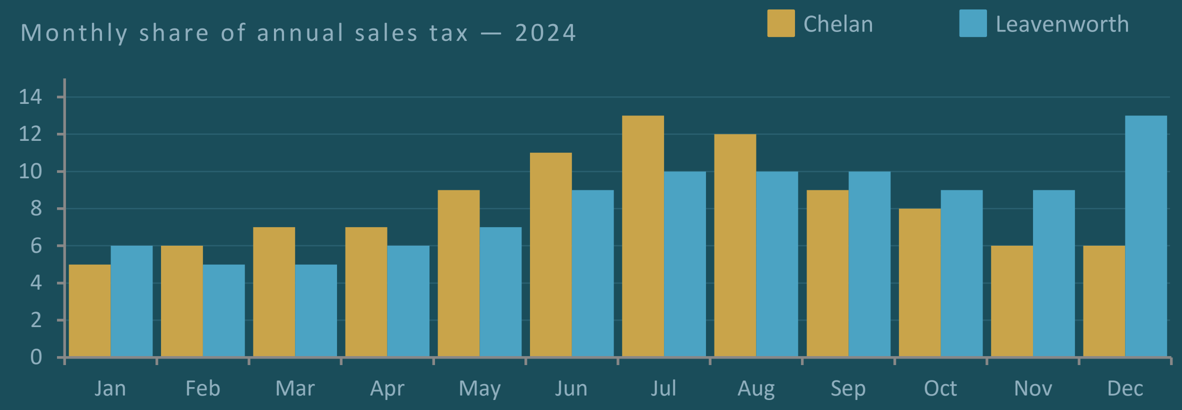
Chelan's General Fund has grown in real terms, but much of that growth is still tied to tourism activity and construction cycles.

Source: Sources: City of Chelan General Fund financial records. Inflation adjustment: CPI-U (BLS), annual average, base year = 2025. CPI values: 2014=237.6, 2015=237.8, 2016=240.0, 2017=245.1, 2018=251.1, 2019=255.7, 2020=258.8, 2021=271.0, 2022=292.7, 2023=304.7, 2024=314.5, 2025=319.8 (est.).

Retail Sales Tax: Similar Scale, Different Seasonal Patterns

Note: *Leavenworth benchmark used for regional distribution comparison only. December performance is not assumed replicable.*

Monthly share of annual sales tax — 2024



2014 POSITION

+$257K

Chelan led Leavenworth by 18%

2024 POSITION

–$295K

Leavenworth now leads despite Chelan's head start

10-YEAR SWING

$552K

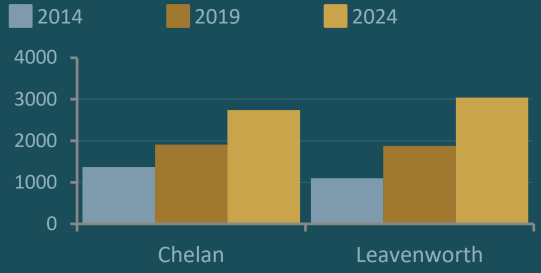
+168% Leavenworth vs +97% Chelan — 2× faster

DECEMBER EFFECT

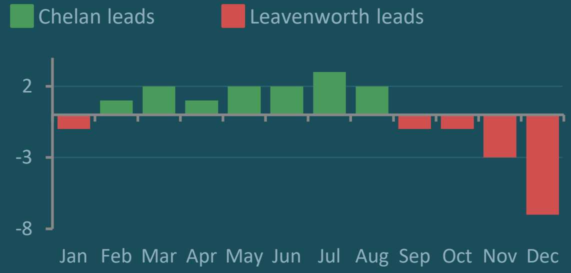
13% vs 6%

Leavenworth's Dec rivals Chelan's best summer month

Total taxable retail sales ($000s, actual)



Chelan advantage vs Leavenworth by month (pp)



City Implication

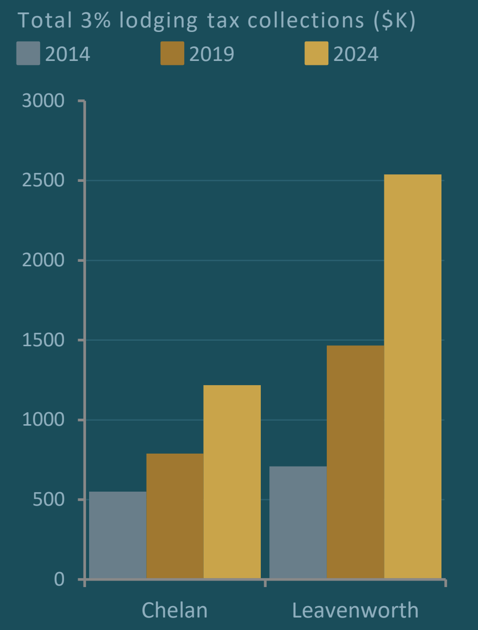
Chelan’s retail sales remain more concentrated in summer, indicating a more seasonal and less diversified revenue pattern than Leavenworth’s.

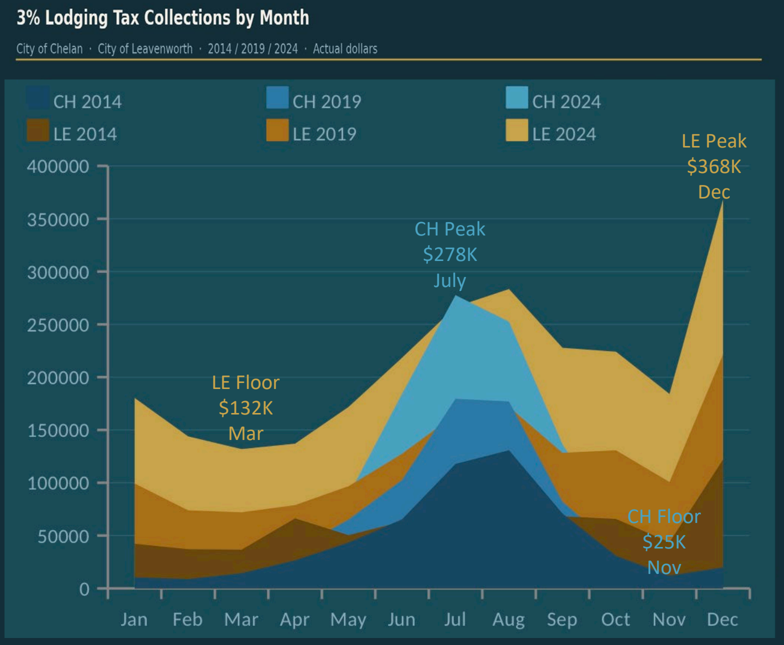
Source: WA Dept. of Revenue, Taxable Retail Sales by NAICS (2014, 2019, 2024)

PART 2: THE ECONOMY

Economic Overview: Lodging Tax

Note: *Leavenworth benchmark used for regional distribution comparison only. December performance is not assumed replicable.*





THE GAP — 2024

2.1×

larger

Leavenworth's 3% lodging vs Chelan

VISITOR CHANGE 2019→2024

13×

faster decline

Chelan −12.0% (91K fewer) · Leavenworth −0.9%

CHELAN'S MARKET SHIFT 2019→2024

+55%

revenue on −1.3% visits

Fewer visitors, longer stays

SEASONALITY FLOOR GAP

5.6×

wider swing

Chelan 1010% peak-to-floor · Leavenworth 179%

City Implication

Chelan’s lodging tax has grown, but it remains more concentrated in peak summer months and continues to trail Leavenworth in total yield and year-round distribution. From 2019 to 2024, Chelan’s out-of-market visitor base declined faster than Leavenworth’s, while lodging revenue rose and visits remained nearly flat, indicating a smaller visitor base generating similar activity through longer stays and heavier summer concentration.

Source: WA Dept. of Revenue, 3% Lodging Tax Receipts (2014, 2019, 2024) · Visitor data: Placer.ai Out-of-Market Visitors (2019 & 2024 annual metrics exports) · Nominal dollars.

PART 2: THE ECONOMY

What's Driving Sales Tax Growth? 2014 v. 2024

TOP GROWTH INDUSTRIES

Construction
+$24.8M
+202%

Food & Beverage
+$15.3M
+182%

Specialty Trades
+$15.0M
+142%

Accommodation
+$14.6M
+108%

Real Estate
+$8.7M
+804%

DECLINING

Telecommunications
-$0.9M
-31%

Professional/Scientific
-$0.4M
-11%

Food & Beverage
-12%
Real $/Unit 2014-2024

Retail Trade
-66%
Real $/Unit 2014-2024

Accommodation
-43%
Real $/Unit 2014-2024

Real$ = inflation adjusted to 2025$
Unit = # of biz reporting
Real$/Unit = how much rev each unit generates

LIMITED PRESENCE

Healthcare
Minimal
No growth

Education
Minimal
No growth

Government
Minimal
No growth

City Implication

Recent taxable sales growth is concentrated in construction and a limited number of visitor- and property-related sectors. Healthcare, education, and government are not major taxable-sales drivers, and several local-serving sectors show weaker productivity on a per-business basis after inflation adjustment. This indicates a narrower growth pattern than headline revenue totals alone suggest.

Source: WA DOR Taxable Retail Sales by NAICS, 2014–2024

PART 2: THE ECONOMY

Employment Share By Sector

(2023 numbers boundary-adjusted for Chelan Fruit annexation in 2018)

Agriculture	3%	flat from 2014
Stabilizing *Healthcare, Education, Government*	30%	↓ from 37% in 2014
Visitor/Property Economy *Accommodation & Food Services, Real Estate, Rental and Leasing, Retail Trade, Arts, Entertainment, and Recreation*	40%	↑ from 32% in 2014
Construction	3%	flat from 2014

Job growth has been strong.
Chelan grew jobs by 59% since 2014 (including Chelan Fruit Annexation). 41% when adjusted for boundary. Still meaningful growth.

Stabilizing sectors lost share.
Chelan's traditional year-round anchors are not keeping pace with overall job growth. The mix shifted sharply: healthcare weakened heavily, education is softer, and public administration grew meaningfully.

"Tourism" sector remains a major employer.
Chelan's visitor/property economy has been a major jobs foundation since 2002 (30% share) and has continued to grow through 2023.

Construction generates revenue, not many jobs
Construction drives an outsized share of taxable sales, but high revenue does not equal a broad employment base.

City Implication
Visitor/property sectors have been a significant part of Chelan's job base for decades. The more notable change in the employment mix is the decline in the share of jobs in healthcare, education, and government relative to overall job growth, leaving the local employment base less balanced than in 2014.

Source: Census OnTheMap, 2014 vs 2023 primary job in City of Chelan

PART 3: STRATEGIC RISKS & PRESSURE POINTS

Risk 1: Construction Exposure

Construction = $66.5M = 21.1% of economy. It is now larger than tourism.

10% Decline

−$6.6M

−2.1% of economy

20% Decline

−$13.3M

−4.2% of economy

Return to 2019 Levels

−$21.3M

−6.8% of economy

Return to 2014 Levels

−$43.9M

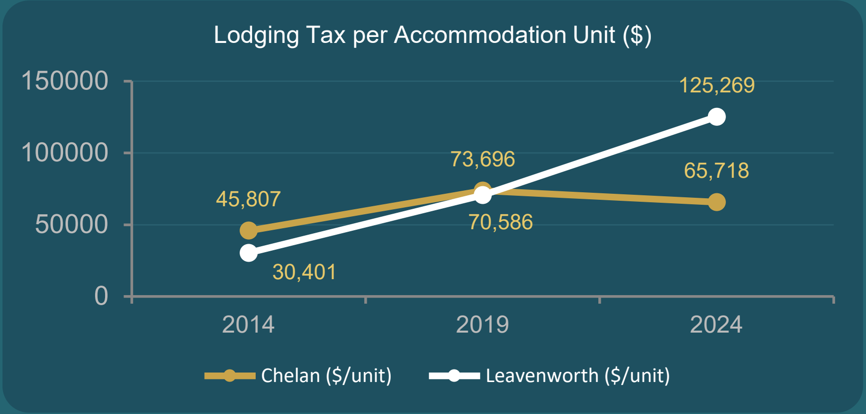
−13.9% of economy

City Implication
Construction now represents a large share of Chelan’s taxable sales base, but construction activity is cyclical and sensitive to broader market conditions. A slowdown would have a measurable effect on the city’s revenue base, indicating that recent growth is materially exposed to development cycles.

Source: WA DOR Taxable Retail Sales, NAICS 236–238 (2009–2024). Scenarios based on actual historical levels.

PART 3: STRATEGIC RISKS & PRESSURE POINTS

Risk 2: Marketing Investment vs. Lodging Yield



MARKETING INVESTMENT (Actual & Inflation-Adjusted to 2025$)

	2014	2019	2024	14→24
Chelan Actual	$532K	$568K	$700K	+32%
2025$	$723K	$715K	$718K	-1%
Leavenworth Actual	$722K	$1.01M	$1.63M	+125%
2025$	$982K	$1.27M	$1.67M	+70%

City Implication

Chelan’s marketing investment has remained relatively flat in real terms, while Leavenworth increased both marketing investment and lodging yield over the same period. The comparison suggests that year-round demand performance is associated with both product investment and promotion, and that promotion alone is unlikely to change outcomes where year-round amenities and experiences remain limited.

Sources: WA DOR Lodging Tax Distributions; WA DOR Accommodation units (NAICS 721); Leavenworth LAP & Chelan Chamber budgets

Risk 3: Smaller Visitor Base, Greater Summer Concentration

–12%

Visitor Loss 2019 → 2024

91,000 fewer visitors — Chelan's base declined 13× faster than Leavenworth (–0.9%)

7 of 12

Months Declined

Losses concentrated in shoulders & winter — Jan, May, Aug–Dec all fell

+12.2%

Longer Stays, Fewer Visitors

Avg days in market rose 3.0→3.4 days — visits held at –1.3% while visitor base shrank 12%

58.7%

Lodging Revenue in 3 Summer Months

July alone = 22.8% of annual — one bad smoke week can erase a quarter of the visitor economy

City Implication

Chelan’s visitor activity is becoming more concentrated in peak summer months, while shoulder and winter performance remains weaker. This pattern increases exposure to smoke-season disruption, peak-period infrastructure pressure, and revenue volatility tied to a shorter portion of the year. Product investment and promotion appear most relevant where they improve year-round distribution rather than simply increasing peak-summer activity.

Source: Placer.ai, WA DOR NAICS (2009–2024)

PART 3: STRATEGIC RISKS & PRESSURE POINTS

Risk 4: Stabilizing Sectors Are Losing Ground

Typical Features of More Balanced Small-City Economies

- Year-round healthcare, education, and government employers
- Employment anchors that do not rise and fall with seasons
- A balanced job base that supports stability through downturns

Chelan’s Current Employment Pattern

- Tourism-dependent jobs have been part of Chelan’s foundation for decades
- Stabilizing sectors have not grown at a pace that maintains their prior share of the employment mix
- Construction supports revenue, but not the same kind of year-round employment stability

City Implication

Chelan’s employment base continues to rely on visitor/property sectors, while healthcare, education, and government account for a smaller share of jobs than they did previously. This indicates less balance between seasonal and year-round employment sectors and may have implications for workforce retention, fiscal stability, and the availability of year-round career pathways.

Source: Census OnTheMap (2014 vs 2023 primary jobs); City of Chelan community context

SUMMARY

The 10-Year Picture: What the Data Tells Us

WHAT'S WORKING

+41%

Job Growth
2014 → 2023

Chelan added jobs meaningfully over the last decade

+17%

Real Sales Tax Growth
2019 → 2024

Core City revenues have grown in inflation-adjusted terms

+180%

Business License Revenue

Suggests real expansion in local business activity

NEEDS ATTENTION

-12%

Visitor Change

Chelan's visitor base shrank much faster than Leavenworth's (−0.9%)

21.6% → 16.4%

Tourism Share of Economy

Tourism grew in dollars but lost share as construction surged

61.2%

Summer Lodging Concentration

Visitor activity remains heavily concentrated in peak summer months

Observation:
Chelan has grown, with meaningful job gains, real revenue growth, and continued visitor demand. The challenge is that growth has become more concentrated in construction and peak summer activity, while year-round stabilizing sectors make up a smaller share of the economy than they once did.

Discussion –What Does Economic Stability Look Like for Chelan

1. What does 'stable economy' mean for Chelan: steadier revenue, steadier jobs, or both? Which metrics would prove progress in 5 years?

2. What industries or lanes could Chelan realistically grow that the current data may not fully capture today — including aviation, wildfire-response support, and airport-adjacent opportunities?

3. Could aging-in-place become Chelan's second stabilizing economic lane? What would it take in healthcare, housing, and land use?

4. The data suggests the visitor economy will likely remain central to Chelan's future. Which strategies should the City prioritize to reduce seasonality, improve resilience, and support additional year-round stability.

PART 4: PATH FORWARD

Areas for Council Direction and Further Evaluation

These options are presented for discussion because they are areas the City can influence through investment, partnerships, land use, and economic development priorities. Illustrative areas for discussion — not council direction at this stage.

01

Option A: Build Year-Round Demand With Resident-Serving Amenities

- Treat year-round demand as a core economic strategy
- Invest in amenities and experiences that create demand beyond summer
- Prioritize investments residents use too
- **Resident benefit**: Better amenities, recreation, and more stable jobs

02

Option B: Evaluate Airport / Aviation as a Non-Tourism Economic Lane

- Evaluate wildfire aviation, airport revenue, and aviation-adjacent jobs
- Align strategy with the waterline, runway, and phased funding
- Use S10 to support resilience and diversify beyond tourism
- **Resident benefit**: Stronger safety, higher-wage jobs, and less subsidy pressure

03

Option C: Evaluate Additional Sectors the City Can Influence

- Identify sectors Chelan could grow beyond tourism and aviation
- Evaluate stability, fiscal impact, and fit
- Focus deeper study on the most realistic lanes
- **Resident benefit**: Smarter, more resilient growth

04

Option D: Explore Aging-in-Place and Senior-Serving Opportunities

- Explore healthcare and senior-serving opportunities
- Build on Chelan’s quality-of-life strengths
- Evaluate what partnerships and land use would support this lane
- **Resident benefit**: Stronger year-round services and stability

2026
Chelan Airport Activity Report

Aviation Fuel System Purchase Summary

Wholesale Fuel Purchased by City of Chelan

Months	100LL # of Gallons Purchased	Total Purchase Price	Jet A # of Gallons Purchased	Total Purchase Price
January	-	$ -	-	$ -
February	-	$ -	-	$ -
March	-	$ -	-	$ -
Qtr 1 Total	-	$ -	-	$ -
April				
May				
June				
Qtr 2 Total	-	$ -	-	$ -
July				
August				
September				
Qtr 3 Total	-	$ -	-	$ -
October				
November				
December				
Qtr 4 Total	-	$ -	-	$ -
Annual Total	-	$ -	-	$ -

2026
Chelan Airport Activity Report

Aviation Fuel System Sales Summary

Retail Fuel Sales by the City of Chelan

Months	100LL # of Gallons Sold	Total Sales - 100LL	Jet A # of Gallons Sold	Total Sales - Jet A
January	463.90	$ 2,806.60	91.00	$ 541.45
February	167.60	$ 1,013.99	15.00	$ 89.25
March	736.70	$ 4,629.21	377.30	$ 2,281.94
Qtr 1 Total	1,368.20	$ 8,449.80	483.30	$ 2,912.64
April				
May				
June				
Qtr 2 Total	-	$ -	-	$ -
July				
August				
September				
Qtr 3 Total	-	$ -	-	$ -
October				
November				
December				
Qtr 4 Total	-	$ -	-	$ -
Annual Total	1,368.20	$ 8,449.80	483.30	$ 2,912.64

2026
Chelan Airport Activity Report

Other Airport Fee Revenue Summary

Months	Lease Transfer Fees	Water Sales	Tie-Down Fees	Other
January	$ -	$ 1,080.00	$ 400.00	$ 23,344.00
February	$ -	$ 720.00	$ -	$ 26,569.13
March	$ -	$ 720.00	$ -	$ 8,086.33
Qtr 1 Total	$ -	$ 2,520.00	$ 400.00	$ 57,999.46
April				
May				
June				
Qtr 2 Total	$ -	$ -	$ -	$ -
July				
August				
September				
Qtr 3 Total	$ -	$ -	$ -	$ -
October				
November				
December				
Qtr 4 Total	$ -	$ -	$ -	$ -
Annual Total	$ -	$ 2,520.00	$ 400.00	$ 57,999.46

2026
Chelan Airport Activity Report
Lease Summary

Executed Leases		Renewal (Y/N)
Name:	Chelan County Fire District	
Monthly Rent:	$2,761.51 + $180 water fee + 12.84% WA State Leasehold Tax	Amendment to agreement
Term:	1/1/2022-12/31/2041	

Executed Leases	
Name:	
Monthly Rent:	
Term:	

Terminated Leases	
Name:	
Monthly Rent:	

2026
Chelan Airport Activity Report

Income & Expense Report (Excludes Capital Projects)

Months	Revenue	Expenses	Net Income	Number of NOTAMS Issued
January	$ 24,824.00	$ 16,209.08	$ 8,614.92	-
February	$ 27,289.13	$ 1,865.90	$ 25,423.23	2
March	$ 8,806.33	$ 23,131.91	$ (14,325.58)	1
Qtr 1 Total	$ 60,919.46	$ 41,206.89	$ 19,712.57	3
April				1
May				
June				
Qtr 2 Total	$ -	$ -	$ -	1
July				
August				
September				
Qtr 3 Total	$ -	$ -	$ -	-
October				
November				
December				
Qtr 4 Total	$ -	$ -	$ -	-
Annual Total	$ 60,919.46	$ 41,206.89	$ 19,712.57	4

Lake Chelan Chamber of Commerce

Budget vs. Actual Report - FY2026

BARS	Description	2026 Budget	February 1st council	February 2nd council	March 2nd council	April 1st council *pending*	YTD Totals	Balance
104-000-000-557-35-41-10	Wages	$242,000	$7,863.73	$36,496.32	$8,832.00	$8,376.73	$61,568.78	$180,431.22
104-000-000-557-35-41-20	Benefits	$22,000	$1,230.08	$2,427.92	$98.08	$2,231.76	$5,987.84	$16,012.16
104-000-000-557-35-41-30	Supplies & Materials	$6,500	$455.74	$319.85	$586.27	$0.00	$1,361.86	$5,138.14
104-000-000-557-35-41-40	Advertisement (Marketing)	$398,000	$26,920.78	$48,075.24	$31,906.80	$18,199.53	$125,102.35	$272,897.65
104-000-000-557-35-41-41	Visitor Center (Building Rent)	$30,500	$0.00	$2,038.00	$2,038.00	$0.00	$4,076.00	$26,424.00
104-000-000-557-35-41-42	Legal and Professional Fees	$29,000	$3,081.25	$2,404.00	$375.00	$4,518.75	$10,379.00	$18,621.00
104-000-000-557-35-41-43	Permits	$1,000		$0.00	$0.00	$0.00	$0.00	$1,000.00
104-000-000-557-35-41-44	Utilities	$12,000	$434.76	$855.82	$517.01	$11.99	$1,819.58	$10,180.42
104-000-000-557-35-41-45	Insurance	$9,000	$0.00	$0.00	$0.00	$0.00	$0.00	$9,000.00
		$750,000	**$ 39,986.34**	**$92,617.15**	**$44,353.16**	**$33,338.76**	**$210,295.41**	**$539,704.59**

City of Chelan

2026-035

CITY COUNCIL WORKSHOP April 7, 2026

Subject/Title:	Short Term Rental Cap (Community Development Director Ajax)
Department:	Community Development
Staff Contact:	John Ajax
Guiding Principles:	Healthy & Sustainable
Initiatives:	Increase Community Engagement
Reviewed By:	City Administrator and Finance Director
Number of Looks:	Look 1 of X

PREVIOUS ACTION TAKEN

None.

OVERVIEW

Staff will present a summary of the City's short-term rental program in response to two (2) letters received from the Residents Coalition of Chelan County (RC3) requesting a Short Term Rental (STR) cap. The presentation acknowledges RC3's concerns about housing affordability while providing context on the City's STR data — notably that the vast majority of licensed STRs are in developments that were built for tourist use and were never part of the housing stock. Staff will outline the key areas of agreement with RC3, where the City's approach differs, and what the City is already doing to address affordability. Staff is requesting Council direction on how to respond to RC3's letters and input on potential next steps for STR policy.

