



Union Gap Civic Campus

2019 Annual Budget

City of Union Gap, Washington

CITY OF UNION GAP UNION GAP, WASHINGTON

2019 Adopted Annual Budget

Legislative Body

Roger Wentz	Mayor
Julie Schilling	Council Member
Sandy Dailey	Council Member
Dave Matson	Deputy Mayor
Dave Butler	Council Member
James Murr	Council Member
John	Council Member
Hodkinson	

Administration

Arlene Fisher	City Manager
Karen Clifton	Director of Finance and Administration
Gregory Cobb	Chief of Police
Stace McKinley	Police Lieutenant
Dennis Henne	Director of Pub. Works & Comm. Devel.
David Dominquez	Civil Engineer
Lynette Bisconer	Deputy City Clerk/Treasurer

TABLE OF CONTENTS

2019 ANNUAL BUDGET

Reader's Guide

Reader's Guide.....	1
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Budget Message

City Manager's Budget Message	2
Community Profile.....	8
Organizational Chart	10
The Organization.....	11
Boards and Commissions	12
Budget Process	14
Financial Policies	16
Basis of Accounting and Budgeting.....	21

Executive Summary

Organization of the Adopted 2019 Budget	24
Revenue Assumptions	31
General Government Fund Revenues	32
Utility Fund Revenues	42
Capital Fund Revenues	43
Interfund Transfers.....	44
2019 Adopted Budget Summary By Fund Revenues and Expenditures	45
General Government Fund Expenditures	46
Utility Fund Expenditures	47
Capital Fund Expenditures	48
Summary of Budgeted Full Time Equivalent (FTE) Positions	49

Departments and Programs

Legislative - City Council	50
Executive - City Manager	60
Contracted Services:	
Municipal Court and Legal Services	61
Fire Protection	62
Public Works and Community Development Services	64
Police Services	76
Finance and Administrative Services.....	80

Appendix

Union Gap City Council 2017 - 2018 Strategic Plan	88
Glossary of Budget Terms	96

READERS GUIDE

Understanding a governmental budget and its specialized terminology and organization can be a challenging exercise. This Readers' Guide has been provided to highlight the kinds of information contained in this document and to inform the reader where to find particular information.

Budget Document Organization:

This budget document contains legally required budget information, descriptive background information and various illustrative graphs and tables that will be helpful to the reader's understanding. It is divided into five major sections: The Budget Message, Executive Summary, Departments and Programs and Appendix.

Budget Message:

The budget message is prepared and written by the City Manager, and provides information regarding the organization of the City, the budget process and financial policies. This section includes:

- Budget Message
- Community Profile
- City Organizational Chart
- The Organization
- Boards and Commissions
- Budget Process
- Financial Policies
- Basis of Accounting and

Executive Summary:

This section presents a broad summary of the revenues and expenditures for all of the City's funds. This information is displayed in a variety of tables and graphs in order to aid the reader in further understanding of the budget as a whole. This section includes:

- Community Profile
- Revenue Assumptions
- Six-Year Financial Forecast
- 2019 Sources by Fund and Category
- 2019 Uses by Fund and Category
- Expenditures by Object Category
- Ending Fund Balances
- Full-Time Equivalent Positions

Departments and Programs:

The budgets of General Fund departments focus on accountability and responsibility assigned to each program. This section is organized by program or division within each department.

Appendix

The appendix includes the City Council 2017 – 2018 Strategic Plan and the Glossary of Budget Terms.

December 7, 2018

Honorable Mayor, Mayor Pro Tem and City Council and the Citizens of the City of Union Gap

Dear Mayor, Mayor Pro Tem, Council Members, and Fellow Residents:

I am pleased to present to you the 2019 Proposed Budget. The Budget presented is the financial roadmap for the City of Union Gap. Today, the 2019 Budget totals \$40,682,607 for all funds.

This budget document is the means for allocating the resources of the city to a variety of programs necessary to protect the community's physical security, enhance the community's quality of life, increase economic development efforts, and maintain and develop the city's facilities and infrastructure. Our approach is to focus on how our City can be part of the solution to help move our community and region forward by retaining jobs, continuing with capital investments, and maintaining existing levels of municipal services that our citizens have come to expect.

This policy document represents our continued commitment to prudent fiscal management, effective service delivery, and providing our citizens with the highest quality of life. Once adopted by the City Council, the budget establishes the direction for all City government programs and services for the coming year. It represents the combination of City Council direction and employee recommendations on how to best accomplish City Council Goals and respond to community needs in accordance with available resources, established policies and sound administrative practices. With this in mind, the review and adoption of the budget is one of the City Council's most important roles.

