

**UNION GAP CITY COUNCIL SPECIAL MEETING**  
**UNION GAP COUNCIL SESSIONS ROOM**  
**Union Gap, Washington**  
**March 27, 2023, Special Meeting**  
**MINUTES**

Call to Order

Mayor Hodkinson called the Special Meeting of the Union Gap City Council to order at 6:15 p.m.

Council Members Present

Council Members Murr, Wentz, Galloway, Schilling, and Dailey were present.

Staff Present

City Manager Bounds, Police Chief Cobb, Public Works and Community Development Director Henne, Finance and Administration Director Clifton, and Deputy Clerk Treasurer Bisconer were present.

Audience Present

See attached list.

2023 Budget Retreat

City Manager Bounds gave a narrative on some 2022 ending fund balances, which ended with a deficit in the general fund. Bounds listed several options that the Legislatures have put in place for Local governments to use to collect revenues. To help cover the deficit, revenue options will be presented for discussion, which will be either new revenue, or by reviewing current fees comparable to other cities.

A new revenue source presented by Bounds is Impact, or Developer Fees, which poses impact developer fees for improvements to public facilities, including parks, and open spaces, into fire streets or roads. The City can require that new growth or development to pay a proportionate share of the cost of the new public facilities. If implemented, the City would put a plan together called the Union Gap Infrastructure Improvement Plan, outlining improvements in streets, fire, and parks, which would have to be capital improvements and expenditures. Bounds presented estimated Cost to Developer/builders for both Commercial and Residential construction. Mayor Hodkinson asked if traffic fees were included in these fees. Bounds replied that they were not, but could discuss that further later today. The new fee would partially help the current expense fund deficit. Council Member Schilling asked why this fee would not have something to do with Public Safety too. Bounds replied that if you look at the RCW, it is the way the Legislature set

it up.

Finance and Administration Director Clifton presented comparative NSF Fees and explained a proposal of increasing the current NSF Fees from \$15.00 to \$25.00, with an estimated revenue increase of \$600 per year. Council Member Wentz suggested a time study on what it costs us to recover the funds, but that the fee should be equivalent to the Turn off fee. Council Member Schilling asked how many customers have received government, or charity assistance on their bills. Clifton replied that there is not a lot, but stated that the City does allow two extension requests per year, and if the water is turned off, the property owner is notified since they are ultimately responsible for outstanding bills.

Finance and Administration Director Clifton presented comparative Business License Fees and the Proposed New Rates with an estimated increased revenue amount of \$25,900.00. Clifton stated that the fees have not changed for at least 32 years that she is aware of.

City Manager Bounds presented a potential new revenue source of utility tax, and explained that a utility tax could be collected on water, sewer, and garbage utilities, would be transferred into the General Fund, and are unrestricted. Bounds presented a comparable chart with surrounding cities, and explained that some time ago the State took away the motor vehicle excise tax, which were some of the main revenues for cities, and not long after that, the Legislature came out with utility tax, giving cities an option to collect revenue that could be equal to the excise tax. Using the average surrounding areas' utility tax, the City's projected revenue would be between \$263,445 and \$1,188,962. Council Member Wentz stated that with a 5% Utility Tax, it would increase his average monthly bill by \$5.00 per month. Council Members stated their concerns for the fixed income residents. Bounds mentioned that one option would be to offer a low income utility tax discount to those who apply. Council Member Murr asked how many businesses are coming to Union Gap because we do not currently have a utility tax. Chief Cobb stated that the question has been asked before, and we have found that in our experience, the companies have stated that it is not the cost savings that bring them here, it is the response of City staff working with them expediting development, and gave a recent example, but that is developer costs not utility taxes.

Public Works and Community Development Director Henne presented comparative fees for park facility reservations showing a projected revenue increase of \$24,896. Council Member Schilling

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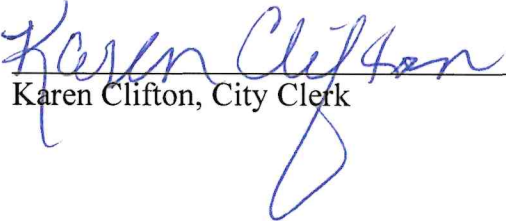
asked about giving Union Gap residents a discount. Henne stated that residents currently get free parking, but could look at a discount on facility rentals as well. It was also suggested that if approved, we look at adding a cleaning fee, as well as increasing the current deposit amount.

Adjournment of Meeting

At 7:30 p.m., Mayor Hodkinson adjourned the March 27, 2023 special Council Meeting.

  
Sharon Bounds, City Manager

ATTEST:

  
Karen Clifton, City Clerk