FINANCIAL IMPLICATIONS

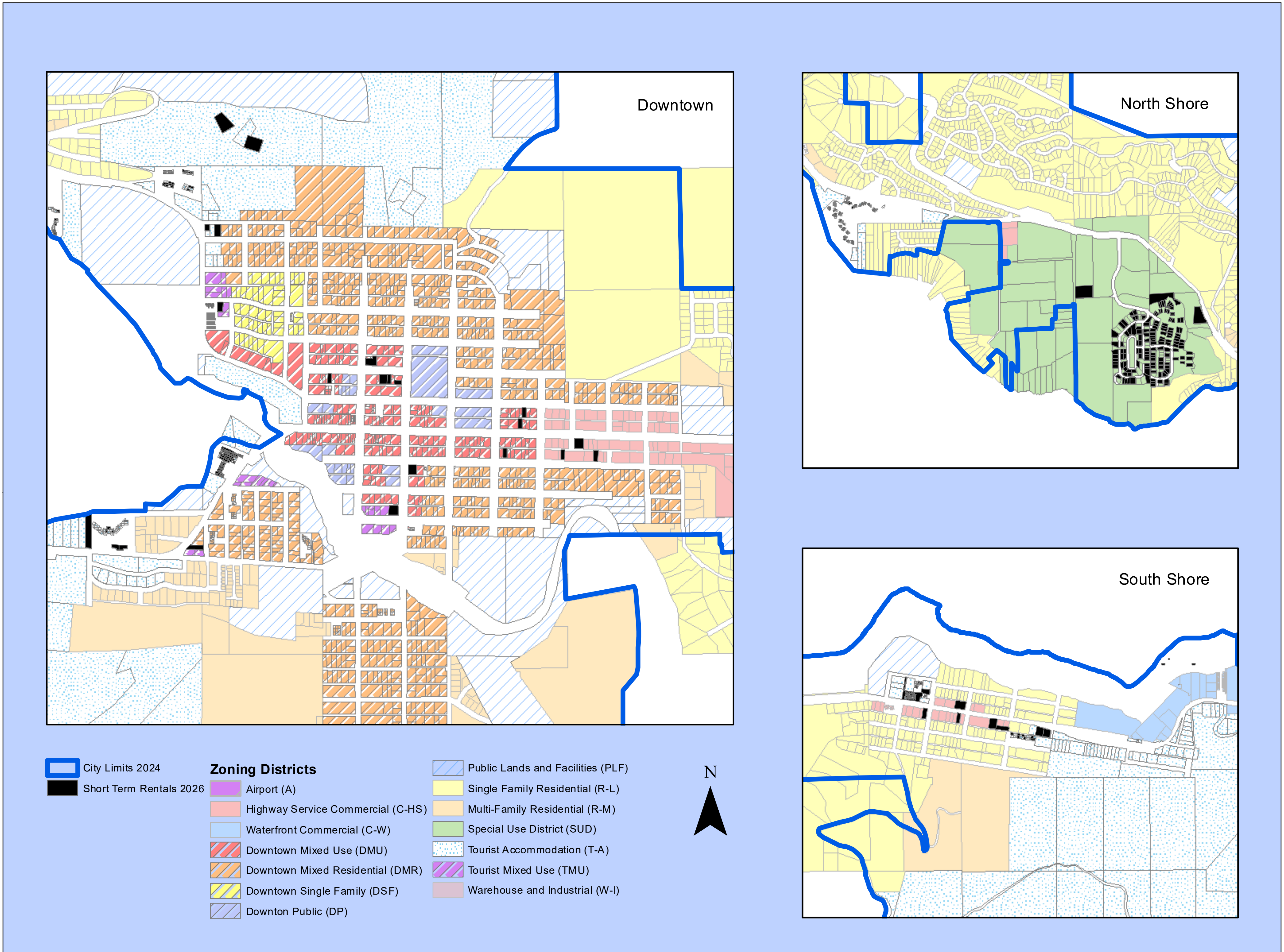
None.

ATTACHMENTS

1. Short Term Rental Map
2. Short Term Rental Program Summary
3. December 4, 2025 Letter from RC3 RE: Short Term Rentals
4. March 25, 2026 Letter from RC3 Re: Short Term Rentals

SUGGESTED MOTION

None.


Downtown
North Shore
South Shore
City Limits 2024
Short Term Rentals 2026
Zoning Districts
Airport (A)
Highway Service Commercial (C-HS)
Waterfront Commercial (C-W)
Downtown Mixed Use (DMU)
Downtown Mixed Residential (DMR)
Downtown Single Family (DSF)
Downton Public (DP)
Public Lands and Facilities (PLF)
Single Family Residential (R-L)
Multi-Family Residential (R-M)
Special Use District (SUD)
Tourist Accommodation (T-A)
Tourist Mixed Use (TMU)
Warehouse and Industrial (W-I)
N

Short-Term Rentals in Chelan

Facts, Context & the City's Approach

Responding to Community Input from the Residents Coalition of Chelan County (RC3)

City of Chelan | Community Development Department | April 2026

What RC3 Is Asking

The Residents Coalition of Chelan County sent two letters (Dec. 4, 2025 and Mar. 25, 2026) requesting that the City cap the total number of short-term rental licenses.

Numerical Cap

Cap STR licenses at or near the current level of ~410–450, effectively freezing growth.

Moratorium

Impose a temporary moratorium on new STR licenses while code is being developed.

Urgency

Expedite the process, citing proposed developments (e.g., Holiday Hills) that could add hundreds of new STRs.

The City welcomes this engagement and takes these concerns seriously. Here's the full picture.

Chelan's STR Program at a Glance

410
Total STR Licenses

91.5%
Purpose-Built (Resort/Condo)

35
Potential Conversions

~1%
Of Housing Converted

Where Our STRs Are

Development	Licenses	Type
The Lookout	147	Purpose-built vacation homes
Grandview on the Lake	86	Resort condominiums
Lake Chelan Shores	44	Resort condominiums
Other Resort/Condo (8 developments)	98	Timeshares, resort units
Standalone Properties	**35**	**Potential residential conversions**

Source: City of Chelan STR Licensing Data, January 2026

Not All STRs Are the Same

This is the most important distinction for understanding Chelan's STR situation.

Purpose-Built STRs (91.5%)

- Built and marketed as tourist accommodation
- Located on Tourist Accommodation (T-A) zoned land
- Were never part of the residential housing stock
- T-A zoning established through public Comprehensive Plan process
- **Removing these would not create housing**

Residential Conversions (8.5%)

- Homes originally built for residential use
- Converted to short-term rental operation
- Mostly located downtown (~20 properties)
- These do remove potential housing stock
- **This is where targeted policy should focus**

RC3 treats all 410 STRs equally. City data shows 91.5% were never housing — a blanket cap would restrict development on land specifically planned for visitor use.

What's Actually Driving Housing Costs?

If STR conversion is minimal, what explains our affordability crisis?

~24%
of housing used seasonally (vacant)

Second homes sit empty — no lodging tax, no local spending.

10:1
price-to-income ratio (healthy: 3–4:1)

Equity migration: Seattle buyers pay cash, pricing out locals.

$722K
median home price (2024)

Construction costs up regionally — labor and materials, not just STRs.

82%
of low-income renters cost-burdened

Limited housing types: zoning has historically favored single-family.

Sources: U.S. Census Bureau 2023, City of Chelan 2024, Points Consulting 2025, Redfin Sept. 2025

Where the City and RC3 Agree

RC3 raises legitimate concerns. Many of their points align with the City's own analysis.

- Housing affordability is a genuine crisis in Chelan — the data confirms this.
- Residential conversions to STRs in neighborhoods do affect housing supply and community character.
- Infrastructure capacity must be part of any growth conversation.
- The seasonal nature of STR-driven economy creates real challenges for year-round businesses.
- Cities have clear legal authority to regulate and cap STRs.
- Managed, intentional growth is better than unregulated expansion.

Where the Approaches Differ

Question	RC3 Position	City Approach
What problem are we solving?	Too many STRs overall. Limit total visitor capacity.	Protect residential housing from conversion. Allow growth in appropriate zones.
Are all STRs the same?	Yes. All should count equally toward a cap.	No. Purpose-built on T-A land have different impact than converted neighborhood homes.
What cap level?	410–450 citywide. Effectively freeze growth.	Consider a cap on licenses to prevent conversions in DMU and C-HS zones.
Primary beneficiary?	Current residents seeking affordability.	Balance between housing protection and tourism economy.

Both approaches seek to manage STR growth — they differ on scope and method.

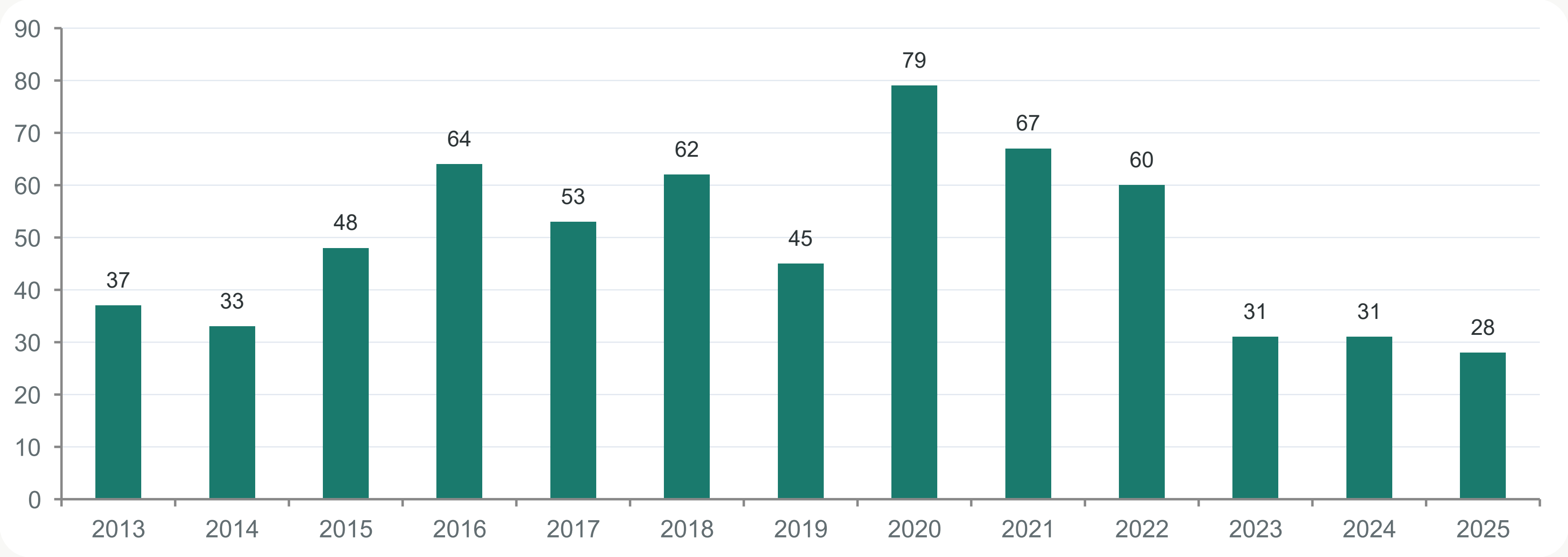
What the City Is Already Doing

Apple Blossom Center	720+ multifamily units with STRs prohibited. $1,600/unit to affordable housing fund. Micro-units and cottages encouraged.
ADU Expansion (HB 1337)	Adding housing units at lower price points without new land costs — backyard cottages, garage conversions, etc.
Housing Trust Partnership	Permanently affordable homes through Chelan Valley Housing Trust that can't be bought up by outside investors.
Infrastructure Investment	East Chelan Reservoir and utility upgrades to support denser, more affordable development patterns.
STR License Fee Revenue	100% of annual STR license fee revenue dedicated to local community grants benefiting Chelan residents.

These efforts address the actual causes of Chelan's affordability gap — not just one symptom.

Building Permits: Historical Context

Single-family permits have declined as the Lookout development wound down.



Peak years (2015–2022) coincided with Lookout buildout — about 40% of all SF permits were in the Lookout during that period.

Source: City of Chelan Permit Activity Comparison, 2007–2026

Policy Direction & Zoning Context

Where the City may act — and why the T-A zone is different.

Cap in Conversion-Prone Zones

Consider a modest license cap in districts where residential conversions could occur (DMU, C-HS). Protects neighborhood housing while allowing some STR activity.

The T-A Zone: Designed for Tourism

The Tourist Accommodation zone exists specifically for tourism-related uses, including transient accommodations. STRs built in the T-A are an intended use of this zoning — not a conversion of housing.

Housing Flexibility in T-A Construction

Nothing prohibits building a structure in the T-A that resembles a single-family home but is built to IBC commercial lodging standards rather than IRC residential code. These units could also function as long-term housing, providing built-in flexibility for future use.

Community input will be part of any policy development. The Comprehensive Plan process is the right vehicle for these discussions.

The Bottom Line

The City shares the community's goal of making Chelan an affordable, livable place for residents.

Our approach focuses on the actual drivers of housing costs — targeting protections where conversions occur, while not restricting appropriately planned visitor development that supports our tourism economy.

We welcome continued engagement from RC3 and all community members as these policies take shape through the Comprehensive Plan process.

Questions? Contact the City of Chelan Community Development Department

December 4, 2025

City of Chelan - City Council
135 E Johnson Avenue
Chelan, WA 98816

Re: Code Development to Limit Short-Term Rentals in Chelan

Dear Honorable City Council Members:

Residents Coalition of Chelan County (RC_3), along with its predecessor organization Residents United for Neighbors (RUN), was instrumental in helping Chelan County shape its code regulating and limiting the number of short-term rentals (STRs) in the unincorporated portions of the county. Over the roughly two years that it took to develop this code, we conducted extensive research on the impact of STRs on housing costs, livability, and community cohesiveness for residents living nearby.

With this letter, we are proposing that the City of Chelan adopt a cap on the total number of STRs that are allowed to operate within the city. We believe that this is something that may already be in the City's plans, but we are asking that the process be expedited.

The reasons for this proposal are provided below. We hope that by the time you finish reading this letter it will be clear that this is one of the **most impactful things that city council can do now to preserve the livability of the city in the future**. Many other cities and counties in both Washington and Oregon (and throughout the country) have already recognized this and have established appropriate caps on STRs in these areas to protect their communities.

Why Is an STR Cap Needed?

This section could be very long, but we will try to keep it relatively brief. Suffice it to say that many other cities and counties in Washington and Oregon, and throughout the U.S., have already asked this question, reviewed the available data, and concluded that a cap (or in some cases an outright ban) on STRs is needed. These caps are believed to be necessary to, among other reasons, boost the availability and/or the affordability of residential housing.

One of the key attributes of STRs is that they are inherently priced higher than identical dwelling units used only for residential occupation. In Chelan, for example, houses in the Lookout development (which are almost exclusively used as STRs) have historically sold for higher prices (per square foot) than similar houses that cannot be used as STRs by virtue of their zoning.[1] This is because of the commercial income earning potential of the houses that can be used as STRs. STRs are also easier to sell at these prices because of this income earning potential, which helps to offset the cost of ownership.

This dynamic increases the price of, and reduces the availability of, residential houses for numerous reasons including:

- Builders can charge more to build STRs, since they can sell for a higher price. These higher building costs then get translated into the residential building market. Note that building costs in Chelan have skyrocketed along with the proliferation of STRs (e.g., with the rapid expansion of the Lookout).
- The values of existing residential homes rise because these more-expensive STRs are often used as comparisons ("comps") when making assessments. The Chelan County assessor is actually aware of this issue but has not yet acted to make changes. As a result, the residential homes also pay higher taxes than they otherwise would. Both of these factors contribute to the higher cost of home ownership.
- Developers are more interested in projects that involve the construction of STRs (which are more profitable), rather than residential developments. This reduces the availability of residential housing, which in turn increases the prices of the few residential homes available (supply and demand).

These are some of the negative impacts to housing affordability and availability. A flood of additional STRs would also overwhelm Chelan's infrastructure, further impair access to Lake Chelan and its water quality, make the Chelan Valley's economy even more seasonally cyclical, and destroy the livability of the city.

Chelan currently has over 410 permitted STRs and about 3,000 total dwelling units. This equates to nearly 14 percent of the existing housing stock being STRs. As discussed below, this is a very high percentage, much higher than any other area in Chelan County, including outside of Leavenworth[2] or in Manson[3].

For historical reasons, Chelan has zoned too much of its total acreage allowing for STRs. Chelan has about 4,500 acres of land inside city limits (excluding the commercial airport zone). Of this,

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[1] RC_3 has evidence of this available to anyone who is interested.

[2] STRs are banned within the urban growth area for Leavenworth, but a high density of STRs can be found in the areas outside of the city urban growth area. At the high end, the Lake Wenatchee area has a density of STRs at 11.7% of the housing stock but will eventually trend to six percent due to Chelan County code passed in 2021. Note that Leavenworth does allow bed & breakfast establishments (owner occupied), but they are limited to no more than four percent of the housing stock.

[3] The density of STRs is Manson is currently below the cap of six percent.

over 1,275 acres are areas zoned specifically as some form of "tourist accommodation", which includes STRs (over 28 percent of all of the land within city limits). An additional 730 acres are zoned such that STRs are allowed, some inside the city limits and some outside the city limits, but inside the urban growth area.

Based on current zoning, this land could accommodate <u>thousands of additional STRs</u> and it seems that no one is considering what this could do to Chelan in the future. The percent of available housing stock taken by STRs in Chelan could easily exceed 20 percent, or even 25 percent, in the future if nothing is done to mitigate the growth of STRs.

Because STRs are financially lucrative for their owners, economic pressures push available housing toward becoming STRs instead of residential housing, even though both are allowed in all of these zones. Chelan has seen this play out in recent years - a high percentage of new houses built have been for use as STRs and even some existing residential homes have been converted to STRs. This trend needs to change if Chelan is going to adequately increase the supply of residential housing.

Part of the urgency of this issue is the fact that plans are currently underway to add a significant number of new STRs in Chelan. For example, a comprehensive plan amendment was just submitted to Chelan indicating that the Holiday Hills and adjacent developments on the base of Chelan Butte plan to add 400 new STRs (nearly equal to all currently-existing STRs!). Another developer has also expressed a desire to build an unknown number of STRs further up on Chelan Butte on land that could theoretically accommodate over 1,000 additional STRs. The Hiland development near the municipal golf course will eventually add hundreds of new homes in zoning that allows them to be STRs.

We would also note that new Growth Management Act requirements to improve housing affordability will need to be addressed in the upcoming update to Chelan's Comprehensive Plan. This was discussed by Chelan's consultant Brian Points (Points Consulting) at a recent joint City Council and Planning Commission meeting in early November. Mr. Points specifically called out the issue with STRs and second homes in Chelan, which reduce housing availability. Capping the number of STRs in Chelan to refocus development on residential housing would help to address this issue in the Comprehensive Plan update.

We hope that this discussion is sufficient to demonstrate why the potential proliferation of STRs in Chelan should be addressed as soon as possible. More information can be provided if it is desired.

What Caps Have Other Jurisdictions Implemented?

So, how do we know when the number of STRs is too many?

A 2017 study titled *Assessing and Responding to Short-Term Rentals in Oregon*, published by the University of Oregon Department of Planning, Public Policy, and Management, provides the following recommendation containing a quantitative threshold for cities looking to potentially regulate STRs (bold font added for emphasis):

> *"Restrict (cap/limit) STRs or incentivize moderate use if STRs account for more than* ***4% of total housing stock****."*

The basis for the four percent threshold is rooted in the premise that too many STRs in a given housing market will constrain the availability of housing for new residents wishing to live in that community (thus driving up rental rates and housing prices), and the observation using real-world data of the percent of the total housing stock when this begins to be observed. Many municipalities used the four percent figure as a starting point when developing STR caps

In this context, Chelan's percentage of STRs at nearly 14 percent is extremely high.

Chelan County, for example, finalized new STR regulations in 2021 and was aware of the University of Oregon study. Four percent was initially considered as a cap. However, with pushback from the STR industry, and acknowledgement of the number of existing STRs, a cap of six percent of the existing housing stock was eventually promulgated.

Table 1 attached provides a few examples of jurisdictions within Washington and Oregon that have established STR caps based either on percentages or absolute numbers. While the table is not exhaustive, it is certainly representative of the levels that most caps in these two states have been set at.

As can be seen in Table 1, percentage caps in the range of four percent to ten percent have been used, all well below where Chelan is currently.

Numeric caps are easier to track, since the stock of available housing does not need to be continually assessed to determine the denominator in the percentage calculation. Table 1 shows a number of jurisdictions in Washington and Oregon that have utilized numeric caps, along with the populations of those jurisdictions for reference.

Chelan's current pool of approximately 411 STRs for a city with a population less than 5,000 is already an outlier compared to the caps shown in Table 1, representing an STR-to-population ratio much higher than desired by any of these other jurisdictions.

How Could a Cap Be Implemented?

Dozens of cities and counties in Washington and Oregon, and hundreds around the country, have enacted new code to mitigate the proliferation of STRs and the detrimental effects that result from this. The number of STRs in Chelan has grown rapidly over the last decade and it is anticipated that this rapid growth will continue into the foreseeable future if the City takes no action to address it. We believe it is well past time that the impact of STRs on Chelan be considered.

In some jurisdictions, new non-owner occupied STRs are simply not allowed, by virtue of simply not allowing them or by setting caps at or below the current number of STRs. Others have capped STRs at levels above the current number of STRs, allowing for some additional growth. This usually occurs when the current number of STRs is relatively low.

When a jurisdiction announces that it is considering limiting STRs, there is the possibility of a rush of conversions or applications for new STRs in order to get them established before new rules take effect. In the past, jurisdictions have used moratoriums on new STRs to preclude this rush while new rules are being developed. This was done in a number of cases within Washington in the past few years, including when Chelan County was developing its STR code. These moratoriums are allowed by Washington law and have been used for 12 months or more as STR code was being developed.

City council should also be aware that the courts have upheld time and time again that cities and counties have the legal right to regulate and limit STRs in their jurisdictions based on their authority to regulate land use. In fact, Chelan County's STR code was challenged before the Growth Management Hearing Board on multiple fronts and was upheld in all aspects other than one minor technicality.

What Is Right for Chelan?

We propose that Chelan take immediate action to cap the number of STRs within city limits, which also needs to consider the entire urban growth boundary. Since numeric caps are easier to track and require less data to be generated annually, we suggest that this type of cap is most appropriate.

Given how high the number of STRs is already, this cap should be at or near the current number of STRs (for example, somewhere between the current number of permitted STRs and 450). Keep in mind that the cap number can be changed in the future if appropriate, and an STR moratorium can be used to limit STR growth immediately if a cap near the current number of STRs is desired (to prevent a rush of STR applications).

While some may suggest that this could have a negative economic effect, we do not believe this to be the case for a number of reasons, including the following:

- By prioritizing and promoting residential housing, the STR cap will increase opportunities for new residents to move to Chelan (greater availability and affordability). Studies have shown that a dwelling unit used for residential purposes actually produces as much, or more, annual economic activity compared to a dwelling unit used for short-term rental.[4]

[4] RC_3 can provide additional information on this issue if desired.

- Setting a cap at or above the current number of STRs will have no immediate effect on the quantity of tourist accommodations and, therefore, the tourist economy. This gives the City and the business community time to take advantage of this anticipated future economic dynamic.
- A proliferation of STRs can lead to overtourism of an area. In Chelan's case, this increases the costs to the city in terms of the increased infrastructure needed. Additionally, this increases traffic, leads to overcrowding at Lake Chelan access points, and degrades the overall visitor experience. This can discourage visitors from coming to Chelan in the future (i.e., killing the goose that laid the golden egg).
- Overtourism may also cause existing residents to move away as livability of the area decreases. This outflow of residents would have a negative economic impact.
- Further increasing STRs will only increase the seasonality of Chelan's economy, making it even more difficult for restaurants and other similar service businesses to survive. Increasing residential housing, on the other hand, provides for a more stable year-round economy.

Existing STR owners should actually support this proposal. The rapid growth in STRs suggested by recently-declared development has the potential to decrease both occupancy percentages and rental rates of existing STRs. This is particularly true if the broader economy (state and/or national) suffers a recession.

We realize that this is a lot to digest, but hopefully it is clear that now is the time to adopt a cap on STRs in Chelan before the issue becomes even more difficult to mitigate without having to decrease the number of existing STRs (a more problematic situation).