Six-Year Project Grants and Expenditures Recap

Year	Project	Funding	Source
2012	South 18 th Street and Washington Ave.	\$440,000	State and City
	Valley Mall Blvd Phase 4	\$700,000	State Grant
	South Broadway Water System Improvement	\$1,000,000	Federal Gov't
	12 th Avenue Bridge	\$706,640	Federal/City
	Fullbright Reservoir Inter-tie	\$749,117	Federal Gov't
	Stormwater Study Phase 2	\$135,464	State and DOE Grant
2013	Main Street/Rudkin Road Water System Improvement	\$1,209,450	Federal

	Main Street Reconstruction Phase 1	\$3,097,896	State, Federal and City
2014	Main Street Reconstruction Phase 2	\$213,500	Federal
	Main Street Stormwater 2 nd Phase to Franklin	\$495,000	State and DOE Grant
	West Ahtanum Road Resurfacing	\$1,930,204	State and Federal
2015	Main Street Stormwater Franklin to Short Street	\$120,000	State DOE Grant
	Transportation Grant	\$18,683	State WSDOT
	South Union Gap Beltway/Longfiber Extension	\$1,458,000	Yakima County SIED
2016	Valley Mall Blvd/Goodman Road Traffic Signal	\$440,018	State and City
2017	South 14 th Street Improvements	\$1,627,894	City and WSDOT
	MLK School Sidewalk, Safe Routes to School	\$828,170	WSDOT Local Programs
Six Year Total		\$17,070,324	

Economic Development

2018 for the City and community can only be described as “remarkable.” This year we have surpassed expectations with economic development. We have seen a flurry of new business activity including a WinCo Foods, Holiday Inn Express, a government facility, Yakima Dodge, and Valley Marina just to name a few. Borton expansion has entered their second phase, while Columbia Valley Fruit considers another expansion. We have also seen the continued success of Kwik Lok Corporation and the Union Gap Business Park. The manufacturing sector also remains strong, while continued activity around Valley Mall has attracted a growing number of national retailers and restaurants over the past two years.

With new projects comes jobs, and the projected number of new jobs hovers around 600 family wage-jobs. Currently under construction is a 20,000 square foot, General Services Administration building going into the Ahtanum Business Park.

In addition to the commercial development, the City has started and/or completed several Public Works projects. A new traffic signal was installed at Valley Mall Boulevard and Goodman Road, supporting Yakima Chrysler Dodge Ram, which opened in July. With the increased activity on

the south end of town, the city is in the process of extending Goodman Road to the north into 40 acres of vacant undeveloped land, opening the door for more commercial development.

A \$4 million Transportation Improvement Board grant, is making the rebuilding of South 14th Street between East Mead, and Washington Avenues possible. Continuing with the City's grant success, the City was awarded a grant for Safe Routes to School totaling \$828,170. These funds will be used to upgrade the sidewalks near Martin Luther King Jr. Elementary School.

The Union Gap Community

Union Gap is conveniently located about 4 miles from downtown Yakima, and resides within Yakima County. Our strategic location, along with our strong demographics, significant purchasing power, and terrific community amenities (senior programs, great parks and schools, and low crime) makes development and redevelopment in the community very attractive.

The city of Union Gap was originally named Yakima City and was officially incorporated on November 23, 1883. When bypassed by the Northern Pacific Railroad in December 1884, over 100 buildings were moved with rollers and horse teams to the nearby site of the train depot. The new city was dubbed North Yakima. In 1918 North Yakima was changed to simply Yakima, and the original town to the south was named Union Gap. The city of Union Gap has changed from a small rural community into a thriving community with a population of nearly 7,000 residents. Given the strong economy, and many large corporations that call Union Gap home, the daytime population increases to approximately 50,000+. The efforts of the city's pioneers and leaders throughout the decades have created a unique City, filled with many amenities, and a vision for the future.

