

UNION GAP CITY COUNCIL SPECIAL MEETING
UNION GAP COUNCIL SESSIONS ROOM
Union Gap, Washington
March 28, 2023, Special Meeting
MINUTES

Call to Order Mayor Hodkinson called the Special Meeting of the Union Gap City Council to order at 6:00 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 Police Chief Cobb displayed a recently purchased Police Shield answering question about usefulness and costs.

City Manager Bounds opened with asking if anyone had questions about the previous night's meeting. Council Member Schilling asked what put us in this position. Bounds explained that in 2019, while working on the 2020 budget, a deficit was discussed with the Council. At that time, everyone was directed to hold back on spending, then in 2020 when COVID hit there was a halt in extra spending. Then ARPA funds came through but were not yet allocated, so it hyper-inflated the current expense fund. After allocating those funds, we ended up with a deficit. Finance and Administration Director Clifton stated that the perfect storm is that inflation has gone up, and the cost of doing business has gone up, giving examples such as increased public defender costs. Clifton also reminded Council of a 2022 settlement expense. Schilling asked about interest received from investments. Clifton replied that the interest is going into the current expense fund, but is not a lot.

Police Chief Cobb presented a new revenue source of Fire Inspection Fees estimating an annual revenue of \$42,000, and explained that an ordinance passed quite a few years ago authorizing the fees, but the fees have not been collected. The Yakima Fire Department is already completing the inspections, which has decreased the City's rating, saving

local businesses money. Council Member Wentz asked if collecting the fees would increase FTE's. He also asked what the process would be if the fees are not paid. Cobb replied that we would utilize current staff, and if the fees are not paid, it could affect the business' ability to renew their business license.

City Manager Bounds presented a potential new revenue source of a Transportation Benefit District (TBD) Fee estimating an annual revenue of \$140,000. Bounds explained that more than 110 cities and towns in Washington have established TBD's, imposing a \$20 fee on vehicle licensing. Revenue collected could be used for street improvements or as a match on street projects. Council Member Galloway stated that we have street issues and it would be nice to put some money into them. Wentz stated that this creates a new expense, and we need to focus on the deficit.

Police Chief Cobb presented a found revenue source in Dog License Fees and enforcement, which would increase revenue in the Current Expense Fund of \$15,000 per year. Cobb explained that we currently have an ordinance that leaves the impression that we require a dog license, however with amendments, it is ambiguous as to whether it is a requirement or not. We are only requiring licensing if the dog has been discovered at large, or determined to be vicious. Cobb explained there are some inconsistencies in the ordinance that need to be clarified. Council Member Wentz stated that there would be a benefit to crack down on citizens with multiple dogs. Council Member Dailey asked if the proposed fee would be an annual fee. Cobb responded that it could be an annual or lifetime fee, whichever the Council approves. Cobb explained that licensing and chipping helps place dogs back with their owners if they are discovered to be at large.

Finance and Administration Director Clifton presented a potential new revenue source of Electronic/Credit Card Fees, projecting an annual revenue of \$26,714. Clifton explained the City has paid the fees since approximately 2010, and considered a cost of doing business. Paying online has become increasingly popular, and become quite expensive. Clifton provided comparables of other cities who do/do not pay credit card fees. Mayor Hodkinson stated that they would need more information as to how many of our accounts are paid by credit card.

Finance and Administration Director Clifton presented a potential new revenue source of Water Penalty Fees, projecting an annual revenue of

\$30,000. Clifton presented comparable cities, and explained our current billing process. Council Member Wentz recommended that our billing process be reconsidered, and suggested a 20 day due date, but agreed there should be a penalty fee. Council Member Daily stated that she thought it would help people to give priority to the City's utility bill instead of putting it off until the last moment. City Manager Bounds asked Council if they would prefer a due date of the 15th of the month, and a penalty fee of \$10.00 if not paid by then. A turn off notice would be mailed, which includes the penalty fee. This process would also help reduce the chance of the property owner being stuck with a two-month bill if the tenant moves after turn off. Mayor Hodkinson asked for more information with the potential number of customers who this would affect.

Public Works and Community Development Director Henne addressed the Council advising them that he recently learned that Yakima County Landfill will be increasing fees, and we will need to review our solid waste fees to help sustain our costs. Henne will gather further information to present to the Council in the future.

City Manager Bounds wrapped up the meeting by asking what, if any, potential revenue sources the Council would be interested in approving, while noting each projected amount on the whiteboard displayed. After accepting the Impact/Developer Fees and Water Penalty Fees, Council Member Wentz asked if they could cut to the chase, and stated that the Utility Tax would be the only one of the ten sources presented that would eliminate the deficit. The first option discussed would be a 5% Utility Tax, but discovered it would need to be at least a 10% utility tax to cover the shortfall. Wentz stated that as much as he hated to say it, after holding out for many years, they have come to a point that it needed to be done. Council Member Dailey asked that citizens get plenty of notice before assessing the tax. City Manager Bounds explained that it would not take effect until January 2024. Council Member Schilling wanted to make sure that there would be a poverty level discount. City Manager Bounds stated that she did a quick review of the 2020 Census data earlier that day, and found that the City of Union Gap had 22.3% of its population at poverty level, and 10.3% of people who were 65 and older. Council then approved nine of the ten revenue sources presented, with the exception of the Transportation Benefit District (TBD). Bounds thanked the Council and staff for helping to resolve the deficit. Council Member Schilling thanked City Manager Bounds for bringing them together to discuss the matter. She said it has never been done before, and she really


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Adjournment of Meeting appreciates it. The other Council Members and Mayor also thanked City Manager Bounds.

The March 28, 2023 Special Council Meeting was adjourned at 8:10p.m.


Sharon Bounds, City Manager

ATTEST:


Karen Clifton, City Clerk