Again, we feel that this is one of the most important issues that city council can undertake at this time to try to preserve the livability of Chelan. We can just about guarantee that the vast majority of local residents will support this proposal.

Please contact us at *info@coalitionofchelancounty.org* with any questions or comments.

Thank you for your time and consideration,

Residents Coalition of Chelan County Board of Directors
(Julie McCoy, Ken Yalowitz, Brian Patterson, Dorothy Johnston, Kathy Branch, Ken Hemberry, Ed Martinez, David Stoller, and Brian Shugrue)

cc: Erin McCardle – Chelan Mayor
John Ajax – Chelan Community Development Director

Table 1. Existing STR Cap Examples in Washington and Oregon

City/County	Short-Term Rental Cap *	City/County Population
Jefferson County, WA	4%	Not relevant for percent cap
Winthrop, WA	10%	Not relevant for percent cap
Chelan County, WA	6%	Not relevant for percent cap
Vancouver, WA	870	~ 200,000
Port Angeles, WA	200	~ 20,000
San Juan County, WA	211 (Orcas Island) 337 (San Juan Island) 135 (Lopez Island)	~ 6,000 ~ 9,100 ~ 3,150
North Bend, OR	64	~ 10,500
Newport, OR	200	~ 10,400
Lincoln City, OR	285	~ 10,100
Cannon Beach, OR	No new STR permits issued (42 currently).	~ 1,600

** Numeric cap is a fixed number of STRs allowed; percent cap is a percent of the available housing stock (number of dwelling units).*

March 25, 2026

City of Chelan - City Council
135 E Johnson Avenue
Chelan, WA 98816

Re: Impact of Short-Term Rentals (STRs) on Housing Affordability and the Need for a Cap on STRs in the City of Chelan

Dear Honorable City Council Members:

This letter follows up on our letter on this same topic dated December 4, 2025, responds to input from City staff, and provides additional information recently gathered by Residents Coalition of Chelan County (RC_3). It is our understanding that the issue of putting caps on short-term rentals (STRs) will be discussed at a City Council workshop in the near future, so we are submitting this well in advance of those public discussions to provide plenty of time for the information contained herein to be reviewed and considered. We intend to share this information with the local community as well and invite their participation in this process.

In this letter we discuss the Chelan housing market, how STRs (and other seasonal housing) impact the housing market, and what can be done to improve overall housing affordability in Chelan. Specifically, we will cover the following topics:

1. **The Chelan Housing Market: Supply and Demand** – The Chelan housing market has been significantly impacted by supply and demand forces that trace back to STRs and other seasonal housing. STRs constitute a significant portion of the current Chelan housing stock. *Discussion starts on page 3.*

2. **Residential Housing Construction Costs** – Chelan suffers from unusually high residential housing construction costs that can be tied back to STRs and other seasonal housing. High construction costs negatively impact both new and existing housing prices. *Discussion starts on page 5.*

3. **STRs Increase Housing Prices** – The conversion of existing residential homes to STRs and rising home construction costs can be tied to the high demand for STRs in Chelan. This demand for houses that could otherwise be used for residential housing decreases the overall supply of residential housing. Unsurprisingly, comprehensive studies conclude, and house price data suggest, that the proliferation of STRs in a specific housing market increases housing prices and rents. *Discussion starts on page 9.*

4. **STRs versus Non-STR Seasonal Houses** – Chelan has had a large existing inventory of non-STR seasonal homes for decades, but they have increased over time. Studies don't specifically look at the impact of these homes on housing affordability, but they will have a negative impact. However, the economic driving force for STR ownership demand is dramatically different. *Discussion starts on page 12.*

5. **The Past 12 Years in the Chelan Housing Market** – The Chelan housing market has experienced outsized increases in house prices and residential construction costs compared to other housing markets over this period. The majority of new building permits issued during the past 12 years were for both STRs and other seasonal homes equally, particularly from 2014 to 2023. This has driven up residential construction demand, which in turn has driven up housing prices. Assertions that seasonal houses not used as STRs have had a higher impact on housing prices during this period than STRs are not supported by the facts. *Discussion starts on page 15.*

6. **What the Future of Chelan's Housing Market Looks Like Now** – The majority of new single-family housing projects being approved or discussed focus primarily on houses that can, and likely will, be used as STRs and other seasonal housing. If nothing is done, the Chelan housing market will remain exceptionally unaffordable, catering primarily to relatively well-off, transient visitors. The ability of people wanting to be full-time Chelan residents to afford to purchase a home and build wealth over time will continue to diminish. This will adversely affect the character of Chelan, making it a less desirable place to live for its residents. *Discussion starts on page 16.*

7. **Solutions** – As many other cities with high percentages of STRs have done already, Chelan could easily place a cap on the total number of STRs allowed. This would likely put downward pressure on housing prices immediately. Although more difficult to implement, there are ways to discourage other types of seasonal home ownership that have been implemented elsewhere. Creative solutions could provide funding for affordable housing that would be available to households that would otherwise not be able to afford market-rate housing. *Discussion starts on page 19.*

This letter is long because there is so much information supporting the fact that STRs adversely impact housing affordability that we want to share and because this is likely one of the most consequential issues that the City will review in 2026 that affects the permanent future of Chelan. We will address each of the topics above in its own section.

1. The Chelan Housing Market: Supply and Demand

1.1. Nomenclature Used in This Letter

Two key terms used throughout this letter are defined as follows:

STR: A deeded dwelling unit used as a commercial short-term rental operating under an STR license obtained from the city of Chelan.

Non-STR Seasonal House: A deeded dwelling unit used seasonally that is not an STR. This type of house will typically be either a seasonal home used only by the owners, a seasonal home that is also rented out to family and friends without obtaining an STR license, or an illegally-operating STR renting more broadly.

Note that many documents will simply refer to "seasonal housing", which includes what we are calling STRs and Non-STR Seasonal Houses combined.

References to "residential" homes refer to housing for long-term use as the inhabitant's primary residence.

1.2. Supply and Demand Basics

Like all housing markets, Chelan residential housing prices are dictated by the supply of houses (available for sale or able to be constructed) and the demand for those houses.

There are three different markets for deeded housing in Chelan: the market for long-term residential homes, the market for STRs, and the market for Non-STR Seasonal Houses. Unfortunately, the three markets are completely intertwined in terms of pricing pressures, i.e., if prices in one of these markets go up, prices in the other two markets will respond in the same direction over time. This occurs because the "product" being sold in all three markets is the same – a residential dwelling unit.

As an example, the construction of new STRs can push up the price to build long-term residential houses if STRs are fetching a premium price (which they typically do). The supply of contactors to build new residential dwelling units is relatively fixed, whereas the demand for these contractors increases when many new STRs need to be built. The same applies to the construction of new Non-STR Seasonal Houses.

If Chelan were to, for example, cap STRs at current levels, this would clearly reduce demand for houses in general (potential STR buyers would be removed from the housing market) and would be expected to result in downward pressure on housing prices. Of particular interest for this discussion, an STR cap would also be expected to reduce demand for house construction, putting downward pressure on the cost of construction.

Since housing rental costs also follow housing prices over time, these same dynamics affect the rental housing market in Chelan.

1.3. STRs and Non-STR Seasonal Houses Affect Supply and Demand

Chelan currently lists over 410 STR licenses spread amongst the roughly 3,000 dwelling units in the city. This corresponds to an STR density of nearly 14 percent. City staff have downplayed this statistic by stating that many of these STRs are on the waterfront and would never be used for anything other than STRs. In other cases, it is said that many STRs don't count because they were specifically built to be STRs.

We would point out that the vast majority of existing STRs in Chelan could, in fact, be used for long-term residential use if they weren't otherwise allowed to be STRs. The Lookout development, with over 200 houses, could obviously be a residential development if, for example, STRs were suddenly disallowed. Yes, it would have amenities such as a swimming pool, park areas, and a marina. The same could be said for Crystal View Estates, where STRs are not allowed. No one is implying that these would be considered "affordable housing" in the sense of being affordable to low-income households, but it makes no sense to imply that the houses in the Lookout couldn't otherwise be used for residential housing by households in the mid- to upper-income brackets if they were no longer priced as STRs.

Arguments about this type of housing being too expensive for typical residential housing miss the point that if changes are made to bring down the cost of housing in general, these types of homes could potentially provide residential housing for higher-income families, retirees, etc. Regardless, the point of this letter is more about what kind of housing will be built in the future in Chelan and how the city can make this new housing more affordable for many different household financial situations, while also putting downward pressure on the prices of existing homes.

Similarly, condominium complexes such as Park Pointe, Paradise View, and Chelan Resort Suites could easily be used as long-term residences if it wasn't for the fact that current zoning and STR code allows these to be used as commercial STRs, driving up prices for the entire Chelan housing market. Note that units in these complexes sold for about $270,000, $200,000, and $250,000, respectively, a decade ago before STRs began having a significant impact on Chelan's housing market.

Given this, STRs have clearly reduced the supply of residential housing. Housing that could otherwise be used as long-term residences is instead being used as commercial STRs.

RC_3 extensively reviewed all existing housing in Chelan. We conclude that, in addition to the over 410 STRs in Chelan, there are over 1,000 Non-STR Seasonal Houses that are owned by people outside of Chelan (over one-third of the housing stock).

These Non-STR Seasonal Houses also reduced the supply of residential housing over time (in that these houses were not sold into, or built for, the residential housing market).

One important point to make is that if the number of STRs and Non-STR Seasonal Houses in Chelan were to remain static going forward, their impact on housing prices in the future would be minimal. If every new house built in the future went toward increasing the supply of residential houses in Chelan, this would help to decrease house prices relative to the current pattern of housing growth.

As will be discussed further below, it is the rate of addition of new STRs and Non-STR Seasonal Houses over the past 12 years that has driven prices for residential housing up so quickly in Chelan over this period, and it is future housing supply and demand that will drive housing prices in Chelan going forward.

2. Residential Housing Construction Costs

The vast majority of new STRs that have been built in Chelan over the past dozen years have been in the Lookout development. Over 200 new houses have been built in the Lookout since it started in 2014, averaging about 20 permits per year for houses in the Lookout from 2014 through 2023[1]. Chelan issued an average of just over 50 building permits for single-family homes per year during this period, meaning that about 40 percent of all building permits issued for single-family homes between 2014 and 2023 were for houses in the Lookout.

Currently, just over 70 percent of the houses in the Lookout have STR operating permits. The majority of the remaining 30 percent are owned as Non-STR Seasonal Houses. It is difficult to determine exactly how this 30 percent of houses in the Lookout is being used, but few to none appear to be used for long-term residential occupancy. Unlike other residential areas in Chelan, the Lookout is zoned to allow STRs. Since the economics of STRs encourage any house allowed

[1] The majority of building permits for houses in the Lookout were issued during this period.

to be an STR to be used as one, it is unsurprising that the majority of houses in the Lookout are used as STRs, not as long-term residential houses or even Non-STR Seasonal Houses.

As a result of the high number of new houses constructed in the Lookout for non-residential use from 2014 to 2023, which led to a much higher than typical level of house construction in general, much pressure was put on the local house construction industry to fill the demand. In fact, in some years during this period houses in the Lookout accounted for nearly 50 percent of all residential building permits issued causing the total number of building permits issued to be over 100 percent higher than the long-term average for Chelan before and after the buildout of the Lookout development.

The impact of this flurry of construction activity unsurprisingly drove up the cost of construction in Chelan due to supply/demand pressures.

In the real estate world, "highest and best use" defines the most profitable, legally permissible, physically possible, and financially feasible use of a property, maximizing its value. In this context, STRs represent the highest and best use of a residential house. Because it is the most profitable use, it encourages higher construction costs (profits to the builder and contractors), which are easily defrayed by the owner over the life of the STR. Those wishing to build housing for long-term residential use simply have no way to defray this additional cost.

Figure 1 (attached) demonstrates the sales prices of individual houses in the Lookout development over time compared to the sales prices for similar houses in areas with zoning that does not allow for STRs. These comparable homes outside of the Lookout have similar views; are of similar age, size, and finish quality; have larger lots; and have similar or better amenities (including garages, which most houses in the Lookout do not have). All else being equal, the houses outside of the Lookout should have sold for a similar price per square foot, if not higher.

However, as shown in the figure, houses in the Lookout sold for a premium of as much as 65% during this period. The obvious reason for this is the fact that they could be used as STRs, generating over $100,000 in annual revenue in some cases, while still being available for occasional use by the owner.

There is plenty of evidence that this has driven up home construction costs in Chelan over this same period of time above and beyond what other areas in central and eastern Washington have experienced. Higher construction costs will eventually increase the price of all homes in the market.

In the 2010 to 2014 period of time, home construction costs in Chelan and throughout central and eastern Washington were very reasonable and comparable.[2] An experienced realtor in Chelan in 2010 indicated that new homes could be built in the Lake Chelan Valley for $100 per square foot. Lake Chelan Construction Company advertised on their website in 2012 that they could build a low-end home for $85 per square foot, a mid-range home for $110 per square foot, and a high-end home for $135 per square foot. One of the authors of this letter built a mid-range home in the Lake Chelan Valley in 2014 for under $150 per square foot as construction costs were just starting to increase and the availability of contractors was beginning to get tight.

By 2016, mid-range homes were costing $180 per square foot to build, and by 2021, people were paying $300 or more per square foot to build mid-range homes. Local builders are currently quoting $375 to $400 per square foot for mid-range homes.

2014 coincided with the beginning of the flurry of new construction in the Lookout. The construction of new homes in the Lookout peaked in the 2021-2023 time period and has since gone to just about zero as all current phases of the development have now been built-out. Possibly related, Figure 1 shows that sales prices for homes in the Lookout peaked around 2023 and have since been declining.

It will be interesting to see if construction costs start declining in Chelan, as permits issued for new residential construction have decreased back to more typical rates since the completion of the Lookout. However, as will be discussed more later, the first phase of a new development allowing up to 27 STRs has just begun construction, and a second phase has been submitted for approval for 47 more lots allowing STRs. The developer has stated that their goal is to eventually build 359 houses that can be STRs. <u>The cycle of upward pressure on construction costs may begin anew if Chelan chooses not to address the STR issue</u>.

What the evidence does suggest is that residential construction costs in Chelan (and the surrounding area) have increased since 2014 to higher levels than in other municipalities in central and eastern Washington that <u>have not</u> experienced high growth of STRs and Non-STR Seasonal Houses. When an artificial intelligence tool was asked to estimate current residential construction costs, based on all available data, for Chelan, Wenatchee, and Spokane, it came up with the following table:

[2] In the aftermath of the Great Recession of 2008/2009.

City	Cost to Build a Basic Home ($/sq ft)	Cost to Build a High-End Home ($/sq ft)
Chelan	$220-$350	$350 - $500+
Wenatchee	$180-$300	$300-$400
Spokane	$160-$240	$220-$350

These costs do not include the price of land. These cost ranges are likely somewhat low based on anecdotal information compiled by RC_3 in talking to people who have recently built, or are planning to build, a new home in Chelan, and the cost of new homes for sale in Wenatchee and Spokane (which are much less than could be constructed in Chelan). However, the relative cost comparison is likely valid.

It is well-recognized that an increase in the cost to build new homes also increases the sales prices of existing homes. The "replacement cost principle" establishes that the cost to build a comparable new home sets the upper benchmark for value in a neighborhood. For example, the National Association of Home Builders notes (related to high construction costs; underline for emphasis):

> *Higher construction costs get passed on to home buyers in the form of higher prices, making it increasingly difficult for people to afford new homes. <u>This can exacerbate existing housing affordability issues and slow down the overall housing market</u>.*

This effect can be seen in Chelan, even though STRs are only allowed in certain zones within the city.[3] Existing homes that are in good condition are being sold at costs per square foot comparable to the cost to construct a new home, even if those homes have existed for a decade or more.

<u>Unsurprisingly, as will be shown later in this letter, the cost of the median house in Chelan has increased more (on both a dollar and a percentage basis) than in other housing markets in central and eastern Washington over the 2016 to 2025 time period</u>. These data can be shown to be correlated with the proliferation of new construction of houses within the Lookout and Non-STR Seasonal Houses elsewhere in Chelan.

<u>If the construction of new STRs (and potentially Non-STR Seasonal Houses) is not constrained in some way in Chelan, this additional cost for all residential housing will continue to persist.</u>

[3] Note that many municipalities restrict STRs to only certain areas. This is not a unique feature of the Chelan STR situation.

3. STRs Increase Housing Prices

In addition to looking at the pressures caused by the construction of new STRs on housing prices, there are also a number of studies that have been conducted across housing markets that demonstrate that the proliferation of STRs will result in increases in housing prices greater than would otherwise occur.

One study has shown that once STRs exceed a density of about four percent, they start to have a negative impact on housing prices.[4] One of the study's recommendations for local governments to address this issue is to:

> *Restrict (cap/limit) STRs or incentivize moderate use if STRs account for more than 4% of total housing stock.*

Another often-cited study[5] indicates that at the median growth rate in STRs across the country, the presence of STRs accounts for one-seventh (14.3%) of the increase in house prices (and one-fifth of the increase in housing rental rates). Clearly, Chelan has had a growth rate in STRs well above the median rate across the U.S., implying that more that one-seventh of the growth in house prices in Chelan over the past decade should be attributed to STRs.

This study was based on the growth in the number of AirBNB listings in individual markets. Chelan funded its own study looking at the local impact of STRs that was published in draft form in 2018.[6] The study noted the incredible increase in the number of unique AirBNB listings for Chelan properties in the peak summer month, going from 19 in 2015 to 236 in 2018, accounting for less than one percent of the total dwelling units in Chelan in 2015 to nine percent in 2018 (note that not all STRs were advertising on AirBNB during the study period). This growth was well beyond the typical growth in AirBNB listings across the country during this period.

The median price of homes sold in Chelan has increased from about $270,000 in Q4 of 2015 to nearly $630,000 in Q3 2025, an increase of about $360,000. Even if only one-seventh of this growth in price was attributed to the growth in STRs, that would represent about $51,000. Given that the growth of STRs in Chelan has been much greater than the median rate across the U.S., it would not be unreasonable to assume that 20 percent ($72,000) or 25 percent ($90,000) of the increase in the median house price could be attributed to the growth in STRs in the city based on this study alone.

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[4] Sadie Dinatale, *Assessing and Responding to Short-Term Rentals in Oregon*, University of Oregon, 2017.

[5] Kyle Barron, Edward Kung, and Davide Proserpio; *The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb*; Oct 2020.

[6] *Chelan Short-term Rentals Situation Assessment (draft)*, BERK Consulting, November 2018.

Chelan County promulgated a new STR code in 2021 that caps STR densities to no more than six percent of the housing stock. Part of the justification for this cap is provided in the code itself, which states (underline added for emphasis):

> *Short-term rental use is a commercial use. Where excess rental units exist in residential communities, it has been shown to be detrimental to the affordable residential housing inventory and adversely affect the residential character of those neighborhoods.* [Chelan County code 11.88.290(1)(A)]

After over two years of studying the issue, Chelan County concluded that STRs do adversely impact housing costs and that it was worthwhile to place a cap on future growth of STRs to protect housing affordability for residents.

So, to summarize:

1) STRs comprise nearly 14 percent of the housing stock in Chelan, regardless of how the city might try to parse it. Even at half this density, it would be considered high.
2) One study shows that STR densities greater than about four percent start to pressure housing prices upward. Chelan County created its six percent cap on STRs with this study in mind.
3) Another study shows that growth in AirBNB listings for STRs at the national median rate (which Chelan exceeds by far) can account for one-seventh (14.3%) of the total increase in house prices (and one-fifth of the increase in home rents). Considering that STRs in Chelan have grown at much more than the national median rate, it is reasonable to expect that STRs are responsible for 20 or 25 percent of the increase in local house prices over the past decade. In fact, consistent with this, the median house price in Chelan increased about 47 percent more than the median house price in Wenatchee (a city with relatively few STRs) over the last decade.[7]

3.1. The Chelan County Tourism Impact Study

Chelan County hired BERK Consulting to complete a study looking at the impact of tourism on the county. In February of this year, BERK published a report titled *Chelan County Tourism Impact Study*. In the *Housing Impact* chapter of the study, after citing the median house price data and other literature studies that RC_3 has referenced in this letter, BERK concluded that

[7] When comparing the percentage increase in the median house price in Chelan (134%) vs. the percentage increase in the median house price in Wenatchee (91%) between Q4 2015 andQ3 2025. Data taken from the Washington Center for Real Estate Research (https://wcrer.be.uw.edu/).

STRs do not have a "significant" impact on residential housing. While this might be an appropriate statement for areas with low densities of STRs, their conclusion was exactly the opposite of what the data in their own report showed for Chelan in particular.

RC_3 immediately submitted a letter to BERK[8] pointing out the deficiencies in how they arrived at their conclusion and why they should have concluded the opposite for certain areas; i.e., that STRs have been shown to have a significant impact on housing prices in areas where they proliferate.

Ms. Dawn Couch with BERK reviewed RC_3's letter and made some key changes to the report text, better acknowledging the impact of STRs on housing prices in areas where they are prevalent. Specifically, Ms. Couch noted the following changes that were made to the report in response to RC_3's letter (underline added for emphasis):

> *We removed the sentence: "Impacts may be more pronounced at the block level, particularly for homes with unique amenities such as views or water access that are attractive to both visitors and residents." And replaced it with "Impacts on housing prices are found to be greater in areas with low levels of owner-occupied housing or where short-term rentals make up a substantial portion of the housing supply." (pg. 60).*
>
> *We updated the recommendation on short-term rentals (pg. 67) from "While short-term rentals have a small impact on county-wide housing prices, they can reduce the housing available to long-term renters" to read "Short-term rentals can impact local housing prices and reduce the housing available to long-term renters."*

While these changes do not fully acknowledge how STRs have negatively impacted housing prices in areas such as Chelan (such an assessment is outside of BERK's scope of work), they at least no longer discount the likelihood that this is the case.

3.2. STR Cap Impact Example – Palm Springs, California

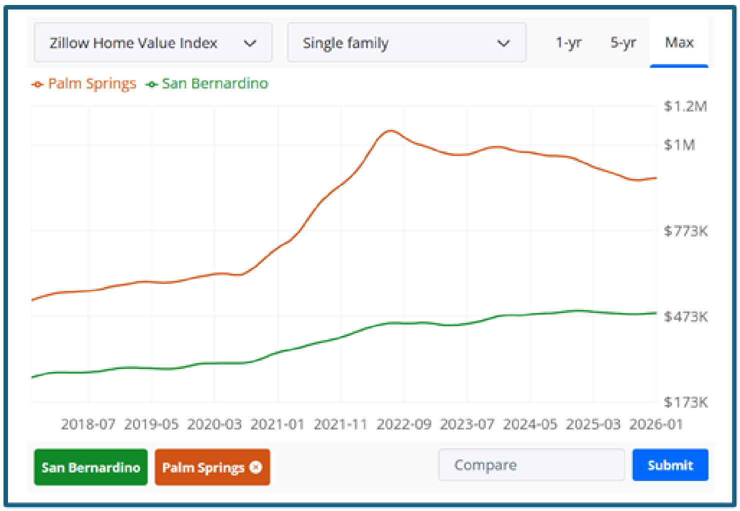
As described above, it is well-known that the proliferation of STRs can increase housing prices. On the flip side, there are examples of how caps that reduce the number of STRs can actually bring down housing prices.

Palm Springs, California is a well-known tourist destination, particularly in the winter months. Short-term rentals were sparse two decades ago, but with the proliferation of online advertising services such as AirBNB and VRBO, short-term rental ownership exploded. By 2021, STRs

[8] https://coalitionofchelancounty.org/wp-content/uploads/2026/03/RC3-Letter-to-BERK-2_18_26.pdf.

accounted for roughly 30 percent of the housing stock. The demand for STRs drove up values for single-family homes over 80 percent between late 2020 and mid-2022.

The city of Palm Springs recognized the problem and passed a 20 percent STR cap ordinance in November of 2022. Values for single-family homes started dropping right about the time that the passage of the ordinance would have been imminent, and by late 2025 values had dropped 15 percent from the mid-2022 peak. Surrounding areas with a minimal percentage of STRs, such as San Bernardino, have seen a more steady pattern of increasing values for single-family homes, with no declines between late 2022 and late 2025 as were seen in Palm Springs.



With the enactment of the STR cap, single-family home values in Palm Springs have now increased a similar, more reasonable, percentage (roughly 50 percent) as in San Bernardino over the period from late 2020 to the end of 2025.[9] The STR cap in Palm Springs has worked as expected.