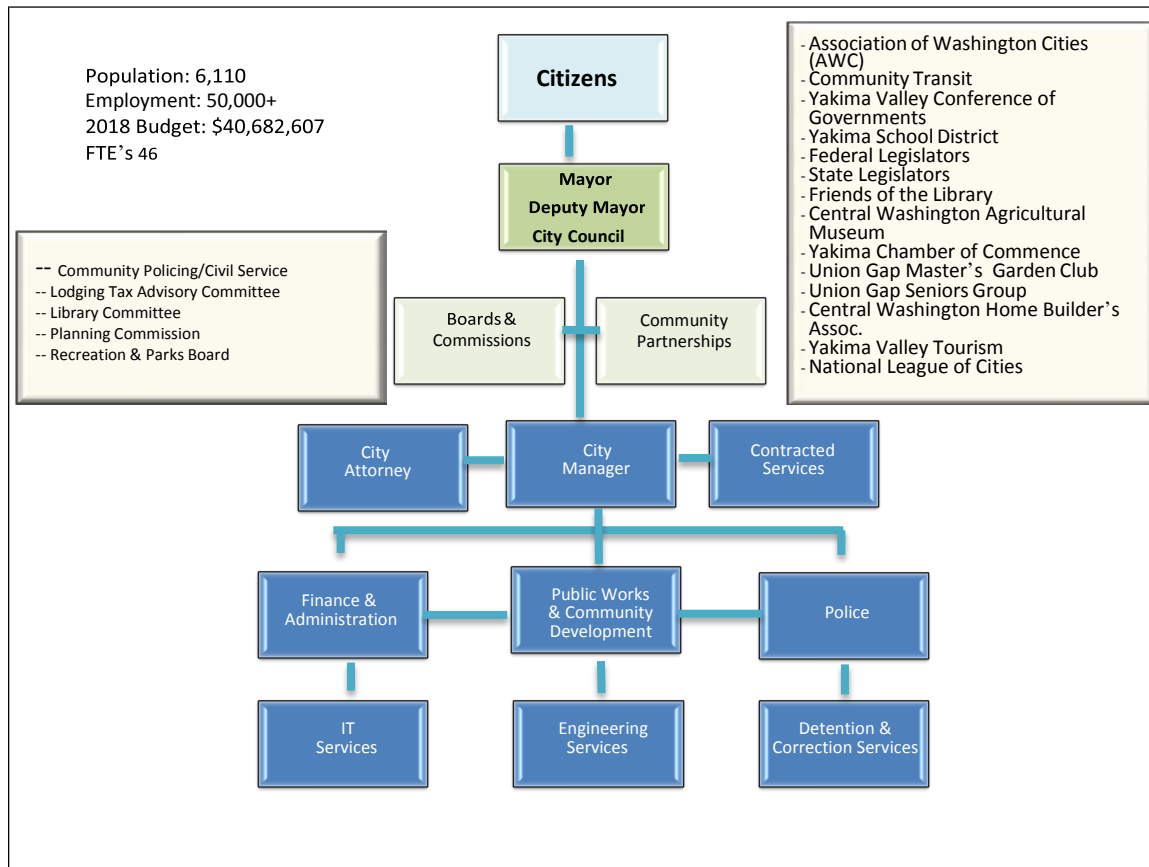
The City of Union Gap is about seven square miles in size. Visitors and residents can enjoy 262 acres of recreational attractions including parks, playfields, a new skate park, and a recreation pavilion (The Barn). Union Gap is known for its quiet residential neighborhoods, beautiful parks, trails, first-class schools, and proximity to employment centers.



Marshalls Grand Opening 4/4/2019

To ensure good financial practices the City Council mandates the budget transfers on the following page:

Mandated Fund Transfers 2019			
From Fund	To Fund	Amount Transferred	City Council Mandate
Current Expense	Contingency Fund	\$20,951	Reserve Policy 2% of Budgeted Revenues
Current Expense	General Fund Reserve	\$54,163	Reserve Policy 5% of Budgeted Revenues
Current Expense	Community Events	\$10,000	Old Town Days
Current Expense	Community Events	\$5,000	Holiday Parade
Current Expense	Park Development Rsv	\$35,000	Marijuana Sales Tax Revenue
Current Expense	Park Development Rsv	\$30,000	Ahtanum Youth Park Parking Fees
Current Expense	Public Works Bldg Rsv	\$5,000	Annual Contribution
Current Expense	City Hall Equip Rsv	\$50,000	Annual Contribution
Current Expense	Community Policing	\$9,500	National Night Out
Current Expense	Police Vehicle Reserve	\$100,000	Police Union Contract
Current Expense	Fire Truck Reserve	\$180,371	Fire Services Contract
Current Expense	Infrastructure Reserve	\$180,000	Borton Construction Sales Tax
Current Expense	Public Works Equip Rsv	\$7,500	Building Official Car Replacement
Current Expense	Public Works Equip Rsv	\$5,000	Parks Annual Contribution
Current Expense	Water	\$117,550	City Fire Hydrant Rental Fees
Current Expense	City Hall Bldg Rsv	\$210,000	Civic Campus Debt Payment
Street	Public Works Bldg Rsv	\$5,000	Annual Contribution
Street	Public Works Bldg Rsv	\$15,000	Annual Contribution
Infrastructure Rsv	Street Devel Rsv	\$6,210	Main St Improvement - Engineering
Infrastructure Rsv	Street Devel Rsv	\$12,245	Main St Improvement - Right-of-way
Devel Mitigation Rsv	Valley Mall Blvd.	\$7,790	Valley Mall Blvd. Reconstruction
Transit	Public Works Equip Rsv	\$12,500	Annual Contribution
Transit	Public Works Bldg Rsv	\$5,000	Annual Contribution
Transit	City Hall Bldg Rsv	\$27,500	Civic Campus Debt Payment
Water	Water Devel Rsv	\$140,000	Reserve Contribution
Water	Public Works Equip Rsv	\$20,000	Annual Contribution
Water	City Hall Bldg Rsv	\$27,500	Civic Campus Debt Payment
Water	Public Works Bldg Rsv	\$5,000	Annual Contribution
Garbage	Public Works Equip Rsv	\$20,000	Annual Contribution
Garbage	City Hall Bldg Rsv	\$27,500	Civic Campus Debt Payment
Garbage	Public Works Bldg Rsv	\$5,000	Annual Contribution
Sewer	Sewer Devel Rsv	\$100,000	Reserve Contribution
Sewer	Public Works Equip Rsv	\$20,000	Annual Contribution
Sewer	City Hall Bldg Rsv	\$27,500	Civic Campus Debt Payment
Sewer	Public Works Bldg Rsv	\$5,000	Annual Contribution
Total		\$1,508,780	