In this case, the STR cap was set lower than the existing percentage of STRs. This somewhat drastic approach was needed because STR growth had gotten out of hand before the city moved to cap STRs. Hopefully, Chelan will act more quickly in order to grandfather in existing STRs and not have to actually reduce their numbers.

4. STRs versus Non-STR Seasonal Houses

4.1. Relative Quantities

As mentioned above, in addition to over 410 STRs, there are over 1,000 Non-STR Seasonal Houses within Chelan's housing inventory of roughly 3,000 deeded dwelling units.[10]

Although the inventory of Non-STR Seasonal Houses in Chelan is over twice that of STRs, it has built up over a much longer period of time. Data compiled by RC_3 show that over the past 12

[9] All house price data for Palm Springs and San Bernardino for this analysis taken from Zillow.com.

[10] Non-STR Seasonal Homes were identified as deeded dwelling units that did not have an STR license and had owners with a mailing address outside of Chelan.

years, new construction STRs and Non-STR Seasonal Houses in Chelan have been added to the housing inventory at about the same rate.

4.2. Relative Impacts on Housing Prices

After the Great Recession in 2008/2009, the Chelan housing market eventually stabilized at relatively low prices consistent with other markets in central and eastern Washington. It has only been over the past 12 years that house prices have increased rapidly and over this period of time, new construction STRs and Non-STR Seasonal Houses have grown comparably, implying that they have impacted construction costs, and therefore house prices, similarly.[11]

Of course, over this same period of time some existing residential houses have been converted to STRs and Non-STR Seasonal Houses, and some Non-STR Seasonal Houses (and maybe a few STRs) have been purchased as residential houses. It is difficult to assess what impact this would have on house prices overall because it is difficult to determine the quantities involved, but it would have little effect on construction costs, which ultimately set the upper bound on housing prices.

As asserted in this letter, RC_3 believes that the rapid increase in housing prices in Chelan over the past 12 years has been the result of the rapid increase in construction costs, which can be tied back to the atypically-high rates of construction (which were equally affected by STRs and Non-STR Seasonal Houses).

Therefore, there is no basis to state that Non-STR Seasonal Houses have had a more significant impact on housing prices over the past 12 years than STRs, which some people with the city of Chelan have implied recently.

At the January 13, 2026, city council meeting, mayor Erin McCardle mentioned that both a study conducted by Washington State University[12] and the Chelan County Tourism Impact Assessment[13] concluded that unoccupied second homes (Non-STR Seasonal Houses in the nomenclature of this letter) had a bigger impact on housing prices than STRs. This is simply not factual based on either of these studies. The WSU study mentions second homes only in the context of describing homes that are not long-term residential homes, not distinguishing in any

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[11] Between 2014 and 2023, RC_3's analysis estimates that about 29 percent of all residential building permits issued in Chelan have been for Non-STR Seasonal Houses and 28 percent were for STRs.

[12] *Housing Market Conditions in Tourism-Dependent Municipalities, Report to the Washington State Legislature Engrossed Substitute Senate Bill 5950, Section. 603.(48)*; Washington State University Metropolitan Center for Applied Research and Extension; December 20, 2024.

[13] Chelan County Tourism Impact Assessment; BERK Consulting; February 2026.

way the impacts of Non-STR Seasonal Houses from STRs. In no manner does it state that Non-STR Seasonal Houses have a larger impact on housing prices than STRs.

The WSU study does, however, state that (underline added for emphasis):

> *We identified two policy areas that impact housing affordability in rural tourism-dependent areas of Washington: (1) short-term rental (STR) regulations; and (2) incentives, programs, and plans designed to encourage affordable and workforce housing development.*
>
> *Previous research demonstrates that when STRs make up a substantial proportion of the potential housing supply, communities can face rising costs across all housing types.*

RC_3 agrees with these statements.

The Chelan County Tourism Impact Assessment similarly only refers to second homes as describing both unoccupied second homes and STRs combined. Again, in no manner does it state that Non-STR Seasonal Houses have a larger impact on housing prices than STRs. Further, this assessment contains numerous false conclusions concerning the data it presents. This is discussed in Section 3.1 above. As it turns out, the information presented in the assessment actually supports the notion that STRs increase house prices in areas where STRs are prevalent.

4.3. Relative Economics

As mentioned earlier, STRs are a commercial housing use that provides income for owners. This incentivizes the purchase of houses for use as STRs. The owner can generate income based on short-term rentals, while also reserving some time for personal use of the house as a vacation home. The income offsets the costs of ownership, in some cases covering all associated costs.

No such economic incentive applies to Non-STR Seasonal Houses unless the owner is renting out the unit to family and friends in violation of Chelan's municipal code. As such, many more households can afford to purchase an STR than can afford to purchase a Non-STR Seasonal House.

This economic incentive for STR ownership puts upward pressure on prices since the owner can offset the higher price with the income provided by the STR. This is at the root of the fact that studies find that the proliferation of STRs in housing markets result in higher prices for all houses in the market.

5. The Past 12 Years in the Chelan Housing Market

As mentioned previously, the Chelan housing market has experienced an extreme increase in prices over the past 12 years. RC$_3$ contends that a portion of this increase, which is fairly unique to Chelan (and the surrounding area), comes from upward pressure on construction costs due to the demand to build new STRs and Non-STR Seasonal Houses.

In the period prior to the 2008/2009 Great Recession (e.g., 2004-2007) and after the market stabilized afterward (2013/2014), Chelan processed roughly 32 residential building permits per year on average.[14] Beginning in 2015, this number began to increase (43 permits issued) and continued to ramp up from there, peaking in 2020 (97 permits issued). Annual permits issued stayed above the historical trend of roughly 32 permits per year until about 2023.

This period of significantly elevated residential building permits issued coincides with the buildout of the Lookout development. <u>From 2014 through 2023, 41 percent of all residential building permits issued were for houses in the Lookout development.</u> As noted earlier, over 70 percent of all houses in the Lookout have STR licenses and an unknown additional number likely are rented out short-term to family and friends without obtaining an STR license.

The following table estimates the increases in median house prices for a number of different markets with data compiled by the Washington Center for Real Estate Research from Q4 of 2015 through Q3 of 2025.[15]

City	Start	End	% Increase	$ Increase
In Chelan County				
Chelan	$269,037	$630,500	***134%***	***$361,463***
Wenatchee	$246,375	$470,174	91%	$223,799
Central/Eastern WA, Outside Chelan County				
East Wenatchee	$279,332	$498,731	79%	$219,399
Spokane	$162,413	$356,250	119%	$193,838
Walla Walla	$190,538	$417,625	119%	$227,088
Yakima	$175,388	$325,225	85%	$149,838

[14] Washington Center for Real Estate Research. This was the longest period of time available through this source.

[15] Computed by comparing the average of the first four calendar quarters in the data set with the average of the last four calendar quarters in the data set.

Unsurprisingly, median house prices in all of these markets increased due to general inflationary pressures, which were unusually high during part of this period. Housing markets that started the period with relatively low prices (Spokane, Walla Walla, and Yakima) saw median house prices increase about $150,000 to $227,000. Compared to markets with higher starting prices, these dollar increases represent a relatively high percentage increase (85% to 119%).

Housing markets that started the period with relatively high prices (Chelan, Wenatchee, and East Wenatchee) saw median houses prices increase about $219,000 to $361,000, or 79 percent to 134 percent. Chelan was the clear outlier in this group (and across all of these markets) in both dollar ($361,000) and percentage (134%) increase.

RC3 contends that the primary driver for the exceptional increase in median house prices in Chelan is due to the proliferation of new STRs, as well as new Non-STR Seasonal Houses, during this period.[16] This is something not experienced by the other housing markets shown.[17]

Figure 2 shows the change in median house prices in Chelan vs. the number of new residential building permits issued each year (blue triangles). The arrows superimposed on this graph represent the pricing pressure on construction costs expected to result from the amount that permits issued are above (or below) the longer term typical rate of about 32 permits per year. Note that with the completion of most of the buildout of the Lookout, the annual number of residential building permits issued has returned to the typical level near 32.

In Figure 2 there is a clear correlation between the size and direction of the pricing pressure arrows and the resulting median house prices. Although correlation is not always causation, a reasonable conclusion based on these data is that abnormally high levels of construction during part of this period led to the abnormally high increases in house prices. And since the majority of this construction was for houses not used for long-term residential purposes, it did little to help increase the supply of homes for those wishing to be residents.

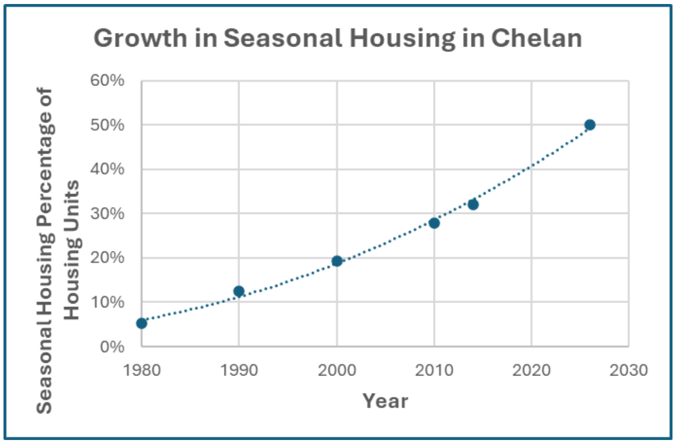
6. What the Future of Chelan's Housing Market Looks Like Now

Based on RC3's analysis, roughly 50 percent of all existing deeded dwelling units in Chelan are used seasonally (STRs and Non-STR Seasonal Houses combined). The growth of Non-STR Seasonal Houses has occurred over decades and continues today. The growth of STRs has occurred more recently, roughly doubling in the past 12 years. The following graph uses the

[16] This proliferation of STRs and Non-STR Seasonal Houses is primarily due to the Lookout development, although some Non-STR Seasonal Houses were being built in other areas of Chelan as well.

[17] Walla Walla did experience significant growth in STRs during the earliest part of this period, but new non-owner occupied STRs were disallowed by code enacted in November 2017.

current 50 percent figure, along with data from Chelan's 2017 Comprehensive Plan, to show the nearly-exponential increase in seasonal homes in Chelan (STRs and Non-STR Seasonal Houses combined).



This trend clearly needs to be addressed if the city wishes to keep Chelan from becoming a center for transient visitors rather than a city of residents. As shown earlier in this letter, this trend has resulted in outsized increases in housing costs due to the lack of any policy to slow the growth of seasonal housing.

Looking forward, all available information suggests that this trend is set to continue. The reason for this is that past iterations of Chelan government zoned too much of Chelan for tourist accommodations. Chelan has about 4,500 acres of land inside city limits (excluding the commercial airport zone). Of this, over 1,275 acres are areas zoned specifically as some form of "tourist accommodation", which includes STRs (over 28 percent of all of the land within city limits).

An additional 730 acres are zoned such that STRs are allowed, some inside city limits and some outside city limits, but inside the urban growth area. The end result is that over one-third of the area within city limits allows for individual dwelling units to be used as STRs. This zoning cannot easily be undone - however, capping STRs would be a legal and effective way to address the issue without changing the zoning.

Based on current zoning, this land could accommodate well over a thousand additional STRs. The percent of available housing stock taken by STRs in Chelan could easily exceed 20 percent, or even 25 percent, in the relatively-near future if nothing is done to mitigate the growth of STRs. This is on top of the anticipated growth of Non-STR Seasonal Houses.

Because of the economic drivers associated with STRs discussed earlier, Chelan is seeing new development being permitted or proposed that is heavily focused on STRs.

One of those new developments is the Hiland Farms subdivision near the Chelan municipal golf course. The proposal for this development notes that they plan to create 359 lots over roughly 40 acres that are zoned to allow STRs. Note that the Lookout development has just over 200 such lots. The Hiland Farms subdivision has already platted the first 27 lots and construction has started. A request has been submitted to create the next phase of 47 lots.

A separate development located at the base of Chelan Butte is in the planning stages. Recent paperwork submitted by the landowners specifically calls out plans to build 200 STRs in the next 10 years and another 200 STRs over the 10 years after that, for a total of 400 new STRs.

Just these two projects could add 759 more STRs to Chelan, with over 1,000 acres of land zoned to allow STRs still remaining. This is the equivalent of nearly two Lookout developments every 10 years. These proposals imply that the rate of new STR construction would be nearly twice that caused by the Lookout development for decades into the future, keeping home construction costs high.

We note that although over 1,500 acres of land inside city limits allow for STRs, much of this land also allows for single-family, two-family, three-family and multi-family dwellings, townhouses, and cottage housing developments. If additional STRs were not allowed to be built on these lands, there would be a wide variety of types of residential housing that could be built instead, greatly improving the mix of residential housing available to those wishing to make Chelan their home.

City staff have noted that much of this land also allows for hotels[18] and if STRs aren't allowed, then many new hotels will be built instead of residential housing. But hotels have been allowed on this land for decades. How many developers have decided to build a new hotel in Chelan in the past 20-plus years? None. The reason for this is that hotels have a completely different financial structure compared to STRs – they are riskier, more capital-intensive investments that do not convey the same benefits to the owner as STRs. An STR cap will not lead to a proliferation of hotels in Chelan.[19] Further, the development of a hotel requires a full analysis of traffic and other types of impacts, as well as public input, to ensure that significant adverse impacts do not occur.

With no changes to city code to constrain this growth in STRs, Chelan's future will include:

- Continued rapid growth in STRs, with STRs and Non-STR Seasonal Houses continuing to comprise a greater and greater percentage of available houses for purchase or rent (about the current percentage of about 50%).
- Housing prices that continue to be much higher than other regional housing markets, making it difficult for even middle-income households to purchase or rent a house in Chelan.

[18] City code defines a hotel as a building with at least six dwelling units.

[1919] We note that a 250-room hotel on the lower portion of Chelan Butte has recently been discussed, well before any public discussion of an STR cap, but is years away from any serious consideration.

- An urban center comprised mostly of transient visitors rather than a community of residents.

<u>For this future to change, the City must be willing to take strong and decisive action</u>.

7. Solutions

7.1.A Numerical Cap on STRs

RC_3's letter to the City Council dated December 4, 2025, described in detail how other municipalities in Washington State and other nearby areas have implemented STR caps that have been upheld under legal scrutiny. Since Chelan already has code that requires all STRs to obtain a license and comply with operational standards, adding a cap to this existing code would be relatively simple. Enforcement to ensure that all operating STRs have a valid permit would continue as it currently exists.

Capping STRs at, for example, a level near the current number would have an immediate impact on the Chelan housing market. It would reduce the pace of new home construction in the near-term, producing the desired result of reducing construction costs (supply and demand). It would shift developer focus away from STRs and toward residential housing. All available evidence suggests that this would significantly slow the rise in housing costs in Chelan.

This would slow, and help reverse, the overall trend of seasonal housing becoming a larger and larger percentage of the available housing stock. The City's willingness to reshape the housing market will improve the livability of Chelan and encourage new residents to make Chelan their home. It will send a clear message about the City's priorities that will be appreciated by residents and tourists alike.

It is assumed that all existing licensed STRs would be grandfathered into the program (thus no <u>decrease</u> in tourist accommodations), though this grandfathering need not survive transfer of ownership in certain areas. <u>Owners of existing STRs should actually support this program</u> as it puts a cap on their potential competition for customers.

Taking this action would potentially require a moratorium on new STR licenses while the new code is being developed to prevent a run on STR licenses (Chelan County did this while developing its STR code).

Whether capped at the current level of STRs or slightly higher, all evidence suggests that this action would positively impact Chelan housing market prices.

7.2. What About Non-STR Second Houses?

City staff has rightly noted that Chelan also has a high percentage of existing housing stock as Non-STR Seasonal Houses that are not permitted as STRs. An analysis of existing properties confirms that over one-third of dwelling units within Chelan city limits are owned by persons or entities not residing in Chelan and not permitted as STRs.

It is difficult to confirm exactly how each of these dwelling units are being used. Possibilities include vacation/second homes used by the owners exclusively, rented long-term to tenants, used as STRs but not permitted, used as vacation rentals for family and friends only, etc.

Chelan city staff have asserted that these dwelling units that are second homes not permitted as STRs have a bigger impact on the local housing market than STRs. However RC_3's analysis concludes that:

- Although Chelan has more Non-STR Seasonal Houses (over 1,000) than STRs (about 410) currently, the inventory of Non-STR Seasonal Houses has built up over a much longer period of time. What will most affect housing prices in Chelan going forward will be the change in inventories of these types of homes, not the current number, and
- Based on current growth rates, Non-STR Seasonal Houses have, at most, a similar impact on the Chelan housing markets that STRs do.

If the city wishes to also address Non-STR Seasonal Houses in Chelan, RC_3 would support this if it were done in an appropriate manner. A few cities (e.g., Honolulu, Berkeley, San Francisco, etc.) have assessed "vacancy taxes" on seasonal housing.[20] These taxes are typically several thousand dollars per year for houses that are not occupied a significant portion of the year.

There would be many details to work out to make such a tax work, including the amount of the tax, who is affected, and how compliance could be assured. But if housing prices in Chelan were to become more affordable in the future, it should be in service of those looking for long-term residences, not those wishing to purchase second homes.

We anticipate that there would be significant backlash to applying these taxes to existing Non-STR Seasonal Houses, but perhaps they could be applied to new houses of this type. Revenue from these taxes could then be directed toward affordable housing projects in the city, such as those developed through the Chelan Valley Housing Trust.

[20] Vacancy Taxes Across the U.S., https://www.dawgsinc.com/vacancy-taxes-across-the-u-s/.

8. Summary

Capping STRs is one regulatory action that the City of Chelan could take to increase housing affordability in Chelan that is legal, simple, effective, and likely to be supported by the vast majority of local residents and existing seasonal homeowners.[21]

RC3 has also outlined how a tax/fee on Non-STR Seasonal Houses could help to positively impact the residential housing market and help to fund affordable housing, although this may be more complicated to implement and enforce.

In this letter, RC3 has provided clear evidence that capping STRs would likely help to make housing in Chelan more affordable than it has been over the past few years. These market forces may not create a lot of "affordable housing" as defined by the Chelan Valley Housing Trust (affordable by households between 80 percent and 120 percent of the Area Median Income), but it can lower the cost of housing such that it is affordable for a larger segment of middle-class households and retirees who would like to move to Chelan and become part of its community.

We understand that this proposal may strike some as fairly severe. But that is the point and such measures are necessary to effect change. Otherwise, the current, undesirable market dynamics will continue. Similar decisions have been made by dozens and dozens of municipalities around the country because it is effective and the right thing to do.

After the housing market has had time to adjust, it would emerge with a focus on residential construction at a more reasonable cost.

There is another significant reason for the City to implement a cap on STRs beyond housing affordability. With recent announcements totaling nearly 800 new houses likely to be STRs already, and more to come, the continued rapid growth in STRs in Chelan will degrade its character. It is becoming a collection of housing for visitors instead of a community of residents. Current residents are adamantly and nearly-uniformly against this type of growth. The City needs to listen to its residents.

With an STR cap, Chelan will be more likely to attain the City's stated goal of retaining its "small town charm"[22] with a reasonable balance between tourist accommodations and long-term residences.

[21] Assuming that existing seasonal homeowners (STRs and Non-STR Seasonal Houses) are grandfathered as part of any new program enacted.

[22] Part of the City's stated 2037 Chelan Comprehensive Plan Vision.

If no action on STRs is taken by the City, all available evidence indicates that STRs will continue to proliferate, resulting in continued high housing prices relative to other areas and a decline in what makes Chelan a desirable place to live.

We look forward to further discussion of this issue with the City and the local community.

Residents Coalition of Chelan County Board of Directors

cc: Erin McCardle – Chelan Mayor
John Ajax – Community Development Director

Figure 1

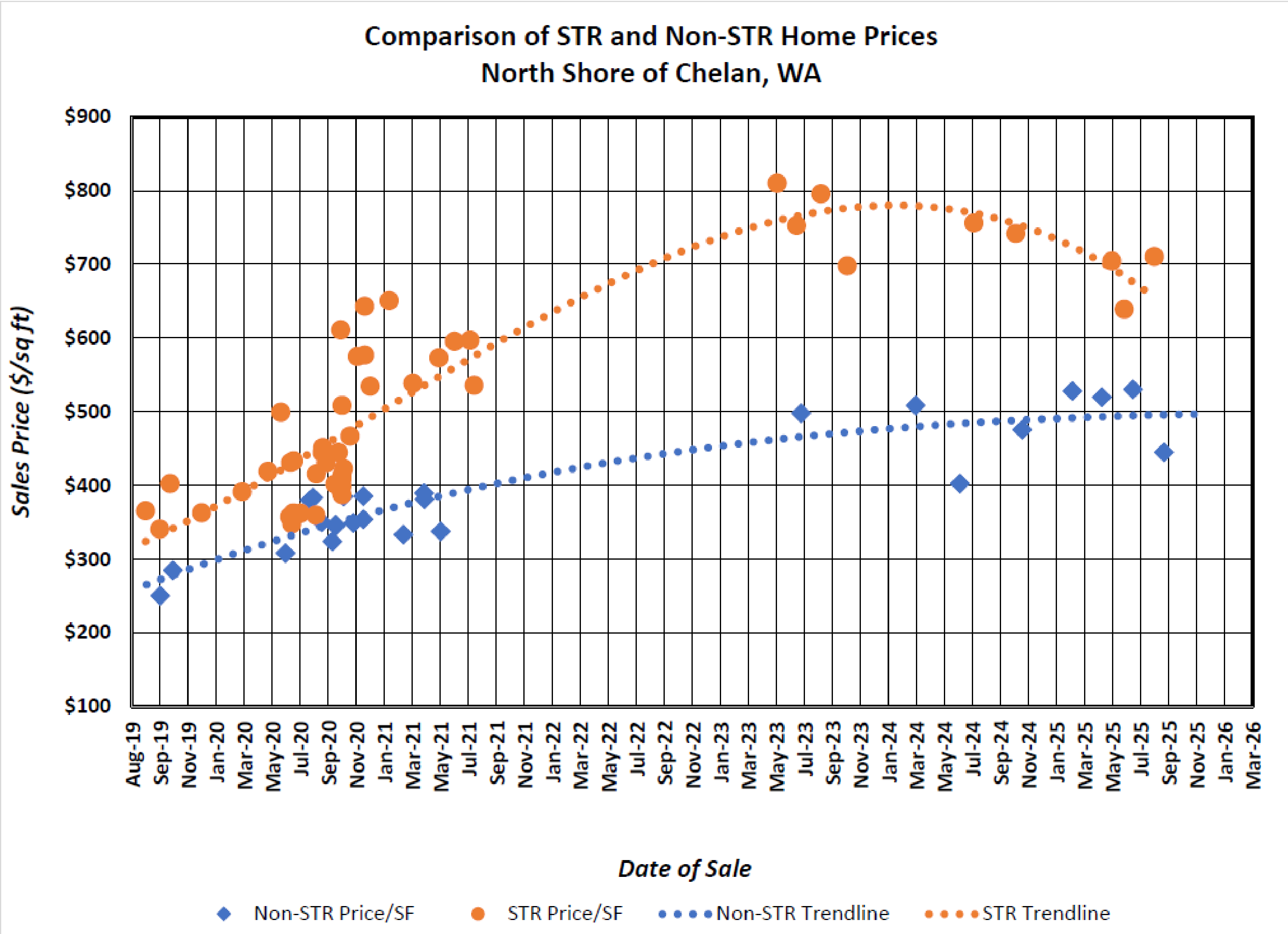
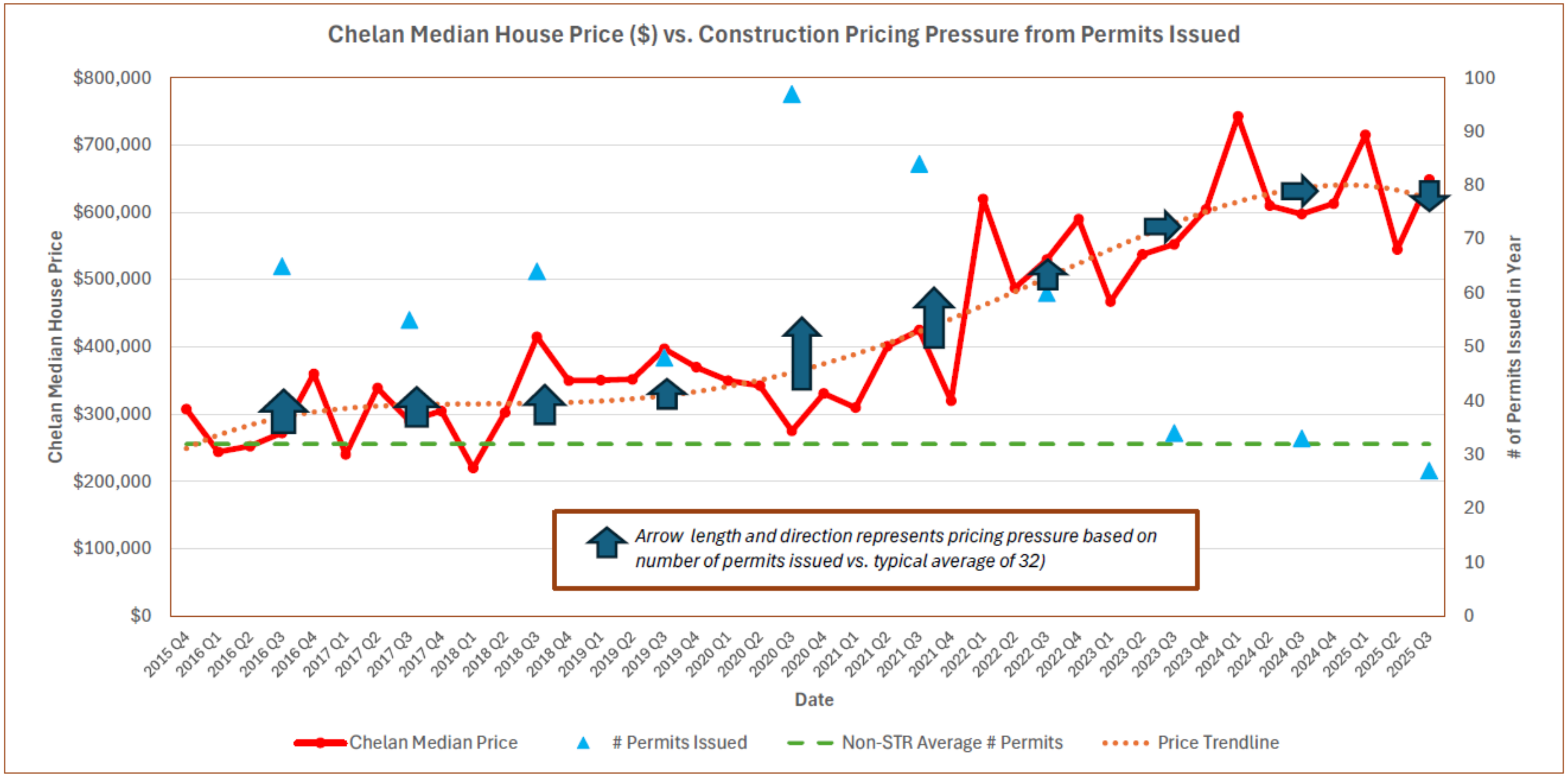