The City of Union Gap is governed by a seven member City Council that serves under a Council-Manager form of government. The City Council elects the Mayor and Deputy Mayor from among its members. The City Manager, who serves as the chief executive officer, is responsible for implementing the policies and goals of the City Council and provides leadership, coordination and development of City departments. The City Manager is appointed by, reports directly to, and serves at the pleasure of the City Council. City services are provided through a combination of city employees, public and private contracts, and a number of partnerships including community volunteerism and participation.

The City departments are:

- Legislative – City Council, which includes seven Council Members (from which a Mayor and Deputy Mayor are Elected by the Council);
- Executive - City Manager, which includes the Executive Assistant, City Attorney and other contracted services;
- Finance and Administrative, which includes City Clerk, Finance, Human Resources, and Information Technology;
- Police, which includes correction and detention services;
- Public Works and Community Development, which includes civil engineering, building and planning, contracted engineering services, public works and parks maintenance.

Yakima City Fire Protection Services provide fire protection, and emergency medical services through a contract. As result of providing enhanced fire suppression, The Washington Surveying and Ratings Bureau (WSRB) lowered our Protection Class from 5 to a 4, effective March 1, 2018. This will result in insurance savings to our businesses and residents. The City contracts with Yakima County District Court for court services. The City contracts with Yakima County for jail services. Pacific Power delivers electric services. Medstar Community Transit provides free public transportation services. The Yakima Regional Library provides library services to Union Gap. The City is home to two award-winning elementary schools and Yakima School system provides middle and high school services. In addition to the Yakima public schools, is LaSalle High School, a Catholic, college preparatory high school.

2018 was undoubtedly the City's biggest year of accomplishments. Primarily, the completion of the Civic Center that will serve the community for years to come. Looking back, the following are just a few of the City's notable projects.

Main Street Phase I: The Transportation Improvement Board (TIB) awarded the City \$1.6 million dollars for the phase I improvements. Main Street has been a project on the Council's project list for many years, and it is an opportunity to improve part of the downtown core. In addition, the City Council recently approved a slight water rate increase to provide the necessary revenue to begin underground utility improvements.

Regional Beltway Connector: The National Highway Freight Program awarded the City \$1.9 million dollars for preliminary engineering and right-of-way authorizations. The benefits of the Beltway are numerous, but the primary benefit is to reduce truck traffic in the Union Gap school zone. The Union Gap School serves children from Kindergarten through eighth grade.

I-82 South Union Gap Interchange: This interchange currently has a westbound off-ramp and an eastbound on-ramp. This project will add a westbound on-ramp, an eastbound off-ramp and other improvements for full access to and from the South Union Gap part of town. While this is not city-funded, the construction tax dollars will certainly benefit the community, while providing full access to all the businesses in the south end of town. Construction will begin in early 2019.

South Broadway Area Water and Sewer: The "South Broadway" area is comprised mostly residential homes on small lots. Early in the 1990's the shallow groundwater in an 18 square-mile portion of Union Gap, the City of Yakima, and Yakima County, was found to be contaminated. Union Gap annexed the "South Broadway" area and was awarded a grant for installation of water main lines and services. However, a portion of this area still needs water and sewer infrastructure. In December, the City Council approved a modest sewer rate increase to provide revenue to assist residents in this area.