Comparison of STR and Non-STR Home Prices
North Shore of Chelan, WA
Sales Price ($/sq ft)
$900
$800
$700
$600
$500
$400
$300
$200
$100
Aug-19 Sep-19 Nov-19 Jan-20 Mar-20 May-20 Jul-20 Sep-20 Nov-20 Jan-21 Mar-21 May-21 Jul-21 Sep-21 Nov-21 Jan-22 Mar-22 May-22 Jul-22 Sep-22 Nov-22 Jan-23 Mar-23 May-23 Jul-23 Sep-23 Nov-23 Jan-24 Mar-24 May-24 Jul-24 Sep-24 Nov-24 Jan-25 Mar-25 May-25 Jul-25 Sep-25 Nov-25 Jan-26 Mar-26
Date of Sale
Non-STR Price/SF
STR Price/SF
Non-STR Trendline
STR Trendline

Figure 2



Chelan Median House Price ($) vs. Construction Pricing Pressure from Permits Issued
Chelan Median House Price
$800,000
$700,000
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$0
# of Permits Issued in Year
100
90
80
70
60
50
40
30
20
10
0
Arrow length and direction represents pricing pressure based on number of permits issued vs. typical average of 32)
2015 Q4
2016 Q1
2016 Q2
2016 Q3
2016 Q4
2017 Q1
2017 Q2
2017 Q3
2017 Q4
2018 Q1
2018 Q2
2018 Q3
2018 Q4
2019 Q1
2019 Q2
2019 Q3
2019 Q4
2020 Q1
2020 Q2
2020 Q3
2020 Q4
2021 Q1
2021 Q2
2021 Q3
2021 Q4
2022 Q1
2022 Q2
2022 Q3
2022 Q4
2023 Q1
2023 Q2
2023 Q3
2023 Q4
2024 Q1
2024 Q2
2024 Q3
2024 Q4
2025 Q1
2025 Q2
2025 Q3
Date
Chelan Median Price
Permits Issued
Non-STR Average # Permits
Price Trendline

City of Chelan

2025-055I

CITY COUNCIL WORKSHOP April 7, 2026

Subject/Title:	Ordinance No. 2026-16XX Budget Amendment No. 2 (Finance Director Evans)
Department:	Finance
Staff Contact:	Heidi Evans
Guiding Principles:	Healthy & Sustainable
Initiatives:	Modernize Resource
Reviewed By:	City Administrator and Finance Director
Number of Looks:	Look No. 1 of 3

PREVIOUS ACTION TAKEN

The 2026 budget was adopted by Ordinance No. 2025-1649 on December 9, 2025. Budget Amendment No. 1 was adopted by City Council on March 24, 2026 by Ordinance No. 2026-1654.

OVERVIEW

The proposed Budget Amendment No. 2 would establish beginning fund balances, provide spending authority on capital projects, update applicable operating expenditures, and add expected/additional revenue for capital projects that was not previously accounted for during the 2026 budget adoption process.

FINANCIAL IMPLICATIONS

Amendment has financial implications across numerous funds. To better understand those, please view on supplied spreadsheet. (To be uploaded Monday, April 6th).

ATTACHMENTS

1. 2026 Amendment No 2 - Budget at a Glance
2. 2026 Amendment No 2 - Detailed List of Amendments

SUGGESTED MOTION

None.

Exhibit "A"
City of Chelan
2026 Budget - Proposed Amendment No. 2 Overall Impacts

					2026 INCOMING			2026 OUTGOING			
Fund No.	Description	2026 Estimated Beginning Fund Balance	2025 YE Balance / 2026 Beginning Balance	2026 Transfers Out Due to Policy	2026 Adopted Budget	Budget Amendment No. 1 Completed	Budget Amendment No. 2 Proposed	2026 Adopted Budget	Budget Amendment No. 1 Completed	Budget Amendment No. 2 Proposed	2026 Estimated End Fund Balance
001	General Fund	3,727,262.45	4,278,477.58	**(2,394,346.42)**	5,521,517.79			5,389,784.01		55,000.00	1,960,864.95
101	Transportation Operating	1,049,008.65	983,189.72	(615,656.29)	1,845,432.72			1,740,398.27			472,567.88
102	Lake Chelan Airport		15,493.36	-	441,100.00			441,100.00			15,493.36
103	Tourism Impact (2%)	3,078,592.32	6,323,106.11	(3,161,553.06)	745,000.00			1,300,443.14		11,000.00	2,595,109.92
104	Destination Development (3%)	3,078,592.32		3,161,553.06	800,000.00			812,500.00			3,149,053.06
105	Affordable Housing	129,049.27	132,027.76		13,457.58			-			145,485.34
110	Parks Operating	1,193,517.36	1,951,132.69	(700,739.36)	1,415,521.11			2,197,803.34		11,291.95	456,819.15
111	Golf Operating	424,489.80		424,489.80	2,469,133.98			2,400,437.11		7,990.13	485,196.54
112	Marina Operating	27,724.15		27,724.15	208,272.42			203,466.84			32,529.73
113	RV Park Operating	212,271.62		212,271.62	1,664,662.00			1,623,325.31		(15,196.04)	268,804.35
114	Putting Course Operating	36,253.79		36,253.79	350,175.38			303,996.89			82,432.28
120	Retainage Deposits	-	79,756.20		-			-			79,756.20
133	Refundable Deposits	880,435.68	867,771.68		-			-			867,771.68
201	Debt Service	4,640.39	4,640.39		526,794.06			526,793.06			4,641.39
301	General Fund Capital	2,296,709.14	2,249,898.23	**2,394,346.42**	444,345.05			430,391.20	723,974.51		3,934,223.99
302	Transportation Capital	672,065.67	(121,802.45)	615,656.29	942,218.64	2,507,295.46	3,085,271.50	6,236.55	3,170,462.54	1,280,000.00	2,571,940.35
303	Transportation Benefit District	703,486.47	657,500.02		719,219.70			900,000.00			476,719.72
306	Lake Chelan Airport Capital		-		318,562.40			318,562.40			-
310	Parks Capital	1,056,535.62	1,579,999.52	(289,585.92)	-		438,090.65	53,017.06		1,564,832.37	110,654.82
311	Golf Capital	78,500.00		78,500.00	-			75,500.00			3,000.00
312	Marina Capital	8,035.10		8,035.10	-			8,035.10			-
313	RV Park Capital	503,050.82		203,050.82	-			50,600.00		9,200.00	143,250.82
314	Putting Course Capital	-			-			-			-
400	Sewer Operating	1,581,738.89	1,500,537.59		3,552,514.08			3,658,992.94			1,394,058.73
401	Water Operating	1,456,012.81	1,368,001.68		4,233,985.32			4,500,575.05			1,101,411.95
402	Water & Sewer Bond	896.02	896.02		739,110.39			739,110.25			896.16
403	Sanitation Operating	1,801,254.47	1,683,215.40		2,102,832.98			2,449,599.64			1,336,448.74
406	Water Capital	7,467,712.33	7,323,685.62		1,438,882.00		11,083,332.00	2,835,225.64		15,221,352.66	1,789,321.32
407	Sewer Capital	4,446,409.48	4,111,762.24		1,126,773.00		5,331,689.10	3,819,529.27		4,555,247.30	2,195,447.77
502	Public Works Shop	2,104,244.27	2,081,475.46		1,648,783.56			1,921,852.95			1,808,406.07
631	Lake Chelan Sewer District	922,455.71	959,190.18		378,341.64			362,325.14			975,206.68
650	External Taxes	53,279.09	56,750.85		381,000.00			381,000.00			56,750.85
	GRAND TOTALS	**38,994,223.69**	**38,086,705.85**	**0.00**	**34,027,635.80**	**2,507,295.46**	**19,938,383.25**	**39,450,601.16**	**3,894,437.05**	**22,700,718.37**	**28,514,263.78**

Exhibit "B"
City of Chelan
2026 Budget Amendment No. 2 Proposal - Detail

Account Number	Title	Current Budget	Proposed Amendment	Proposed New Budget	Notes
			REVENUE		
302-000-000-333-20-20-01	Transportation Capital Apple Blossom CDTC Grant	$ 20,000.00	$ 180,000.00	$ 200,000.00	Total anticipated revenue
302-000-000-334-03-10-00	Transportation Capital ECY-Stormwater Mngmt Plan Grant	$ -	$ 243,541.88	$ 243,541.88	2025 Carryover of anticipated revenue
302-000-000-334-03-60-23	Transportation Capital WADOT Grant-Lakeside Trail	$ -	$ 1,992,110.98	$ 1,992,110.98	2025 Carryover of anticipated revenue
302-000-000-334-03-80-24	Transportation Capital TIB-Lakeside Trail Grant	$ -	$ 372,765.64	$ 372,765.64	2025 Carryover of anticipated revenue
302 - NEW	Transportation Capital LINK - Lakside Trail Contribution	$ -	$ 296,853.00	$ 296,853.00	2025 Carryover of anticipated revenue
		$ 20,000.00	$ 3,085,271.50	$ 3,105,271.50	
310-000-000-334-02-70-26	Parks Capital RCO -Lakeside Park	$ -	$ 438,090.65	$ 438,090.65	Rollover of anticipated grant revenue
		$ -	$ 438,090.65	$ 438,090.65	
406-000-000-333-66-46-16	Water Capital Ind Fed Grnt -Airport Water Line	$ -	$ 6,500,000.00	$ 6,500,000.00	
406-000-000-337-00-25-01	Water Capital Chelan County Airport Waterline	$ -	$ 666,666.00	$ 666,666.00	
406-000-000-337-00-25-02	Water Capital Regional Port Airport Waterline	$ -	$ 666,666.00	$ 666,666.00	
406-000-000-337-00-25-03	Water Capital - Local Gov Grant	$ -	$ 300,000.00	$ 300,000.00	
406-New**	Water Capital - East Chelan Reservoir	$ -	$ 2,950,000.00	$ 2,950,000.00	
		$ -	$ 11,083,332.00	$ 11,083,332.00	
407-000-000-334-03-10-29	Sewer Capital DOE Grant - Lift Station No 1.	$ -	$ 232,189.10	$ 232,189.10	2025 Carryover of anticipated revenue
407-New**	Sewer Capital DOE Loan - Downtown Sewer	$ -	$ 5,099,500.00	$ 5,099,500.00	
		$ -	$ 5,331,689.10	$ 5,331,689.10	
			$ 19,938,383.25	**TOTAL PROPOSED CHANGE IN BUDGETED REVENUE**	
			EXPENDITURES		
001-000-000-554-30-41-01	Chelan Valley Feral Cat Project	$ -	$ 5,000.00	$ 5,000.00	As per contractual agreement 2025-2027
001-000-000-558-50-41-04	Comm Dev B-Nuisance Abatement	$ 15,000.00	$ 50,000.00	$ 65,000.00	Anticipated costs expected for house demolition - expected to be recouped
		$ 15,000.00	$ 55,000.00	$ 70,000.00	
103- New*	Tourism Impact (2%) No Wake Buoys	$ -	$ 11,000.00	$ 11,000.00	
		$ -	$ 11,000.00	$ 11,000.00	
110-000-100-576-80-49-00	Parks Dues/Subscrp/Reg/Renewals	$55,750.00	$5,500.00	$ 61,250.00	Subscription for Flow Meter for DM Irrigation Per DOE (1,500); Licensing & cellular service for cameras/door locks ($4,000)
110-000-100-576-80-48-00	Parks Repairs & Maintenance	$20,000.00	$10,000.00	$ 30,000.00	Unplanned installation of Flow Meter for DM irrigation per Ecology
110-000-100-576-80-46-00	Parks Insurance	$141,522.13	($9,771.32)	$ 131,750.81	Adjustments post budget
110-000-100-576-80-46-01	Parks Vehicle Insurance	$1,797.03	$5,563.27	$ 7,360.30	Adjustments post budget
		$219,069.16	$11,291.95	$230,361.11	
111-000-700-576-60-12-00	Golf Pro OT Wages	$ 18,000.00	$ (2,000.00)	$ 16,000.00	Aligned with 2025 actuals
111-000-700-576-60-14-00	Golf Pro PT OT Wages	$ 7,500.00	$ (1,000.00)	$ 6,500.00	Aligned with 2025 actuals
111-000-700-576-60-45-14	Golf Pro Cart Fleet Rentals	$ 80,000.00	$ 18,000.00	$ 98,000.00	Transition to new carts, buying out old lease
111-000-700-576-60-46-00	Golf Pro Insurance	$ 67,932.37	$ 3,461.71	$ 71,394.08	Adjustments post budget

111-000-700-576-60-46-01	Golf pro Vehicle Insurance	$ 19.10	$ (7.22)	$ 11.88	Adjustments post budget
111-000-800-576-60-46-00	Golf Maint Insurance	$ 117,054.88	$ (9,637.00)	$ 107,417.88	Adjustments post budget
111-000-800-576-60-46-01	Golf Maint Vehicle Insurance	$ 481.39	$ 1,172.64	$ 1,654.03	Adjustments post budget
111-000-800-576-60-31-02	Golf Main Equipment Parts	$ 20,000.00	$ (5,000.00)	$ 15,000.00	Repairs to carts no longer needed with new cart fleet
		$ 285,487.74	$ 7,990.13	$ 293,477.87	
113-000-200-576-30-49-00	RV Park Dues/Subscrp/Reg/Renewals	$ 128,000.00	$ 4,500.00	$ 132,500.00	Door lock & security camera access licensing
113-000-200-576-30-46-00	RV Park Insurance	$ 107,396.40	$ (22,417.95)	$ 84,978.45	Adjustments post budget
113-000-200-576-30-46-01	RV Park Vehicle Insurance	$ 324.88	$ 1,139.24	$ 1,464.12	Adjustments post budget
113-000-200-576-30-41-21	RV Park IT Support	$ -	$ 1,582.67	$ 1,582.67	
		$ 235,721.28	$ (15,196.04)	$ 220,525.24	
302-000-000-594-31-30-24	Transportation Capital Storm Water Plan	$ -	$ 275,000.00	$ 275,000.00	Anticipated grant revenue of $243,541.88
302-000-000-594-42-41-25	Transportation Capital Comp Plan Transportation Element	$ -	$ 150,000.00	$ 150,000.00	Rollover from 2025
302-New*	Transportation Capital Lakeside Park Access & Pakring	$ -	$ 100,000.00	$ 100,000.00	
302-New*	Transportation Capital Neighborhood Sidewalk Expansion	$ -	$ 100,000.00	$ 100,000.00	
302-New*	Transportation Capital Regional Transportation Plan	$ -	$ 50,000.00	$ 50,000.00	
302-000-000-595-61-63-22	Transportation Capital Other Imp-Bradley St Ped Imp	$ -	$ 10,000.00	$ 10,000.00	Rollover from 2025
302-000-000-595-62-63-23	Transportation Capital-Lakeside Trail Woodin to Water & 15	$ -	$ 555,000.00	$ 555,000.00	Rollover from 2025 of design & construction monies
302-000-000-595-69-41-24	Transportation Capital Downtown Revitalization-Design	$ -	$ 40,000.00	$ 40,000.00	
		$ -	$ 1,280,000.00	$ 1,280,000.00	
310-000-100-594-58-41-20	Parks Capital Land Imp-Shoreline Access Dev	$ -	$ 367,527.00	$ 367,527.00	Rollover from 2025 for future Shoreline projects
310-000-100-594-76-41-13	Parks Cap Road End Parks-Design	$ -	$ 11,588.00	$ 11,588.00	Rollover from 2025 for future Shoreline projects
310-000-100-594-76-41-21	Parks Cap Parks Branding/Signage	$ -	$ 47,051.92	$ 47,051.92	Rollover from 2025 - on-going signage projects
310-000-100-594-76-61-19	Parks Capital- Lakeside Park Grant Match	$ -	1,033,392.95	$ 1,033,392.95	Rollover from 2025 with adjustments for approved change orders
310-000-100-594-76-63-12	Parks Capital-Asphalt Crack & Seal Coating	$ -	$ 4,127.50	$ 4,127.50	Rollover from 2025 - Ongoing park renovation proejct
310-000-100-594-76-64-22	Parks Capital-Vehicle Rplcmt	$ -	$ 53,145.00	$ 53,145.00	Rollover from 2025 - earmarked for future equipment replacement needs
310-000-100-594-76-62-14	Parks Capital - Door Locks	$ 9,400.00	$ 33,000.00	$ 42,400.00	Quotes came in over budget - council was made aware of this overrun during Interwest contract review
310-000-100-594-76-64-03	Parks Capital March/equip - Security Camers	$ 20,617.06	$ 15,000.00	$ 35,617.06	Quotes came in over budget - council was made aware of this overrun during Interwest contract review
		$ 30,017.06	$ 1,564,832.37	$ 1,594,849.43	
313-000-200-594-76-62-26	RV Park Door Locks	$ 10,600.00	$ 9,200.00	$ 19,800.00	Quotes came in overbudget
		$ 10,600.00	$ 9,200.00	$ 19,800.00	
406-000-000-594-34-41-12	Water Capital- Rate Study	$ -	$ 30,656.64	$ 30,656.64	Rollover from 2025
406-000-000-594-34-41-13	Water Capital Replace 8" Submarine Line-Design	$ -	$ 223,669.69	$ 223,669.69	Rollover from 2025
406-000-000-594-34-41-17	Water Capital Eng/Des Airport Waterline	$ -	$ 525,375.65	$ 525,375.65	Rollover from 2025
406-000-000-594-34-41-38	Water Capital High St BPS Imp	$ -	$ 39,375.00	$ 39,375.00	Rollover from 2025
406-000-000-594-34-41-01	Water Capital Water System Plan	$ 202,584.00	$ (187,584.00)	$ 15,000.00	Reduction in anticipated expenditures
406-000-000-594-34-41-02	Water Capital Pipe Replacement	$ 66,853.00	$ 933,147.00	$ 1,000,000.00	Expedition of project originally planned for 2027
406-New*	Water Capital Rights Support	$ -	$ 50,000.00	$ 50,000.00	
406-New*	Water Capital East Chelan Reservoir Design	$ -	$ 2,950,000.00	$ 2,950,000.00	Grant revenue to cover entirety of this expense
406-000-000-594-34-62-16	Water Capital- Bldg/Struct WA St BPS Improvements	$ -	$ 736,519.63	$ 736,519.63	Rollover from 2025
406-000-000-594-34-62-30	Water Capital- Boyd Rd & Pinnacle BPs and PRV Upgrd	$ -	$ 414,855.05	$ 414,855.05	Rollover from 2025
406-000-000-594-34-63-01	Water Capital Const-Airport Waterline	$ -	$ 8,611,775.00	$ 8,611,775.00	Rollover from 2025
406-000-000-594-34-63-07	Water Capital Const-Main Zone Cap Imp PH 2	$ -	$ 200,000.00	$ 200,000.00	Reduction & rollover from 2025

406-000-000-594-34-64-03	Water Capital Mach/equip-Portable Generator	$ -	$ 152,563.00	$ 152,563.00	Rollover from 2025
406-000-000-594-34-64-04	Water Capital Mach/equip-Raw WPS Generator	$ -	$ 441,000.00	$ 441,000.00	Rollover from 2025
406-000-000-594-34-64-05	Water Capital Mach/Equip-High St BPS Imp	$ -	$ 100,000.00	$ 100,000.00	Rollover from 2025
		$ 269,437.00	$ 15,221,352.66	$ 15,490,789.66	
407-000-000-594-35-41-03	Sewer Capital SR150 Sewer Mainline Replacement	$ -	$ 243,434.75	$ 243,434.75	Rollover from 2025
407-000-000-594-35-41-08	Sewer Capital-Rate Study	$ -	$ 21,881.25	$ 21,881.25	Rollover from 2025
407-000-000-594-35-41-13	Sewer Capital SR 150 Mainline Rplcmt/Chelan Fruit	$ 1,996,903.00	$ 1,203,097.00	$ 3,200,000.00	
407-000-000-594-35-41-29	Sewer Capital Lift ST #1 Design	$ -	$ 161,419.33	$ 161,419.33	Rollover from 2025
407-000-000-594-35-62-06	Sewer Capital Const-Lift St #1	$ -	$ 1,997,025.66	$ 1,997,025.66	Rollover from 2025
407-000-000-594-35-62-15	Sewer Capital Const-Misc WWTP Improvements	$ -	$ 70,000.00	$ 70,000.00	Rollover plus additional funds for 2026
407-000-000-594-35-62-25	Sewer Capital Const-Anderson Rd Utilities	$ -	$ 198,723.25	$ 198,723.25	Rollover from 2025
407-000-000-594-35-62-27	Sewer Capital Const-Lift St #4 Elect/Controls Relocation	$ -	$ 117,159.56	$ 117,159.56	Rollover from 2025
407-000-000-594-35-62-38	Sewer Capital Const- Lift Station #3 Improvements	$ -	$ 404,818.50	$ 404,818.50	Rollover from 2025
407-000-000-594-35-64-02	Sewer Cap Mach/equip-Portable Generator	$ -	$ 137,688.00	$ 137,688.00	Rollover from 2025
		$ 1,996,903.00	$ 4,555,247.30	$ 6,552,150.30	
			$ 22,645,718.37	**TOTAL PROPOSED CHANGE IN BUDGETED EXPENDITURES**	

Transfers

001-000-000-597-00-00-11	CE Tran Out to # 301 Cap Improve	$ -	$ 2,394,346.42
301-000-000-397-01-00-12	CE Trans In from #001	$ -	$ 2,394,346.42
101-000-000-597-40-00-00	Transportation Trans Out #302	$ -	$ 615,656.29
302-000-000-397-40-00-00	Trans In FR #101 Transportation Operating	$ -	$ 615,656.29
103 - New Expenditure*	Tourism Impact (2%) Tran Out to #104 Destination Develop	$ -	$ 3,161,553.06
104 - New Revenue*	Destination Development - Trans In from #103	$ -	$ 3,161,553.06
110 - New Expenditure*	Parks Tran Out to #111 Golf Operating	$ -	$ 700,739.36
111 - New Revenue*	Golf Trans In from #110 Parks Operating	$ -	$ 424,489.80
112 - New Revenue*	Marina Trans In from #110 Parks Operating	$ -	$ 27,724.15
113 - New Revenue*	RV Park Trans in From #110 Parks Operating	$ -	$ 212,271.62
114 - New Revenue*	Putting Course Trans in From #110 Parks Operating	$ -	$ 36,253.79
310 - New Expenditure*	Parks Capital Tran Out to #311 Golf Capital	$ -	$ 289,585.92
311 - New Revenue*	Golf Capital Tran In from #310 Parks Capital	$ -	$ 78,500.00
312 - New Revenue*	Marina Tran In from #310 Parks Capital	$ -	$ 8,035.10
313 - New Revenue*	RV Park Tran In from #310 Parks Capital	$ -	$ 203,050.82

City of Chelan

2026-032A

CITY COUNCIL WORKSHOP April 7, 2026

Subject/Title:	PPC Solutions, Inc. dba Phoenix Protective Corp Professional Services Agreement for Security Services in City Parks (Parks and Recreation Director Cooper)
Department:	Parks and Recreation
Staff Contact:	Audrey Cooper
Guiding Principles:	Accessible & Welcoming
Initiatives:	Enhance Youth and Family Well-being
Reviewed By:	City Administrator and Finance Director
Number of Looks:	Look No. 2 of 3

PREVIOUS ACTION TAKEN

This item was previously discussed during the March 24, 2026 Regular City Council Meeting as Look No. 1 of 3.