In closing, it is my honor to present you with the City's 2019 Budget.

Best regards,

Arlene Fisher

Arlene Fisher, ICMA-CM
City Manager



LaSalle High School

COMMUNITY PROFILE

Union Gap is conveniently located about 4 miles from downtown Yakima, and resides within Yakima County. Our strategic location along with our strong demographics, significant purchasing power, and terrific community amenities (senior programs, great parks and schools, and low crime) makes development and redevelopment in the community very attractive.

History:

The city of Union Gap was originally named Yakima City and was officially incorporated on November 23, 1883. When bypassed by the Northern Pacific Railroad in December 1884, over 100 buildings were moved with rollers and horse teams to the nearby site of the train depot. The new city was dubbed North Yakima. In 1918 North Yakima was changed to simply Yakima, and the original town to the south was named Union Gap. The city of Union Gap has changed from a small rural community into a thriving community, with a population of nearly 7,000 residents. Given the strong economy and many large corporations that call Union Gap home, the daytime population increases to approximately 50,000+. The efforts of the city pioneers and leaders throughout the decades have created a unique City, filled with many amenities, and a vision for the future.

City Services:

City services provided include: police protection, fire and emergency medical services, jail services, animal control, municipal court and probation services, transit services, library services, construction and maintenance of streets, storm water management, sanitary sewer services, water services, garbage and recycling, building inspection, planning and zoning, park maintenance, recreation programs, and general administration.

The City provides many of these services through partnerships with neighboring communities. Fire protection and emergency medical services are contracted through City of Yakima; jail services are contracted through Yakima County; municipal court and probation services are contracted through Yakima County; transit services are contracted through Medstar Cabulance, Inc.; library services are contracted through Yakima Valley Regional Library; sewer treatment is contracted through Yakima County; garbage and recycling services are contracted through Basin Disposal and Yakima Waste Systems; senior citizen services are contracted through People for People and the summer youth program is contracted through ESD 105.

The City recently completed the civic campus, which houses city hall and the police department. Construction of the civic campus was completed 2018. Other civic facilities owned by the City are the fire station; recreation buildings and shelters within the parks and the Public Works shop.

Civic Engagement:

Civic Engagement and volunteerism is greatly appreciated as citizens donate their time to support community events and projects, including Old Town Days, Holiday Parade, National Night Out, and service on various boards, committees, and commissions.



National Night Out

Major Employers:

The single largest employer in Union Gap is Costco Wholesale with 289 employees. Below are the top 10 employers in Union Gap:

	EMPLOYER	PRODUCT/SERVICE	# OF EMPLOYEES
1	COSTCO WHOLESALE #1013	Retail Sales	289
2	PEXCO AEROSPACE, INC	Industrial/Manufacturing	217
3	MAGIC METALS INC.	Industrial/Manufacturing	174
4	COLUMBIA VALLEY FRUIT, LLC	Warehousing/Storage	171
5	MACY'S /WEST STORES INC.	Retail Sales	158
6	PRIME WINDOW SYSTEMS	Industrial/Manufacturing	128
7	WINCO	Retail Sales	123
8	INTERNATIONAL PAPER	Industrial/Manufacturing	115
9	KOHL'S #1410	Retail Sales	112
10	KWIK LOK CORP	Industrial/Manufacturing	110

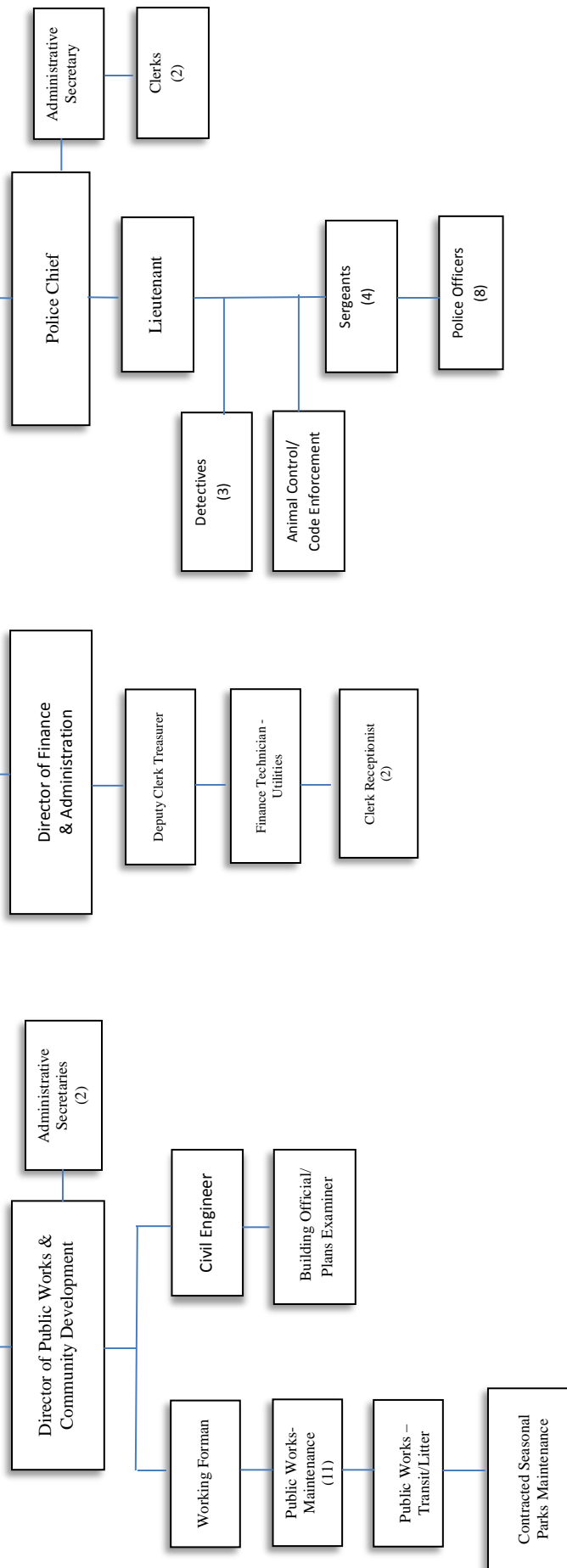
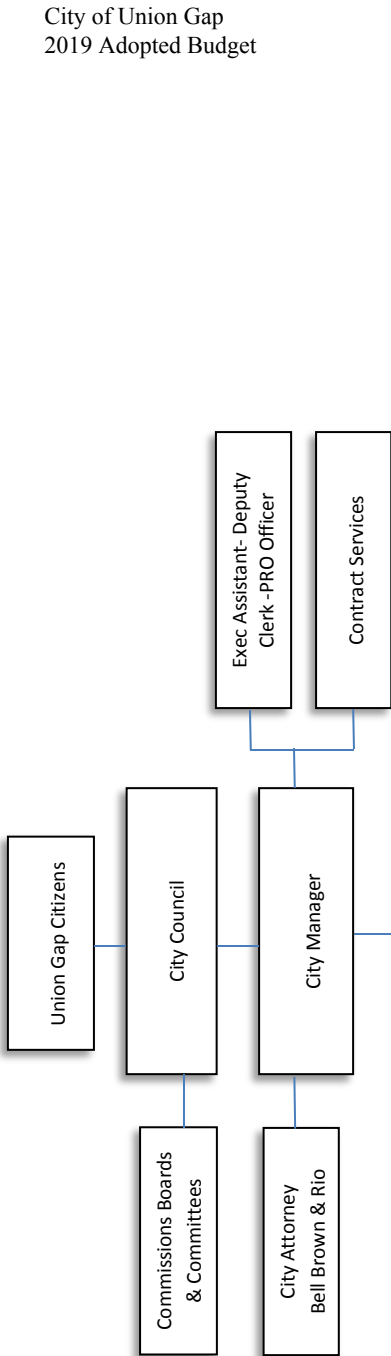
The City of Union Gap is within Yakima County and has the largest shopping Mall of Yakima County with approximately 80 stores and restaurants employing approximately 1610 individuals.

City of Union Gap at a Glance

Incorporated.....	November 23, 1883	<u>Public services</u>	
Civic Campus.....	102 W. Ahtanum Rd	Post Office.....	3514 Main Street
Information Phone.....	(509) 248-0432	WA State Dept. of Licensing....	2725 Rudkin Road
Form of Government.....	Council – Manager	Yakima Health District....	1210 Ahtanum Ridge Drive
Population (2018 estimate)	6,161	Work Source Yakima.....	1205 Ahtanum Ridge Drive
Land Area.....	5.06 square miles	Free Transportation Service	(509) 574-8000
Average Annual Temp. (F)...	22°(min) – 89°(max)	<u>ECONOMIC INFORMATION</u>	
Average of .68" of rain & .32" of snow per year		Total Business Licenses (2018)	514
<u>CITY PARKS</u>		Average Home Value (2017)....	\$97,700
Parks.....	4 (202+ acres)	Median Rent (2017).....	\$854
Picnic Reservation Areas....	17	Property Tax Rate (2018).....	\$2.54 per \$1,000
Event Buildings Available....	2	Sales Tax Rate.....	8.1%
Soccer Fields.....	20	<u>Demographic information</u>	
Skate Park.....	1	Total Households.....	2,039
<u>SCHOOLS</u>		Median Household Income....	\$38,667
Public.....	3201 S. 4 th Street	Median Age (2018).....	32
	2000 S. 18 th Street		
Private.....	3000 Lightning Way		