OVERVIEW

During the 2025 summer season, the City utilized contracted private security services to assist with communicating park regulations and supporting the enforcement of park rules during peak visitation periods. The City continues to use a multi-faceted approach to maintaining safe, clean, and family-friendly parks year-round. This approach includes improved park signage, effective parking enforcement staff, installation of new park grills, enhanced public communication through the “Know Before You Go” campaign, coordination with law enforcement, and the use of contracted security services.

To secure contracted security services for the 2026 and 2027 season, Parks staff issued a Request for Proposals (RFP) in February in accordance with the City’s procurement procedures. One proposal was received from PPC Solutions dba Phoenix Protective Corp.Phoenix Protective Corp. previously provided park security services for the City and is familiar with Chelan’s park system and operational needs. Their officers are trained in areas such as security-oriented customer service, de-escalation techniques, incident documentation, and First Aid/CPR/AED. These skills support their primary role of interacting with visitors, communicating park rules, and addressing issues before escalation.

The attached contract is awaiting signature from Phoenix and includes language that strengthens the reporting and accountability components of the service. This includes a streamlined reporting system that provides the City with clear and easily accessible daily activity reports, as well as an end-of-season summary presentation to City Council outlining trends, observations, and recommendations from the 2025 summer season.

FINANCIAL IMPLICATIONS

The proposed hourly rate for services is $77.50 per hour, compared to $75.00 per hour in 2025, representing a modest increase. Funding for parks security services is included in the General Parks Operating Budget. Scheduling will be prioritized based upon peak-use periods and available funding to remain within the budget.

ATTACHMENTS

1. PPC Solutions, Inc dba Phoenix Protective Corp Professional Services Agreement

SUGGESTED MOTION

None.

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT, is made in duplicate by and between the CITY OF CHELAN, a Washington municipal corporation (the "CITY") and PPC Solutions, Inc d/b/a Phoenix Protective Corp, a private security firm (the "SERVICE PROVIDER").

WHEREAS, the CITY desires to complete the park security services (the “Project”) which requires specialized skills and other supportive capabilities which the CITY is not able to provide; and

WHEREAS, the SERVICE PROVIDER is qualified and possesses sufficient skills and the necessary capabilities, including technical and professional expertise to perform the services and/or tasks set forth in this Agreement for the Project.

NOW, THEREFORE, the parties agree as follows:

1. Scope of Services. The SERVICE PROVIDER shall perform such services and accomplish such tasks, including the furnishing of all materials and equipment necessary for full performance thereof (the “Services”) as detailed in ***Exhibit "A"***. All Services shall be provided according to the care and skill ordinarily used by members of the SERVICE PROVIDER’S profession practicing under the same or similar circumstances at the same time and in the same locality as the Services being performed.

2. Term. This Agreement is effective upon execution by the Mayor. The SERVICE PROVIDER shall begin and complete the provision of the Services, unless sooner terminated according to this Agreement, as follows:

   Commencement Date: May 1, 2026
   Completion Date: September 30, 2027

3. Compensation and Method of Payment.

   3.1 Compensation. The City shall pay the SERVICE PROVIDER on a Time and Expense basis. Time will be according to the rates shown in ***Exhibit “B”***. Expenses are defined as costs incurred by the SERVICE PROVIDER, other than payroll costs, which are directly attributable to the performance of the Services and include mileage and related expenses, long-distance telephone, facsimile, postage and delivery, and other expenses incurred in the direct interest of the Services. Expenses shall also include technical or professional services obtained by the SERVICE PROVIDER upon prior approval of the City that are needed by the SERVICE PROVIDER to complete the Services. Such costs shall be the reimbursed by the City to the SERVICE PROVIDER, plus an additional amount for the SERVICE PROVIDER, as set out in ***Exhibit “B”***, but no greater than 10%.

3.2 Billing and Payment. No payment shall be made for any Service rendered by the SERVICE PROVIDER except for Services and expenses identified in this Agreement. The SERVICE PROVIDER will transmit invoices to the City no more often than once each month, for the Services and expenses provided pursuant to this Agreement. All invoices shall list the actual time (days and/or hours) and dates during which the Services were performed and the compensation shall be determined using the rates set out in ***Exhibit "B"***, and shall include a report generally describing the progress of the Services and the Project. Payment for the amount stated on the invoice shall be due thirty (30) days from the receipt of the invoice by the City, and amounts not paid when due shall accrue interest at the rate of one percent (1%) per month.

4. Information. The SERVICE PROVIDER shall furnish to the CITY within a reasonable time such statements, records, reports, data, and information as the CITY may request pertaining to the Services and the Project.

5. Independent Contractor Relationship.

5.1 The parties intend that an independent contractor relationship will be created by this Agreement. The CITY is interested primarily in the results to be achieved by the Services. The implementation of Services will lie solely with the discretion of the SERVICE PROVIDER. No agent, employee, servant or representative of the SERVICE PROVIDER shall be deemed to be an employee, agent, servant or representative of the CITY for any purpose, and the employees of the SERVICE PROVIDER are not entitled to any of the benefits the CITY provides for its employees. The SERVICE PROVIDER will be solely and entirely responsible for its acts and for the acts of its agents, employees, servants, subcontractors or representatives during the performance of the Services.

5.2 In the performance of the Services the SERVICE PROVIDER is an independent contractor with the authority to control and direct the performance of the details of the Services, however, the results of the Services be approved by the CITY and shall be subject to the CITY'S general rights of inspection and review to secure the satisfactory performances of the Services. Notwithstanding, the CITY may at its sole discretion require the SERVICE PROVIDER to remove an employee(s), agent(s) or subcontractor(s) from providing Services or otherwise being involved with the Project.

6. Hold Harmless/Indemnification.

6.1 Service Provider shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or resulting from the acts, errors or omissions of the Service Provider in performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

6.2 However, should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Service Provider and the City, its officers, officials, employees, and volunteers, the Service Provider's liability, including the duty and cost to defend, hereunder shall be only to the extent of the Service Provider's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Service Provider's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

6.3 No liability shall attach to the CITY by reason of entering into this Agreement except as expressly provided herein.

7. Insurance. The SERVICE PROVIDER shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the Services by the SERVICE PROVIDER, its agents, representatives, or employees.

7.1 Minimum Scope of Insurance The SERVICE PROVIDER shall obtain insurance of the types and coverage described below:

a. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be at least as broad as Insurance Services Office (ISO) form CA 00 01.

b. Commercial General Liability insurance shall be at least as broad as ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, stop-gap independent contractors and personal injury and advertising injury. The Public Entity shall be named as an additional insured under the Consultant's Commercial General Liability insurance policy with respect to the work performed for the public entity using an addition insured endorsement at least as broad as ISO endorsement form CG 20 26.

c. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

d. Professional Liability insurance appropriate to the Consultant's profession.

7.2 Minimum Amounts of Insurance The SERVICE PROVIDER shall maintain the following insurance limits:

a. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of $1,000,000 per accident.

b. Commercial General Liability insurance shall be written with limits no less than $2,000,000 each occurrence, $2,000,000 general aggregate.

c. Professional Liability insurance shall be written with limits no less than $2,000,000 per claim and $2,000,000 policy aggregate limit.

7.3 Other Insurance Provisions. The insurance policies are to contain, or be endorsed to contain, the following provisions for Automobile Liability, Professional Liability and Commercial General Liability insurance:

a. The SERVICE PROVIDER'S insurance coverage shall be primary insurance with respect to the CITY. Any insurance, self-insurance, or insurance pool coverage maintained by the CITY shall be excess of the SERVICE PROVIDER'S insurance and shall not contribute with it.

b. The SERVICE PROVIDER'S insurance shall be endorsed to state that coverage shall not be cancelled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the CITY.

7.4 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.

7.5 Verification of Coverage. SERVICE PROVIDER shall furnish the CITY with original certificates and a copy of the amendatory endorsements including, but not necessarily limited to, the additional insured endorsement, evidencing the insurance requirements of the SERVICE PROVIDER before commencement of the Services.

8. Ownership of Property.

8.1 City's Property. All property furnished by the CITY for the use of the SERVICE PROVIDER shall remain the property of the CITY.

8.2 Instruments of Service. All documents, including drawings and specifications, prepared by the SERVICE PROVIDER pursuant to this Agreement are the instruments of service with respect to the Services and shall be owned by the City upon payment of the SERVICE PROVIDER fee by the City. The SERVICE PROVIDER shall provide the City with reproducible copies of all documents, drawings, specifications, and other work products constituting the instruments of service. The instruments of service are not intended nor represented by the SERVICE PROVIDER to be suitable for reuse by the City or others on extensions of the services provided for the Services, or any other project. Any reuse without written verification or adaptation by the City will be at the City's sole risk and without liability or legal exposure to the SERVICE PROVIDER, and the City shall indemnify and hold the SERVICE PROVIDER harmless from all claims, damages; losses, and expenses including attorney's fees arising out of or resulting therefrom.

9. Compliance with Laws.

9.1 The SERVICE PROVIDER, in the performance of this Agreement, shall comply with all applicable federal, state or local laws and ordinances, including regulations for licensing, certification and operation of facilities, programs and accreditation, and licensing of individuals, and any other standards or criteria as described in this Agreement to assure quality of services.

9.2 The SERVICE PROVIDER specifically agrees to pay any applicable business and occupation (B&O) taxes that may be due on account of this Agreement.

10. Nondiscrimination. Because The CITY is an equal opportunity employer:

10.1 Nondiscrimination in Employment. In the performance of this Agreement, the SERVICE PROVIDER will not discriminate against any employee or applicant for employment on the grounds of race, creed, color, national origin, sex, marital status, sexual orientation, age, honorably discharged veteran or military status, or the presence of any sensory, mental or physical disability, or the use of a trained dog guide or service animal by a person with a disability; provided that the prohibition against discrimination in employment because of disability, or the use of a trained dog guide or service animal by a person with a disability, shall not apply if the particular disability prevents the proper performance of the particular worker involved. The SERVICE PROVIDER shall ensure that applicants are employed, and that employees are treated during employment without discrimination because of their race, creed, color, national origin, sex, marital status, sexual orientation, age, honorably discharged veteran or military status, or the presence of any sensory, mental or physical disability or the use of a trained guide dog or service animal by a person with a disability. Such action shall include, but not be limited to: employment, upgrading, demotion or transfers, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and programs for training including apprenticeships. The SERVICE PROVIDER shall take such action with respect to this Agreement as may be required to ensure full compliance with local, state and federal laws prohibiting discrimination in employment.

10.2 Nondiscrimination in Services. The SERVICE PROVIDER will not discriminate against any recipient of any services or benefits provided for in this Agreement on the grounds of race, creed, color, national origin, sex, marital status, sexual orientation, age, honorably discharged veteran or military status, or the presence of any sensory, mental or physical disability or the use of a trained guide dog or service animal by a person with a disability.

10.3 Assignment. If any assignment or subcontracting has been authorized by the CITY, the assignment or subcontract shall include appropriate safeguards against discrimination.

11. Certification Regarding Debarment, Suspension, and Other Responsibility Matters.

11.1 By signing the agreement below, the SERVICE PROVIDER certifies to the best of its knowledge and belief, that it and its principals:

a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;

b. Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission or fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

c. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph 11.1(b) of this certification; and

d. Have not within a three (3) year period preceding this Agreement had one or more public transactions (federal, state, or local) terminated for cause or default.

11.2. Where the SERVICE PROVIDER is unable to certify to any of the statements in this certification, such SERVICE PROVIDER shall attach an explanation to this proposal.

12. Assignment/subcontracting.

12.1 The SERVICE PROVIDER shall not assign its performance of the Services or any portion of this Agreement without the City's prior written consent of not less than thirty (30) days. The CITY reserves the right to reject without cause any such assignment.

12.2 Any assignment shall be subject to each provision of this Agreement and proper bidding procedures where applicable as set forth in local, state and/or federal statutes, ordinances and guidelines.

12.3 Any technical/professional service subcontract not listed in this Agreement, must have express advance approval by the CITY.

13. Maintenance and Inspection of Records.

13.1 The SERVICE PROVIDER shall maintain books, records and documents, which sufficiently and properly reflect all direct and indirect costs related to the performance of this Agreement and shall maintain such accounting procedures and practices as may be necessary to assure proper accounting of all funds paid pursuant to this Agreement. These records shall be subject at all reasonable times to inspection, review, or audit, by the CITY, its authorized representative, the State Auditor, or other governmental officials authorized by law to monitor this Agreement.

13.2 The SERVICE PROVIDER shall retain all books, records, documents and other material relevant to this Agreement, for six (6) years after its expiration. The SERVICE PROVIDER agrees that the CITY or its designee shall have full access and right to examine any of said materials at all reasonable times during said period.

14. Termination.

14.1 Termination for Convenience. The CITY may terminate this Agreement, in whole or in part, at any time, by giving thirty (30) days' written notice to the SERVICE PROVIDER. Upon such termination for convenience, the CITY shall pay the SERVICE PROVIDER for all Services provided under this Agreement through the date of termination.

14.2 Termination for Cause. If the SERVICE PROVIDER fails to perform in the manner called for in this Agreement, or if the SERVICE PROVIDER fails to comply with any other provisions of the Agreement and fails to correct such failure or noncompliance within five (5) days' written notice thereof, the CITY may terminate this Agreement for cause. Termination shall be effected by serving a notice of termination on the SERVICE PROVIDER setting forth the manner in which the SERVICE PROVIDER is in default and the date of the termination. The SERVICE PROVIDER will only be paid for Services performed in accordance with this Agreement through the date of termination.

15. Notice. Notice provided for in this Agreement shall be sent by certified mail to the addresses designated for the parties on the last page of this Agreement.

16. Attorneys Fees and Costs. In any dispute arising from the terms or performance of this Agreement, whether a lawsuit is commences, the prevailing party shall be entitled to recover from the other party, in addition to any other relief to which such party may be entitled, reasonable attorney's fees and other costs incurred in that action or proceeding, including an appeal.

17. Jurisdiction and Venue.

17.1 This Agreement has been and shall be construed as having been made and delivered within the State of Washington, and shall be governed by laws of the State of Washington, both as to interpretation and performance.

17.2 Any action of law, suit in equity, or judicial proceeding for the enforcement of this Agreement or any provisions thereof shall be instituted and maintained only in any of the courts of competent jurisdiction in Chelan County, Washington.

18. Severability. If any portion of this Agreement is held to be invalid or unenforceable for any reason, such holding shall not affect the validity or enforceability of the remaining portions of this Agreement.

19. Entire Agreement. This Agreement, including the Exhibits attached, is the complete and exclusion expression of the agreement between them and shall bind their successors and assigns. Any modification of this Agreement shall be in writing and signed by both parties. Failure to comply with any provision of this Agreement shall constitute a material breach of contract and be cause for termination. The parties recognize time is of the essence in the performance of this Agreement. The forgiveness or waiver of the nonperformance of any provision of this Agreement does not constitute a waiver of any subsequent nonperformance by a party.

CITY:

CITY OF CHELAN
PO Box 1669
Chelan, WA 98816

____
Erin McCardle, Mayor

____
Date

Attest:

____
Peri Gallucci, City Clerk

SERVICE PROVIDER:

PPC Solutions, Inc
d/b/a Phoenix Protective Corp
18303 E Appleway Avenue
Spokane Valley, WA 99016

____

____
Date

Exhibit "A" – Scope of Services

Purpose

The primary objective is to ensure the safety and security of park visitors and property by patrolling the park, providing a security presence, and informing park visitors of park rules. Service provider shall be familiar with Chelan park rules and applicable municipal codes, found here: https://rb.gy/909mii, and able to respectfully inform park visitors of park rules. A particular emphasis is made on frequently violated park rules, such as the prohibition of alcohol, personal grills, dogs, and tents of large sizes in City Parks. Service provider shall be skilled in communication, customer service, and conflict resolution with the general public.

WHERE: Lakeside Park, located at 2230 Terrace Ave, Chelan, WA 98816

Don Morse Park, located at 619 W Manson HWY, Chelan WA 98816

WHEN: On requested Saturdays, Sundays, and holidays from Memorial Day weekend through Labor Day for the 2026 and 2027 summer seasons. Additional days may be requested depending on the day of the week the 4th of July holiday falls.

Scope of Work

1) Personnel:
    a. Service Provider shall schedule two staff at each location at all times during the scheduled service hours.
    b. Guards will be trained and equipped to interface with the public in a respectful manner.
    c. It is preferred to have the same personnel assigned to this work throughout the summer to ensure knowledge of park rules and build positive relationships with the community.
2) Patrol Duties:
    a. Service provider will conduct regular foot patrols of the entire park property, including but not limited to all public areas, facilities, shorelines, docks, and parking lots.
    b. Regular circulation of the property with attention paid to parking areas to inform visitors of park rules as they arrive.
3) Enforcement of Park Rules:
    a. Service provider will inform park visitors of park rules and city code if any violation is observed.
    b. Service provider will not have enforcement authority but will report to Chelan County Sheriff's Office if a police presence is required.
4) Communication:
    a. The Parks Department and the selected firm will establish primary and alternate points of contact.
    b. Service Provider shall submit daily reports for each park location covered under the agreement. Daily reports shall be prepared and submitted in a standardized format mutually agreed upon by the City and Service Provider and shall contain, at a minimum, the date, park location, office name(s), shift start and end times, summary of patrol

activity, observed rule violations, public contacts, incidents, law enforcement contacts, peak park usage photo(s), and any follow-up items requiring City attention

c. Service provider will report any incidents in need of emergency response to Chelan County Sheriff Office/ 911

d. The Service Provider shall provide one end-of-season virtual debrief presentation to City staff and/or City Council at a mutually agreeable date and time following the close of each season.

5) Additional Notes

a. Some percentage of Bilingual officers (English & Spanish) will be in high demand for this work.

b. Coordination with the Chelan Co. Sheriff's Office will be crucial for trespasses and/or criminal offenses.

c. Regular communication and coordination with City staff liaison to make any necessary adjustments to scheduling, staffing levels, and patrol areas during the busy summer season will be necessary.

d. Security company to ensure all scheduled officers are familiar with park rules and municipal codes and supply necessary equipment for patrol and communication.

6) City of Chelan Responsibilities:

a. Provide parks rules, related municipal code, and key City contacts to Security firm primary point of contact.

b. Provide parking permits for Service provider if necessary.

c. Provide informational handouts to distribute on Park rules.

d. Inform security personnel of any special events or areas requiring additional attention.

e. Coordinate with security company for any updates or changes in service requirements.

Exhibit "B"

Josh Braun, Business Development
(509)319-4835 | josh.braun@phoenixprotectivecorp.com

Uniformed Security Officers

Prepared for:

City of Chelan Parks & Recreation

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Cover Letter & AUS Integration

Approach & Delivery

Experience & References

Management Procedures

Cost Summary

March 6, 2026

City of Chelan Parks & Recreation
Attn Aubrey Cooper
PO Box 1669
Chelan WA 98816
Phone: (509) 682-8039
Email: audreyc@cityofchelan.gov

RE: Chelan Parks Summer Security Services

Dear Ms. Cooper,

It gives us great pleasure for the opportunity to submit a quote for Uniform Security Officers for the City of Chelan Parks Department for 2026 services.

Our mission continues to be to operate as an innovative, responsive, and professional security provider delivering “the best in the industry” customer service while fostering a culture built on ownership, accountability, honesty, integrity, and loyalty. PPC remains committed to providing exceptional service through well-trained, highly motivated security professionals who understand the importance of public safety, community engagement, and proactive presence. Our goal is to be your trusted, long-term security partner.

Our management philosophy remains centered on providing twenty-four (24) hour supervision and emergency response across all regions we serve. Our managers and supervisors actively monitor, mentor, and support officers in the field to ensure consistent performance and adherence to client expectations. Officers receive ongoing guidance and are challenged regularly to maintain peak performance standards and remain knowledgeable in company policies, legal updates, and site-specific procedures.

Our 24-hour Control Center works in coordination with regional management to ensure all assignments are properly staffed, identify and correct shortfalls immediately, and respond promptly to client needs seven days a week. Our operational objective remains 100% client satisfaction through proactive communication, accountability, and rapid response capability.

Legal Name:

PPC Solutions, Inc
18303 E Appleway Avenue
Spokane Valley WA 99016
Office: (509) 448-4277, ext. 202; **Fax**: (509) 536-6033. **Email**:

Single Point of Contact: sheila@phoenixprotectivecorp.com

Legal status of the Firm is a **Corporation.**
Federal Employer Tax Identification Number: 20-0600724
Washington UBI #: 602-349-877

Locations from which PPC Solutions would primarily support this contract:

Branch Office: 1521 E Nob Hill Blvd, Suite 100, Yakima, WA 98901
Field Supervisor: 1521 E Nob Hill Blvd, Suite 100, Yakima, WA 98901

Our commitment to the City of Chelan Parks & Recreation Department is to provide uniform security officer services as described in your Notice of Request for Proposal while exceeding expectations in professionalism, visibility, training, and community-focused service delivery.

PPC acknowledges it has the operational capability, staffing depth, and supervisory infrastructure necessary to efficiently provide the stated security services throughout the City of Chelan and surrounding areas, supported by our Yakima office and regional leadership team.

As part of our continued growth and commitment to delivering exceptional service, Phoenix Protective Corporation has recently integrated with Allied Universal, one of the largest security providers in the world. This integration allows PPC to maintain the same local leadership, officers, and responsive service our clients rely on while expanding the resources available to support our customers. Through this partnership, clients benefit from enhanced technology solutions, expanded training capabilities, and a deeper pool of professional security personnel, while continuing to work with the same regional team that understands the unique needs of the communities we serve.

We appreciate the opportunity to submit this proposal and look forward to working with you. Please feel free to contact us with any questions or requests for additional information.

Sincerely,

Josh Braun Mobile: (509) 319-4835
Business Development Manager Email: josh.braun@phoenixprotectivecorp.com

January 14, 2026

Re: Phoenix Protective Corporation to integrate with Allied Universal

Dear Value Client -

We are pleased to announce that Phoenix Protective Corporation has been acquired by Allied Universal. As of **December 18th, 2025**, we have signed a definitive purchase agreement and are now operating as one unified organization.

Our top priority throughout this transition is to ensure seamless continuity of service. You will continue to receive the same high-quality support you expect provided by the same regional teams, without any disruption. We are fully committed to making this a smooth process for you and your organization.

By joining Allied Universal, we are able to offer you an enhanced level of service and support that is unmatched in the security industry. As our valued client, you will now benefit from the following:

- An improved ability to attract the highest-quality, best-trained security officers in the industry
- Deeper expertise across all vertical markets
- An enhanced technological offering, and a broader set of services and solutions
- Increased span and depth across markets, to have more local resources to support clients and employees
- Robust support systems and infrastructure to help meet clients' needs under both normal operations and states of emergency

We truly appreciate the relationships we have developed over the past twenty-four years and look forward to this next chapter in supporting your security needs. Please feel free to contact us with any questions or concerns.