FTE'S
Unrepresented – 6
Represented – 40
Contracted – 3

Total – (46 Excluding Contracted)



The Organization

The City of Union Gap is a Council-Manager form of government with 7 Council Members, a City Manager and 3 departments which are Finance and Administration, Public Works and Community Development and Police. Below is a summary of the full-time equivalent (FTE) employees since 2012. Please note that several changes has occurred, including a reorganization in 2014, between 2012 to present.

Legislative Body

There are 7 Council Members with equal voting rights and. The Mayor and Deputy Mayor are elected by the entire Council. The current members are:

Position Number	Name	Title
3	Roger Wentz	Mayor
5	Dave Matson	Deputy Mayor
1	John Hodgkinson	Council Member
2	James Murr	Council Member
4	Dave Butler	Council Member
6	Julie Schilling	Council Member
7	Sandy Dailey	Council Member

Administration

The administrative staff is as follows:

Name	Title
Arlene Fisher	City Manager
Karen Clifton	Director of Finance and Administration
Gregory Cobb	Chief of Police
Dennis Henne	Director of Public Works and Comm. Development
Stace McKinley	Police Lieutenant
David Dominquez	Civil Engineer
Lynette Bisconer	Deputy City Clerk/Treasurer
Teresa Lopez	Exec Assistant/Deputy Clerk/PRO/Accounts Payable

BOARDS AND COMMISSIONS

The Union Gap City Council seeks candidates for vacancies on its advisory boards and commissions. Appointed by the City Council, board and commission members offer their knowledge and experience to advise and inform the City Council on a variety of issues to help shape the community.

Most boards and commissions meet about once per month at a regularly scheduled time. Members of the Boards and Commissions must be residents of Union Gap and able to regularly attend meetings.

PLANNING COMMISSION - The Planning Commission makes recommendations to the City Council about community development issues, especially those affecting future land use and growth. This includes review of some development proposals, as well as revisions to the City's Comprehensive Plan and development code. This commission meets on the fourth Tuesday of each month at 6:00 p.m. The terms expire in four years. Commissioners should be knowledgeable about planning and development issues.

PARK BOARD - The Park Board makes recommendations to the City Council about park development and park activities. They also help develop and revise the City's Park Plan as part of the City's Comprehensive Plan, making recommendations on these projects to the City Council. The Park Board meets on the second Wednesday of each month at 5:30p.m.

CIVIL SERVICE COMMISSION – The Civil Service Commission works with the Police Chief and Civil Service Secretary to ensure that the adopted Civil Service Rules are being upheld. They also make amendments to the rules and hold public hearings for Civil Service employees wishing to be heard on issues or decisions that can adversely affect their employment. The Civil Service Commission meets on the first Monday of each month at 9:00 a.m.

LODGING TAX ADVISORY COMMISSION (LTAC) – The Lodging Tax Advisory Commission (LTAC) is in charge of overseeing the City's *Lodging Tax* and *Tourism Promotion Assessment* revenue ensuring that the funds are being spent according to State law. LTAC makes recommendations to the City Council regarding the expenditure of these funds. Each year LTAC accepts requests for lodging tax/Tourism Promotion Assessment funding for future events in the City. The City's tourism marketing is paid through these revenues. LTAC meets on the fourth Tuesday of each month at 1:30 p.m.

LIBRARY AND SENIOR COMMUNITY CENTER COMMITTEE - The Library and Senior Community Center Committee serve in an advisory capacity to the Union Gap City Council on matters regarding the development of a potential Library and Senior Community Center. The committee consists of up to seven regular members of the committee including one youth-at-large member. At least four of the regular members must be residents of the City, and one of the members must be a member of the Union Gap City Council. The Library and Senior Community Center Committee meets on the third Thursday of each month at 3:35 p.m.