Sincerely,

Sheila R Leslie

Sheila Leslie	Jagrut Shah
President	Vice President
509.448.4277 x202	509.448.4277 x205

Phoenix Protective's approach to security enforcement is founded on the concept and principles of providing customer service with a firm but compassionate approach. The communities we service should know first and foremost that our mission is to serve. It begins with a qualified security service provider who understands the client, the community and their primary concerns.

Qualifications

PPC has over 600 team members company-wide supported by a management team with extensive experience in the security field. Our team members are trained for their primary assigned position while many are cross-trained to serve several clients as reserve forces in their region. Our patrol team in this region is continuously growing and providing coverage for numerous businesses across several industries.

PPC is licensed in Washington as a business and private security company.

All officers assigned to perform security duties are licensed under the WA Department of Licensing and meet or exceed all training requirements for unarmed and armed security professionals under RCW Chapter 18.170: RCW 9A, and WAC 308-18.

Headquartered in Spokane Valley, WA with branch offices throughout the Pacific Northwest, PPC has the capacity to serve our clients with involved management and onsite decision makers.

Branch Offices
- Anchorage, AK
- Spokane, WA
- Yakima, WA
- Auburn, WA
- Vancouver, WA

Field Offices
- Fairbanks, AK
- Everett, WA
- Kennewick, WA

This service will be managed by our operations team from our
Branch office located at:
1521 E Nob Hill Blvd, Yakima, WA 98901

Team Approach!

PPC uses a team approach to project management. Key members play a role in all phases from planning to execution. Many tasks are accomplished concurrently, and some of them "behind the scenes". Initially, the client staff would primarily see our Corporate and Region Managers along with a District or Project Manager. We value communication and promote an atmosphere of teamwork in the creative process to adapt our services to your needs.

In this section we identify our key players, present our hiring process, introduce our training curriculum, and present a startup/transition plan that would be the vehicle to place this service in motion. If selected, as the incumbent, the transition plan would be used to refresh the current service to ensure PPC continues to evolve and meet your overall needs.

Key Personnel

President

Sheila Leslie's professional background includes over twenty-five (25) years within the private security industry as a Security Professional. Currently she is the President of PPC Solutions, Inc. which she founded in 2003 after establishing the sister company, Phoenix Protective Corporation in 2002. In her prior experience as well as with the current companies, Ms. Leslie has worked in all roles from the ground up. These include as a uniformed armed officer, dispatcher, and patrol officer. She maintains her field credentials while continuing to develop new business and programs.

Ms. Leslie specializes in financial, legal and contractual matters. She spearheads development, assesses growth strategies, and is instrumental in taking on new clients and projects with an emphasis in city, county, state, and federal contracting. Additionally, she oversees PPC's technology platforms for use both administratively and in operations.

Finally, Ms. Leslie establishes policy to support PPC's objectives ensuring that the corporations successfully continue a course aligned with the companies' mission.

Vice President and Corporate Risk Manager

Jagrut Shah's professional background includes over fifteen (15) years as a law enforcement officer, Reserve Sergeant with the Yakima County Sheriff's Department. He retains certifications in multiple states as a licensed security guard, training instructor, and firearms instructor.

Mr. Shah specializes in project implementation. Since the startup of the company, he has established several new clients including our District School Security Officer (DSSO) Program – 10 schools, 15 officers, Yakima County and City Court Houses, Tacoma Public Utilities, Seattle City Light, NOAA (federal), DSHS (state) and Hoopfest, a nationally recognized sporting event. These projects include developing post orders, recruiting and training qualified officers, eliciting client specification to ensure the security program meets client objectives. Mr. Shah's expertise has been demonstrated in security consultation and executive protection for Sunnyside Police Department, Microsoft, Nordstrom's, and UPS senior management, among others.

Corporate Master Trainer

Robert Read served twenty-two years in the US Army and deployed into foreign countries. His experience as a leader and trainer give him experience in fostering an environment that promotes learning.

Mr. Read has been with PPC for over ten years and currently oversees our training curriculum for 600 team members in multiple regions covering five states. He ensures team members are trained to National Standards, meet State requirements, and verifies all training materials are current. He develops curriculum based on client needs and current threat profiles. He ensures safety standards during training sessions are above reproach and is the primary Firearms Instructor for the Company. He conducts multiple firearms classes monthly with a 100% safety rating. Mr. Read maintains instructor certifications and standards, audits training records, oversees company Training Managers in multiple regions and states.

Mr. Read, along with Mr. Shah, was a key leader in the deployments for various operations to support national recovery efforts following natural disasters.

Corporate Operations Manager

Mr. Lance Drapeau is well versed in a variety of projects, systems, and software. His military background spans over 14 years as a Chief Master at Arms in the United States Navy. His experience includes Federal Law Enforcement Academy as well as several deployments overseas specializing in small team missions protecting High Value Assets, Executive Protection, along with performing Anti-Terrorism Force Protection criticality assessments. Additionally, he graduated with a Bachelor's Degree in Criminal Psychology and Human Services and an Associate's Degree in Human Resources. Mr. Drapeau works on new client projects to supplement local resources wherever assistance is needed, from riding with new officers, implementing electronic reporting and tracking, to meeting with stakeholders to establish requirements for project implementation. He maintains licensing as an Armed/Unarmed Security Officer in multiple states. His training and experience include access control at installation entry points, vehicle inspections and searches, commercial vehicle explosive screening, leading, training, and mentoring a security team in home station and deployed environments. His involvement ensures consistency throughout the company as well as ensuring continued communication and support to the client and its stakeholders, local law enforcement and the surrounding community.

Corporate Quality Assurance & Critical Events Manager

Mr. Noah Escobedo serves as the Corporate Quality Assurance & Critical Event Manager, bringing extensive leadership experience and a strong operational background to his role. With a focus on maintaining excellence across security operations, he ensures compliance, efficiency, and consistency throughout the company.

Before stepping into this role, Mr. Escobedo spent two years as the CWA Region Manager, overseeing regional security programs and new client integrations. Prior to his security career, he spent five years as a Project Manager in the telecommunications industry, managing large-scale cell tower construction projects from inception to completion. His expertise in project execution, resource coordination, and stakeholder engagement has been instrumental in driving operational success.

In his current position, Mr. Escobedo plays a crucial role in quality assurance, ensuring that security protocols, compliance standards, and best practices are upheld across all company operations. He also leads critical event management efforts, providing rapid response coordination and strategic oversight during high-risk incidents. His hands-on approach includes everything from training new officers in the field and implementing TrackTik systems to engaging directly with stakeholders, ensuring seamless operational transitions and optimized security solutions.

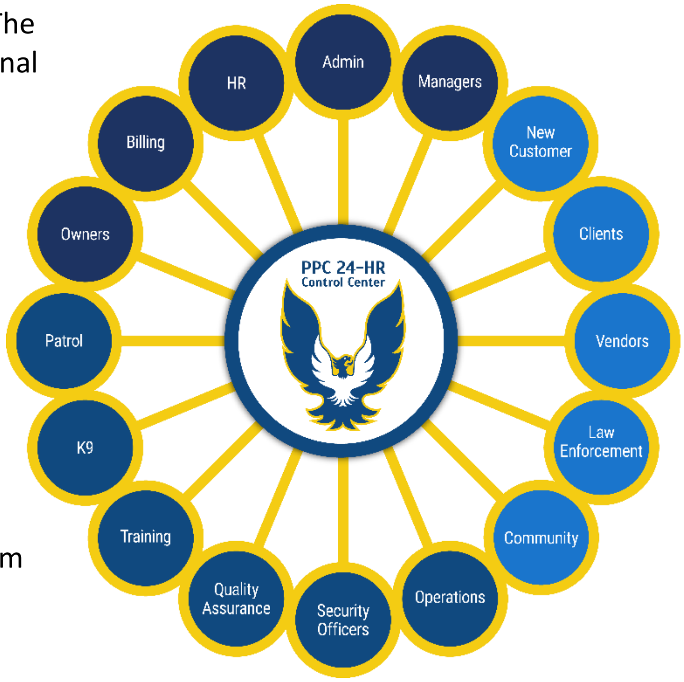
Licensed as both an Armed and Unarmed Security Officer in multiple states, Mr. Escobedo remains actively involved in training initiatives, technology implementation, and crisis response strategies. His leadership helps bridge the gap between corporate oversight and frontline operations, reinforcing the company's commitment to excellence.

Officer Qualifications, General Skills and Abilities

All assigned officers are recruited, screened, trained, and licensed in accordance with state licensing requirements. The corporate team communicates and demonstrates the key elements of our values to our field ambassadors with a Top → Down focus and a Bottom → Up responsibility! Our mission is to place qualified security officers on client sites. We do this through a comprehensive process to recruit, hire, train and retain the best candidates in the industry.

24-Hour Control Center

The heart of PPC is its 24-hour control center! The dispatchers provide administrative and operational support to our clients, managers, and team members. The control center connects the dots in our organizational structure. It delivers around the clock availability, capability, flexibility, and opportunity!



Our dispatchers are the representatives to our external and internal customers. They coordinate the activities of the managers and team members in the field while also representing the company to our clients and prospective new customers. As a single point of contact, they connect managers and clients, team members and supervisors, while providing a communication link to our various offices and representatives.

Dispatchers receive alarm calls and dispatch patrols. Officer safety is a priority when it comes to addressing potential burglary events. The dispatchers monitor the response from the time they dispatch an officer into harm's way until the officer safely clears the client site. The patrol officer completes his report and the dispatcher follows through with final notifications.

They receive client calls 24/7. The dispatchers can assist our clients connect with our supervisors and managers to resolve their concerns in a timely manner. Our clients have access to our uniform security officers and patrol services whenever needed. Clients and their designated representatives, tenants and residents can report suspicious activity any time. Clients can adjust their current services to address urgent concerns with an immediate response, or request new services based on changing needs.

Dispatchers provide team member support for administrative and operational matters. They can provide Post Orders and additional information to officers on site. They provide timely notifications during incidents. They review and approve all alarm and incident reports. Dispatchers can address simple personnel matters such as payroll concerns, HR issues, and direct the officers to the appropriate manager.

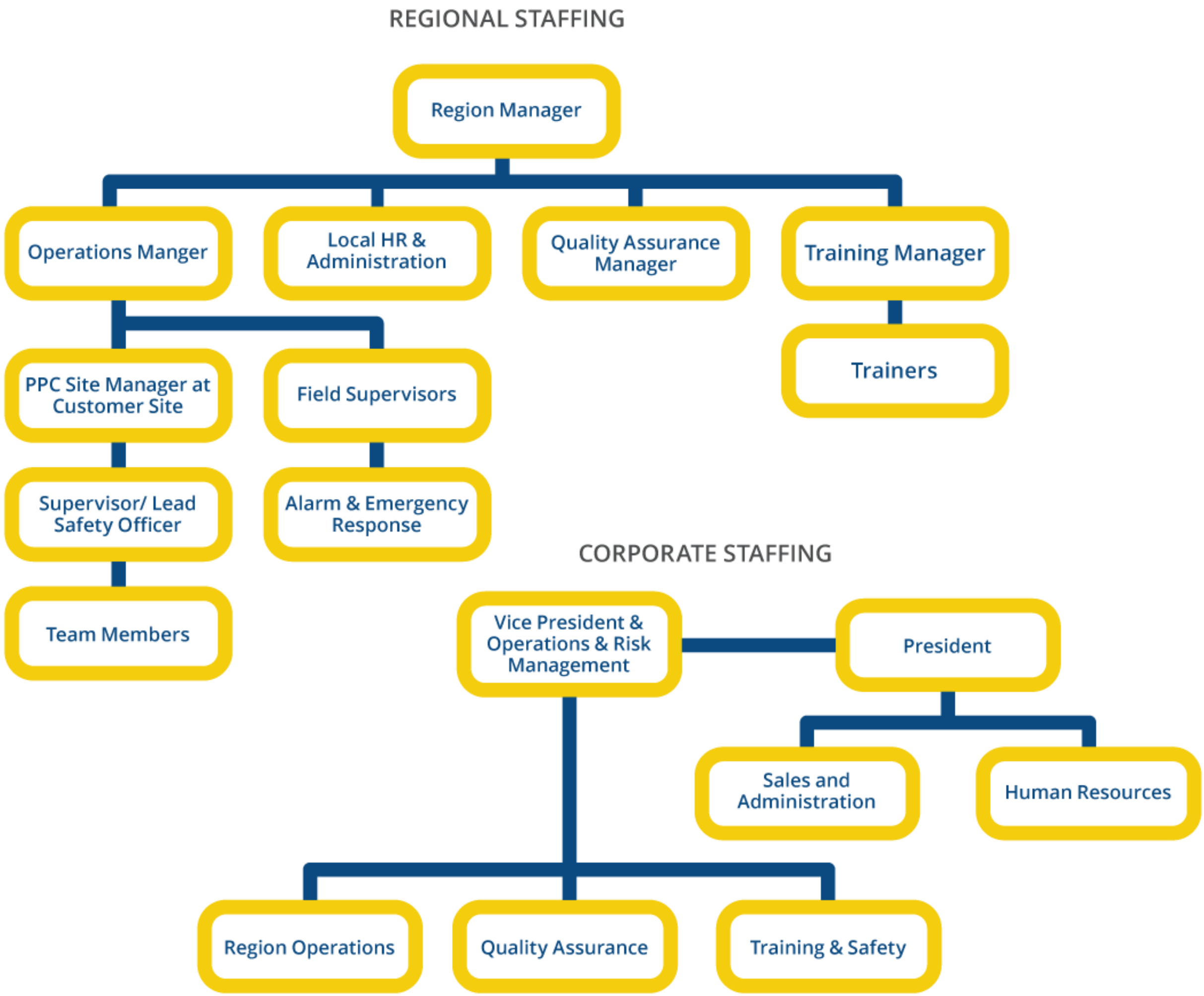
Dispatchers provide our managers with critical support. They communicate with managers daily on scheduling matters, client concerns and team member questions. They also prepare documentation for the managers when needed. After hours, dispatchers can enter schedule changes to ensure continuity of operations in the field which also supports billing and payroll.

Post Watch. This process provides a reliable web-based platform for a "time clock" also used in our billing process. Dispatchers ensure every team member is on site, on time. They are alerted when a team member does not sign-in to their shift. When needed, the dispatcher will locate a replacement for call-offs and no-shows and notify the responsible manager regarding unresolved assignments. From an officer safety perspective, the Post Watch provides alerts when officers do not sign-out from their shift. Dispatchers follow up to ensure the officer is safe, validate extended shifts and adjust assignments when necessary.

Notifications. A key element to a successful operation is the communication between PPC and its clients. The dispatchers ensure timely notifications to PPC managers and corporate executives when necessary. They also ensure clients receive additional reports are provided when requested and notifications are completed in accordance with established policies. Depending on the severity of an incident, this may include calls in the middle of the night.

Organization Chart.

Our collective experience and team effort applied in a "chain of command" defines the role of each key player throughout the company. This allows us to quickly to respond to client needs and the appropriate level and gain support where needed to complete the mission.



We use a Chain of Command style line of authority and communication. PPC proposes to use those tools for the successful implementation and sustaining this project. This line of communication provides clarity, continuity, and accountability in communicating with our Clients.

- Alert and proactive team members
- On site Supervision/Liaison
- Project Manager
- 24-Hour Control Center
- Access to Corporate Leadership

Recruiting & Hiring

In preparation for implementing our staffing plan, we would open recruitment for the positions to the incumbent employees. The incumbents as well as other applicants for the positions would then go through the PPC hiring process by applying online and interviewing with our management team in person.

For outside applicants, our process begins with a focus on attracting the most qualified candidates. PPC posts at employment offices, with veteran's representatives, military bases, colleges and universities and our own web site, www.phoenixprotectivecorp.com.

The candidate management system we utilize enables us to access and maintain all candidate information and communications in one place. We follow the candidate through every step of the hiring process, maintaining a log of activity, from resume review to the actual hiring.

Our efficient filtering process eliminates the need for manual tasks, time-consuming phone screens, and multiple candidate interviews.

Key benefits are that it enables us to:

- Automatically identify candidates that meet our minimum requirements
- Review all candidate information and search applications from one location
- Forward resumes to team members, send "No Thanks" letters, and email qualified candidates.
- Track applications to monitor for EEO compliance.
- Ensure no candidates fall through the cracks.
- Create a custom profile for site positions, thereby attracting the most interested and capable officers- for BOTH internal and external postings

Screening

Background screening is a critical strategic step toward putting the highest quality team in place. Easy to operate and 50% faster than the industry average, our comprehensive screening services are customized for our needs. Economical and work-efficient, our screening saves us thousands of dollars in lost productivity, workplace disruption, and customer dissatisfaction that can result from making an uninformed hire.

We evaluate:

- Social Security trace
- Enhanced nationwide criminal database search
- Reference verification/education verification
- Confirmation of criminal records
- Motor vehicle reports
- Drug and alcohol testing

Applicants are thoroughly screened through a proven vetting process which involves online applications, our acclaimed computer based Operational Attitudes Assessment screening tool, personal interviews with managers and peers, employment verification, reference checks, drug screening, and a *background check*. Following the initial interview and screening process candidates are hired and licensed according to state requirements.

Candidates who are brought into the company are introduced through a new hire process which provides them a general overview of our company and our requirements. Candidates are further assessed to ensure they are a good fit. We evaluate comprehension, retention of information, the ability to read and write the English language, and computer skills.

New team members typically begin work at established PPC client sites where they receive on-the-job, site specific training to re-enforce what they gained from the new hire process. They also become proficient in their daily tasks such as keeping logs, writing reports, interacting with the clients, guests, and the public. This process is monitored by the supervisors and managers to completely assess the new team member's "fit" for the company and our clients. This establishes a firm foundation for their success with PPC and ultimately, client satisfaction.

Retention

Based on position and region, PPC's retention rates vary. Once a team member has gained experience with PPC and finds stability in a long-term client, our retention increases on a year to year basis. Retention is also influenced by low unemployment rates and the team member's personal endeavors, typically to pursue a career in law enforcement.

We strive to maintain long term team members and as such offer competitive wages, full time hours, excellent training, a world of experience, and professional level benefits. As part of the transition plan, we map each officer's benefits with them to our benefits.

Benefits: PPC prides itself on providing accessible and affordable benefits to our team members. We offer a robust benefits package to our full-time team members to include:

- Medical and Vision eligibility at 90 days through which has excellent coverage throughout the state and for which PPC pays 75% of the premiums
- Dental through Delta Dental, PPC pays 50% of the premiums
- Company Life Insurance policy with a $10,000 benefit. No cost to the member for the initial policy but they may increase the benefit at their own discretion.
- 401k plan. PPC matches 100% of the first 3%; 50% up to 5% of the team member's wages.
- Reimbursement for job-related Continuing Education programs.

Recognition Programs:

- Badges.
  - Basic Badge. Issued to new team members upon hiring.
  - Platinum Badge. Issued to team members who prove themselves loyal and reliable.
  - Two-tone Gold/Platinum Badge. Issued to Managers.
  - Gold Badge. Issued to Senior Managers who have excelled in all tasks.
- Team Member of the Month. Each Region recognizes outstanding performers and published in out semi-monthly newsletter.
- PPC Customized Tactical Handcuff Key. Issued to newer team members who have accomplished a training or on-duty challenge.
- Gift Cards ($50). Issued to team members who provide excellent customer service or perform above expectation with letter of recognition.
- Credit for special equipment purchase ($75) for team members who perform above expectations with letter of recognition.
- Hiring Referral Bonus. For team members who refer new applicants that are hired and stay with PPC for 90 days
- Client Referral Bonus. Team members who refer new clients that stay with PPC for a year.
- PPC Challenge Coin. Issued to team members who have accomplished a major task or challenge by a senior manager or company ownership.
- PPC Pendant. Issued to loyal team members who have been in good standing and been with PPC for at least five years.
- PPC Ring. Issued to dedicated team members
- Letterman Jackets. Gifted at key times such as holidays.

Training.

Phoenix builds on experience, to promote continuity, foster responsibility, and maintain accountability. PPC has established its own unique in-house training program which incorporates a variety of platforms and methods. *Phoenix Protective Certifications* provide the security officer with national and state recognized courses and certifications with additional training opportunities. Our program is adaptable to meeting client-specific needs.

Customer Service is the cornerstone of the security industry! PPC prides itself with having the Best in the Business customer service. Customer Service is at the core of each action an officer takes, for the benefit of our clients, their vendors, and guests. This allows us to provide a caring approach to real security needs. You will see that our program equips our team members with additional skill sets and tools effective for their role. The goal is to preemptively influence, gain compliance, de-escalate potentially adverse encounters in the most peaceful means possible, and mitigate the use of force without compromising their safety or that of our client.

Classroom and On-The-Job settings provide a personal interaction between our instructors and trainers. These methods are designed to use various methods of delivery to ensure the greatest opportunity for comprehension, knowledge retention and invaluable immediate feedback. Typically, this involves written material, video, computer-based, interactive role-playing scenarios and follow up testing to ensure training effectiveness.

Training is orchestrated on a continual schedule to provide maximum opportunity for attendance without interfering with site needs and to meet contract requirements. Various media are used to provide the team members with increased access to accommodate their schedule. Most of our courses are available on our computer-based learning and certification platform. This has been an invaluable resource to support ease of access and ensure we can maintain continuity of operations.

Our training program is customizable to incorporate client requirements. Our instructors quickly become subject matter experts and, if needed, obtain certifications to provide on-going training and a refresher course to sustain the requirements for long-term contracts.

All training materials are retained in our online system. Clients may be granted access as needed for verification. Additionally, each officer is provided a certification card they carry with their security license while on duty. The certification card is an inspectable item when the officer is visited in the field by a PPC Manager.

Company Policy, Professional Development & Accountability

Our comprehensive Policies & Procedures Manual is issued to each officer at the time they are hired by the company. All topics are discussed, emphasized, and acknowledged in writing by each team member. Each officer is responsible and accountable to have the manual available during each duty shift. This provides them with written guidance on key topics in the performance in their duties. This is just one component to demonstrate our commitment to professionalism, personal responsibility, and accountability.

Pre-Hire Processing: All team members must complete this session prior to assignment in the field. This session meets the requirements for state licensing and training. During our Pre Hire Processing, team members receive introduction to a wide range of topics which are presented and discussed in a classroom setting. An emphasis is placed on PPC's mission, goals, customer service, diversity, and cultural awareness. Key topics include the security officer's detainment authority, use of force and essential skills necessary for success in the security industry. This training is foundational for their career development, first step in the officer becoming an integral part of the PPC team, and a key element to client satisfaction!

All team members are asked to complete our basic training program within their first 90 days.

Security-Oriented Customer Service: The foundation of our training is the concept of security-oriented customer service. The purpose of this course is to empower team members by establishing proficiencies, increasing their ability to anticipate and effectively respond to customer needs. Our instructors present this course in a classroom setting. By embracing a holistic approach that integrates robust security practices with a commitment to excellent customer service, we can create a positive and trustworthy environment for clients and their customers, leading to increased loyalty and success.

Report Writing: Report writing is an essential skill and a process. Report writing begins with solid observation techniques, taking good field notes, and conducting field interviews. This course covers the basics of writing a detailed, accurate, and objective narrative. Our certified instructors present this course in an interactive classroom setting.

First Aid/CPR/AED: PPC has instructors on staff who attain and maintain certification in accordance with American Safety and Health Institute (ASHI) standards. The course is presented using classroom training, written and visual aids, and practical exercises to certify team members. Initial certification is for a two-year period; team members re-certify prior to the expiration of their First Aid/CPR/AED card to ensure continuity of coverage. Additionally, if there are any changes to the curriculum between certification dates, our certified instructors ensure these updates are passed along through additional training and documented in the team member's records.

Defensive Tactics / Baton: This is a classroom, instructor-led course provided by our Corporate Trainer with the *goal of de-escalating* a confrontation before it becomes physical. Topics include the use of force, use of force spectrum/levels and discussion on force, defining force that is reasonable and necessary. Team members are provided interactive instruction and led through hands-on practical application of approved techniques using scenario-based drills. They are tested and evaluated in each phase of the training before being certified to carry any defensive tools while on-duty.

OCAT®: The OCAT® Oleoresin Capsicum Aerosol Training course is provided to our team members. This provides them with another option in the use of force. Our team members attend this training annually. This course, as all our training, is provided to our team members annually by our Corporate Trainer.

PATH®: The PATH® "Practical and Tactical Handcuffing" course is the most complete and innovative handcuffing course in the country. The techniques presented are practical and effective. Our team members learn the safest approach and positioning for handcuffing compliant as well as non-compliant subjects. Just as important, they learn how to remove the handcuffs without placing themselves in jeopardy. PPC has certified PATH® instructors on staff that present the material in an interactive classroom setting with hands-on practical exercises. Recertification is required annually.

TASER® Each team member must complete a minimum of 6 hours of instruction with a Certified Instructor. Coursework includes the current TASER User PowerPoint, updates, warnings, and release, with a discussion of items in the instructor notes, drills, and functional demonstrations. Each team member must pass written examinations with a score of 90% or greater and must pass all functional tests listed on the TASER End-User Certification Form. All training materials are provided by Taser International. PPC has certified TASER® instructors on staff. Recertification is required annually.

FIREARMS training conducted in compliance with the state requirements by our certified instructors. The training is required for initial and annual recertification. The training provides each team member with a solid foundation of skills and techniques needed to deploy a handgun effectively and safely when deemed reasonable and necessary. The course is instructor-led with demonstrations and practical exercises. Team members must pass an open book test with 100%. Annual requalification is closed book. Each team member must pass the range qualification course with a score of 80 % or better for initial and requalification. Recertification is required annually. PPC has certified POST certified instructors on staff. Topics covered in this course include, but not limited to the following:

- Choosing to Carry a Gun
- Use of Less Than Deadly Force
- Minimum Force Situations
- Use of Deadly Force
- Escalation of Force Continuum
- Totality of Circumstances
- Duty to Act
- Responsibilities After Using Force
- Unlawful Use of Force
- Civil Liability
- Safe Gun Handling
- Safety While Cleaning Your Gun
- Danger to Others
- Target Identification
- Weapon Retention Presentation
- Pistol Manipulations
- Loading and Unloading
- Malfunction Clearance
- Minimum Standard Response

PHOENIX PROTECTIVE CERTIFICATIONS & TRAINING PROGRAM			
Type	Topics	Frequency	Method
Pre-Hire Processing & New Hire Processing	• Policies & Procedures Manual • DOL Licensing Requirements • Customer Service • Information Security & Confidentiality • Sexual Harassment • Diversity & Cultural Awareness • Dealing With People • Security fundamentals • Security Officer Authority • Use of Force	Upon Hire	Classroom Policy Letters P&P Manual
Pre-Assignment Training	• Security Oriented Customer Svc • Report Writing • CPR / First Aid /AED • Defensive Tactics / De-escalation • OC/Baton/Handcuffing • TASER	Initial Annual	Classroom Online
Site Specific Training	• 8-40 hours (Client driven) • Client policies & requirements • Site Familiarization & Safety • *Client Directed Topics and Requirements* • Emergency response • Electronic Security Systems • Access Control / CCTV	OJT. Prior to working alone in new position. Time depends on experience, position	One on One FTO Senior Officer
On-going	• P&P Manual Topics • Post Orders • Client / Site Policies	Weekly to Monthly	Quizzes Scenario-based drills Supervisor & QA
Monthly (sample of available topics)	• Blood borne pathogens • Hazardous Materials • Dealing with Mentally Ill • Courthouse Screening • Active Shooter • Anti-Terrorism • Cyber Security • Combat First Aid • DHS / FEMA Training Courses	Monthly	Classroom Web based
Firearms	• Use of Force & Deadly Force • Firearm Safety • Weapons Maintenance • Qualification/Shooting Course	Annual OJT On-going	Classroom P&P Manual Firing Range

Why Phoenix? What Makes Us Different?

To highlight some of the points that truly allows Phoenix to rise above the rest:

- We recruit experience and demand excellence
- We have our own training program that promotes compliance and continuity
- Responsive management team
- 24-Hour access, dispatch, response
- Regional presence, hometown team
- Retain the best of the best through competitive wages and robust benefits
- Operating since 2002 and growing each year – *We are here to stay!*

Our current customers include small business, public, private, and non-profit, as well as federal, state, local governments, and critical infrastructure sectors in industries ranging from residential, commercial, manufacturing, industrial, retail, school security and more.

Headquartered in Spokane Valley, WA with branch offices throughout the Pacific Northwest and Alaska, we have the capacity to serve our clients with involved management and local decision makers.

Branch Offices
- Yakima, WA
- Spokane, WA
- Auburn, WA
- Vancouver, WA
- Anchorage, AK

Field Offices
- Kennewick, WA
- Everett, WA
- Fairbanks, AK

Below we list some of our current and or past clients that demonstrate our ability to meet the requirements of this request for services whether in size, scope, and or complexity. Our 24-hour security patrol and response services allow us the flexibility and reliability to schedule this service efficiently and effectively.

Metro Parks Tacoma (MPT) **4702 S. 19th St. Tacoma WA 98405** **Contact: Daniel Mero, danielm@tacomaparks.com** **Phone: (253) 404-3923**	**Contract Term: 12/2024 – 12/2026** **2-Years; 2 1-year options** **Contract Value: $275K annually**
PPC provides two full-time mobile patrol armed officers for the Regional and Community Neighborhood Parks for daily park closures and routine patrol services: billable hours for this scope are estimated between 15,500 to 16,500 hours annually. Daily duties include closing park locations each night. Inspecting parks, restrooms, playgrounds, and facilities (community centers, headquarters building). We are able to flex shift patrols up or down depending on programming and event needs that coincide with seasonal and sunset hours. Parks and facilities must be secured as close to ½ hours after dusk as possible per the City of Tacoma Municipal Code 8.27.220, Opening and Closing Hours and in accordance with the weekly park gate closures. Officers interact with public persons, vehicles and pets, identify illegal activity and coordinate with law enforcement to mitigate liability for MPT. Our officers interact with Tacoma Police, Ruston Police, MPT staff, citizen patrols, and provide a proactive, basic assistance with unlawful activities. Mobile patrols respond to alarm calls 24/7/365. The patrols identify maintenance issues and provide detailed reports to MPT. Daily summaries and detailed incident reports are provided each morning. Supervisors attend bi-weekly meetings with the MPT staff to discuss trends, upcoming activities and strategize response.	

City of Seattle Parks and Recreation Seattle Municipal Tower, 700 Fifth Ave Ste 4112, Seattle, WA 98104 **Lisa Harrison, Security, Lisa.harrison@seattle.gov** **O: 206-684-4187 | M: 206-423-0227**	**Contract Term: 2019 - Present** **Contract Value:**
For the past seven years, PPC has provided security services to the City of Seattle Parks department. This has encompassed a variety of needs to include patrol services among the parks, ensuring they are secure and deterring vandalism as well as special services working with the unhoused community who are offered overnight comforts in the park community buildings during the winter. At the shelters we work closely with the Parks Department to apply Park Safety Policies, address difficult situations and diffuse confrontation.	

National Park Service Fort Vancouver National Historic Site **612 E Reserve St, Vancouver WA 98661** **Contact: Paul O'Dell, paul_Odell@nps.gov** **Phone: (360) 409-9524**	**Contract # 140P8323P0018** **Contract Term: FY23 Base Year** **Contract Value: $69K annual** **Current Extension: #2** **Previous Contract # 140P8320P0007** **Contract Term: December 1, 2019, through November 30, 2020 base year** **Contract Value: $20K annual**
PC provides Unarmed Security Patrol Service. PPC is tasked with providing an Unarmed Security Patrol Service for park grounds, including a total of thirteen (13) buildings, of which East Barracks 987, 993, 704, 728, 722, 733, 752, and 754 are occupied, four (4) site gates, and five (5) parking lots. A minimum of four (4) inspections per evening, at no less than one (1) every three (3) hours, between the hours of 6:00 p.m. and 6:00 a.m. seven (7) days a week plus a minimum of one (1) added inspection between 11:00 a.m. and 2:00 p.m. each Saturday, Sunday, and Federal Holiday. Security Patrols will primarily be responsible for typical security concerns such as unauthorized entry onto park grounds and access or entry into buildings through exterior doors and particularly basement access doors, windows on ground and at basement level floors, fire escapes, fire escape ladders and second-floor windows and doors accessible by fire escapes. Additional areas of concern are areas under stairs, porches, crawlspaces, and other areas with obstructed views such as building perimeters with overgrown vegetation. Gate Access Service, including closing vehicle access gates if found open after hours Ensuring that vehicle access gates to the South Barracks and Park Road are closed and locked each evening by 8 p.m. Responding to, documenting, and reporting security related incidents effectively interacting with the public in providing information regarding park boundaries, accessible areas and limited or no access areas. An assurance system and or procedure for verifying completion and timing of patrols; such as keyed or touch sensors or a system requiring card swipes at various buildings to document that inspections were completed on schedule and at	

proper locations as described. Daily summaries and detailed incident reports are provided to the client electronically via email.

We have provided a variety of services continuously for over 20 years, in various industries as demonstrated below in a list of past and current clients.

- Puget Sound Energy
- Seattle City Light
- Seattle Housing Authority
- National Park Service
- National Oceanic & Atmospheric Administration (NOAA)
- US Army Corps of Engineers
- West Valley School District
- Oregon Metro
- Municipality of Anchorage
- AK Dept of Health & Social Services
- WA Dept of Social & Health Services
- WA Dept of Children Youth & Families
- Kroger
- Spokane County Courthouses
- Grant County Courthouses
- Adams County Courthouses
- Jefferson County Courthouse
- Yakima City & County Courthouse
- Everett City Hall
- Tacoma City Hall
- Black Realty Management
- Kiemle Hagood Commercial Property
- Goodale & Barbieri Property Management
- Newport Hospital & Health Services

Metro Parks Tacoma (MPT)
Address: 4702 S. 19th St. Tacoma WA 98405
Contact: Daniel Mero
Phone: (253) 404-3923
Email: danielm@tacomaparks.com

City of Seattle Parks and Recreation
Address: 700 Fifth Ave Ste 4112, Seattle, WA 98104
Contact: Lisa Harrison
Phone Number: (206) 684-4187
Email: lisa.harrison@seattle.gov

National Park Service Fort Vancouver National Historical Site
Address: 612 E Reserve St, Vancouver, WA 98661
Contact: Paul O'Dell
Phone Number: (360) 409-9524
Email: paul_odell@nps.gov

MANAGEMENT PROCEDURES

Project Management

PPC uses a team approach to project management. The contract has been signed, the team has been recruited, vetted, and trained. The foundation for the service is established during the execution of the transition plan. These tasks include establishing the initial schedule, post orders and defining the invoicing process. These tasks are critical to the success of the daily operations and for the long-term advancement of the project. Our Region Manager and Operations Manager work closely to ensure PPC not only meets but exceeds your expectations for the startup and through each phase.

Project Understanding

PPC is prepared to provide licensed and trained unarmed private security officers for the City of Chelan Parks Department.The assigned officers will provide regular foot patrols of the entire park property, including all public areas, facilities, and parking lots, with a particular emphasis on new regulations that will be instituted for the first time including BBQ grills and tents being prohibited. The officers will utilize their customer service training to interface with the public in a respectful manner while also informing park visitors of park rules and city code prior to entering the park as well as if any violation is observed. The officers will not have enforcement authority but will report to the Chelan County Sheriff’s Department, if an incident escalates or police presence is necessary.

Scheduling

Our managers use a block schedule technique to ensure each site is manned consistently with officers who are knowledgeable and familiar with the site. The managers are supported by an administrative staff to ensure prompt processing of all related administrative functions for the region. This includes entering the schedule into our web-based management program to ensure efficiency and accountability.

Below is a sample schedule to demonstrate PPC’s understanding of the work required for this project with the capability to sustain this service at a rate of 8 hours per day, per officer with two (2) officers onsite during all assigned shift hours.

AGENTS NAME	Sun 18th	Mon 19th	Tue 20th	Wed 21st	Thu 22nd	Fri 23rd	Sat 24th	
City of Chelan Parks-May 2025								
Clifton Smith	OFF	OFF	OFF	OFF	OFF	OFF	Chelan Parks 1500-2300	8
Martin Ibanez (bilingual)	OFF	OFF	OFF	OFF	OFF	OFF	Chelan Parks 1500-2300	8
AGENTS NAME	Sun 25th	Mon 26th	Tue 27th	Wed 28th	Thu 29th	Fri 30th	Sat 31st	
City of Chelan Parks-May 2025								
Clifton Smith	Chelan Parks 1500-2300	Chelan Parks 1500-2300	OFF	OFF	OFF	OFF	Chelan Parks 1500-2300	24
Martin Ibanez (bilingual)	Chelan Parks 1500-2300	Chelan Parks 1500-2300	OFF	OFF	OFF	OFF	Chelan Parks 1500-2300	24
AGENTS NAME	Sun 1st	Mon 2nd	Tue 3rd	Wed 4th	Thu 5th	Fri 6th	Sat 7th	
City of Chelan Parks-June 2025								
Clifton Smith	Chelan Parks 1500-2300	OFF	OFF	OFF	OFF	OFF	Chelan Parks 1500-2300	16
Martin Ibanez (bilingual)	Chelan Parks 1500-2300	OFF	OFF	OFF	OFF	OFF	Chelan Parks 1500-2300	16
AGENTS NAME	Sun 8th	Mon 9th	Tue 10th	Wed 11th	Thu 12th	Fri 13th	Sat 14th	
City of Chelan Parks-June 2025								
Clifton Smith	Chelan Parks 1500-2300	OFF	OFF	OFF	OFF	OFF	Chelan Parks 1500-2300	16
Martin Ibanez (bilingual)	Chelan Parks 1500-2300	OFF	OFF	OFF	OFF	OFF	Chelan Parks 1500-2300	16

Post Orders

Initially, post orders are developed during the transition. It is a critical part of any operation to ensure proper procedures are always followed, and timely notifications of all personnel in the chain of command. We would work closely with you to ensure that your expectations are met prior to the start of the coverage as well as our recommendations to cover all of your security needs. As the service progresses, site personnel will remain attentive to client requirements, changes in procedures, and potential changes in the security environment. PPC is committed to ensure the post order remains current to ensure continuity and accountability.

Quality Assurance

The basis of ensuring customer satisfaction as well as providing checks and balances on our internal systems is demonstrated in our quality assurance program.

PPC Quality Assurance Managers (QAM) report directly to our risk manager. They are tasked with conducting random unannounced inspections on our officers. The inspections include verifying the officers are carrying only authorized equipment, that their uniforms and appearance are appropriate, they have a current security license, and they are knowledgeable of their duties, site procedures and key client personnel. All officers are inspected randomly at least weekly and often more frequently.

Any deficiencies found during an inspection are immediately corrected. Quality Assurance reports are submitted to the Risk Management department who ensures we systematically address any ongoing deficiencies. Officers are often recognized for their commitment to exceed standards and rewarded appropriately.

Reports & Meetings

In addition to daily logs, TrackTik and incident reports, PPC acknowledges there may be times in which a Supervisor or Manager must meet with the client to address changes and concerns. Our team is committed to keeping open and constant communications to ensure fluidity, accountability, and provide intuitive recommendations. This information is presented by the PPC manager to the District and its representatives.

Uniforms

PPC uses a variety of uniform styles to distinguish and define the various roles our team members perform for our clients. The uniforms include company patches to easily identify our officers in the field as security professionals.

Our officers are expected to maintain multiple uniforms in good repair. PPC maintains a strict personal appearance policy that all team members agree to uphold. This policy is established in the Policies and Procedures Manual and expected to be retained at the work site for quick reference. PPC team members are always expected to maintain clean and serviceable uniforms to present a professional appearance.

Additional Uniform Items

- Name tag
- Alternate shirt colors
- Black Hat (Baseball Style)
- Windbreakers
- Rain/Cold Weather Gear
- Level III Ballistic Vest

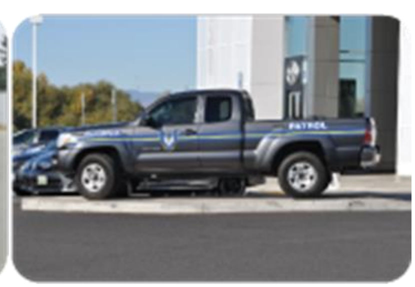
Equipment

When officers are permitted to wear/carry personal defense items, as demonstrated in our training description, our officers receive initial and annual training and certification prior to being authorized by PPC or the client. Below is a list of available defensive tools and other equipment we offer for the performance of assigned tasks and officer safety. Officers will also be required to wear *proper personal protective equipment* (PPE) as requested by the District regarding health concerns.

- Expandable baton
- OC Spray
- Handcuffs
- Taser
- Firearms
- Vehicles – AWD/4WD
- Radios
- Magnetometers
- Night Vision
- Mobile Command Center
- Laptops
- Site Phones (Dedicated)
- Surveillance Systems
- Bicycles (Patrols)
- Golf Carts (Patrols)

Vehicles

PPC standardly uses Toyota RAV4 and Jeep Cherokees for patrol services with Toyota Tacoma Pick Up trucks for rough terrain and extreme weather. Below are pictures of all models with our standard logos. The RAV4 Hybrid offers the best fuel efficiency combined with overall safety rating.

COST PROPOSAL

For the ***unarmed uniform security officers***, the officers will complete continuous foot patrols of all park properties including all public areas, facilities, and parking lots interacting with the public and ensure to provide a safe, secure, and welcoming environment for the public and visitors.

As the same as last years coverage with the City of Chelan Parks & Recreation, depending on availability and scheduling, PPC may provide bilingual officers for the coverage.

COST SUMMARY

- Senior Experienced (1+ years experience with PPC) Uniform Security Officers with 2 officers for 8 hours per day, each weekend based on the calendar that was included in the RFP.
    - Lodging and travel is included in the hourly rate.

Service	Rate	Unit	Quantity	Period	Period Cost	No. of Periods	Estimated Cost
Uniform Security Services	$77.50	Hour	16	**Day**	**$1,240.00**	31	***$38,440.00***
Holiday Rate	$97.50	Hour	16	**Day**	**$1,560.00**	4	***$6,240.00***
Estimated Total							***$44,680.00***

REFERENCES

Leavenworth Oktoberfest
Services: Three weekends in Sep/October for the past 3 years. 14 officers Fridays and Saturdays.
Contact: Ernest Palmer
Director of Events and Entertainment
Leavenworth Chamber of Commerce
Address: PO Box 327
940 US Hwy 2, Suite B
Leavenworth, WA 98826
Email: events@leavenworth.org
Phone: 509-548-5807

Lakeside Lodge

Services: 3 officers for roving security in the park and lodge property to monitor activity and keep peace and good order.

Contact: Tom Gormley
Lakeside Lodge & Suites
Address: 2312 W Woodin Avenue
Chelan WA 98816
Email: tjg426@gmail.com
Phone: (509) 860-4249

City of Chelan

2026-001J

CITY COUNCIL WORKSHOP April 7, 2026

Subject/Title:	Resolution No. 2026-1479 Public Works Construction Night Shift Differential (City Administrator McAloon)
Department:	HR/Communications
Staff Contact:	Laura McAloon
Guiding Principles:	Visionary & Strategic
Initiatives:	Modernize Resource
Reviewed By:	City Administrator, Finance Director, and City Attorney
Number of Looks:	Look No. 1 of 1

PREVIOUS ACTION TAKEN

None.

OVERVIEW

To reduce impacts to daytime traffic, improve safety, and maintain mobility throughout the project area, the majority of construction activities are scheduled to occur during nighttime hours. This approach reflects standard best practices for managing infrastructure work in active transportation corridors and minimizes disruption to residents, businesses, and visitors.

As a result of this construction schedule, the City's Resident Engineer is required to work a modified schedule that includes significant overnight hours, extended workdays, and increased field presence to provide necessary oversight, coordination, and quality assurance during construction operations.

To recognize this temporary change in working conditions and the increased demands associated with night work, a temporary night work stipend of $2,000 per pay period is proposed. This stipend is intended to compensate for the sustained schedule adjustment and additional workload required to support nighttime construction activities.

The stipend would be effective for the duration of the night work, which is currently anticipated to conclude by early June. Authorization is requested through June 30, 2026 to provide flexibility should construction schedules shift or require extension.

This proposal aligns with common public sector practices that provide additional compensation for temporary assignments involving night work or atypical schedules and ensures the City can effectively manage construction while minimizing impacts to the traveling public.

In addition, the Public Works Administrative team requested approval to place two utility workers in out-of-class assignments to support the Engineering Technician with increased inspection needs resulting from multiple construction crews operating extended hours over the next several weeks.

FINANCIAL IMPLICATIONS

The estimated total cost of this temporary compensation adjustment is approximately $8,000-12,000, depending on the final duration of night work. The Resident Engineer's wages are debited from the Water and Sewer Operating budgets in a 50/50 split. This is an additional expenditure that was not accounted for during the 2026 budget planning process. Future budget amendments may be required.

ATTACHMENTS

1. Resolution No. 2026-1479

SUGGESTED MOTION

I move to adopt Resolution No. 2026-1479.

RESOLUTION NO. 2026-1479

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHELAN, WASHINGTON, AUTHORIZING TEMPORARY PROJECT COMPENSATION FOR A TEMPORARY GRAVEYARD PROJECT ASSIGNMENT AND AUTHORIZING TEMPORARY OUT-OF-CLASS PAY FOR CERTAIN PUBLIC WORKS EMPLOYEES.

WHEREAS, the City is undertaking a temporary public works project involving extended construction activity, including work occurring up to twenty hours per day; and

WHEREAS, the City has determined that, for a limited period, additional compensation should be authorized for an exempt employee assigned to a temporary graveyard project schedule in order to address the unusual demands of that assignment; and

WHEREAS, the City has further determined that, for a limited period, certain utility workers will be assigned to perform additional higher-class inspection support duties to assist with project demands; and

WHEREAS, the City Council intends that any additional compensation authorized by this Resolution be prospective only and effective only from and after the effective date of this Resolution.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CHELAN, WASHINGTON, RESOLVES AS FOLLOWS:

Section 1. Temporary Project Stipend Authorized. The City Council authorizes a temporary project stipend for Max Nelson, who shall remain in his regular exempt position and continue to receive his regular base salary and benefits. In addition to his regular salary, and only while assigned to the temporary graveyard project schedule for the project described in this Resolution, Mr. Nelson shall receive a temporary project stipend of $2,000.00 per pay period.

Section 2. Term and Conditions. The temporary project stipend authorized by Section 1 shall be effective beginning on the first pay period commencing after the effective date of this Resolution and shall continue through June 30, 2026, unless earlier terminated by the City Administrator or designee upon suspension, completion, or modification of the graveyard project schedule. No stipend shall be paid for any pay period in which Mr. Nelson is not assigned to the temporary graveyard project schedule.

Section 3. Nature of Compensation. The compensation authorized by Section 1 is a temporary project stipend approved in advance for a temporary assignment involving unusual project demands and graveyard work hours. It is not intended to convert the position to nonexempt status and is not intended as overtime, call-back pay, or stand-by pay.

Section 4. Temporary Out-of-Class Pay Authorized. The City Council authorizes temporary out-of-class pay for Ramino Sanchez and Karl Puckett for the period during which they are temporarily assigned to perform additional inspection support and related duties above their regular classification in support of the project described in this Resolution. During the approved temporary assignment period, each employee shall be compensated at wage grade 22 in place of their regular wage grade 20 rate.

Section 5. Duration of Out-of-Class Assignment. The temporary out-of-class pay authorized by Section 4 shall begin on the first pay period commencing after the effective date of this Resolution and shall continue for a period of eight (8) weeks, unless earlier ended or extended by further council action.

Section 6. No Retroactive Compensation. This Resolution authorizes only prospective compensation. Nothing in this Resolution authorizes payment of additional compensation for services performed before the effective date of this Resolution.

Section 7. Administration. The City Administrator, Mayor, Finance Director, and their designees are authorized to take such administrative actions as are necessary to implement this Resolution consistent with its terms.

Section 8. Effective Date. This Resolution shall take effect immediately upon its passage.

ADOPTED by the City Council of the City of Chelan, Washington, at a regular meeting thereof held on the 7th day of April, 2026.

APPROVED:

By: ___________________________
Erin McCardle, Mayor

AUTHENTICATED:

By: ___________________________
Peri Gallucci, City Clerk

APPROVED AS TO FORM:

By: ___________________________
Quentin Batjer, City Attorney