Contracted Services

Contracted Services are as follows:

Service	Service Provider
Fire Protection Services	City of Yakima
Municipal Court Services	Yakima County District Court
IT Services	City of Yakima
Senior Citizen Center Services	People for People
Transit Services	Medstar Transportation
Garbage Service	Basin Disposal Inc. (BDI)
City Attorney Services	Bronson Brown of Bell, Brown and Rio
Prosecutor Services	Margita Dornay Law Office

Major Partners:

The City of Union Gap partners with many associations and organizations. The major partners include:

- Association of Washington Cities (AWC)
- Yakima Valley Conference of Governments (YVCOG)
- Union Gap School District
- Yakima School District
- Yakima Valley Regional Library
- Federal Legislators
- State Legislators
- Central Washington Agricultural Museum
- Yakima Chamber of Commerce
- Union Gap Master's Garden Club
- People for People
- Union Gap Seniors Group
- Central Washington Home Builder's Assoc.
- Yakima Valley Tourism
- National League of Cities
- Municipal Research & Services Center (MRSC)
- USDA-RD
- WSDOT
- HLA Engineers
- Menke, Jackson, Beyer, LLP
- Foster Pepper, PLLC
- City of Yakima
- Yakima County
- WA State Auditor's Office
- WA Cities Insurance Authority (WCIA)
- ARC Architects
- MH Construction
- ESD 105

City Departments

There are 3 departments within the City, which are:

- Finance and Administration
- Public Works and Community Development
- Police

Fire Protection Services are contracted through the City of Yakima, and Municipal Court Services are contracted through Yakima County District Court.

BUDGET PROCESS

Procedures for Adopting the Budget:

The City's budget process and the time limits under which the budget must be prepared are defined by the Revised Code of Washington (RCW) 35A.34. The procedures followed in establishing the annual budget are described below:

Item	Jul	Aug	Sept	Oct	Nov	Dec
City Council establishes overall City priorities.						
City Manager gives direction on coming year's budget priorities.						
Finance Department provides budget instructions consistent with City Council and City Manager direction.						
Departments prepare preliminary expenditure estimates including requests for personnel, equipment, or new programs.						
Department line item budgets are submitted to the Finance Department by the end of August.						
Finance Department prepares budget for presentation to City Manager.						
Finance Department updates preliminary revenue estimates.						
The City Manager and Finance Department staff meet with Department staff to review their budget proposals.						
The City Manager instructs the Finance Department to make specified adjustments to establish a balanced budget.						
A proposed budget is prepared, printed, and presented to the City Council (at least 60 days prior to the ensuing fiscal year).						
The City Council conducts a preliminary public hearing on proposed revenues including property tax						
The City Clerk publishes a notice of the filing of the proposed budget and publishes notice of public hearing.						
The City Council holds a series of study sessions and public hearings to review the proposed budget recommended by the City Manager.						
The City Council instructs the City Manager to make modifications to the budget.						
The City Council adopts an ordinance to establish the amount of property taxes to be levied in the ensuing year.						
The City Council conducts a final budget hearing						
The City Council adopts the final budget by ordinance by December 31.						

Annual Budget Development Process:

The annual budget serves five essential purposes:

- 1) Legal document - sets forth expenditure limits by fund;
- 2) Financial Plan - projecting revenues and expenditures for the ensuring year;
- 3) Policy Document - reflecting City policies concerning the budget;
- 4) Management Tool - documenting service level commitments made by City departments;
and
- 5) Public Information Document - describes the City's financial condition, its service level objectives for the budget year, and the funding sources available to meet the objectives.

Budget Process: To assure that the budget satisfies each essential purpose, the City follows an established process. The process involves the City Council, the public, the City Manager and City Departments, in deliberation periods and decision points. The public participates through public hearings with the City Council. The high points of budget preparation, adoption and execution are as follows:

Budget Preparation:

Between August and September – department directors develop and submit baseline budgets and personnel information to the Finance and Administration Department. The Finance and Administration Department compiles the department requests for the City Manager's review. The City Manager holds meetings with individual departments to review the budgets and budget issues. Following the meetings, the City Manager meets with the City Council to review budget issues and obtain Council input. The City Manager makes budget revisions and the Finance and Administration Department prepares the budget document and supporting information for presentation to the City Council and to the public. The City Manager's proposed budget message and estimated revenues from all sources are presented to the Council by the first Council meeting in October.

Budget Adoption:

October-December - City Council holds public budget work sessions with the City Manager and Department Directors. Preliminary recommendations are developed and a formal public hearing is held to allow the public to comment on the annual budget. A public hearing is also held in October regarding City operating revenues and the levy of property taxes before and after these hearings, the City Council may make changes before adopting the budget.

The Finance and Administration Department then makes the final budget adjustments and provides each department with a "working" copy of the adopted budget along with the Budget Ordinance. The formal adopted budget is printed, bound and distributed to the public, City Council, departments and the City Manager. Copies are also made available to the public at City Hall.

Budget Execution/Amendments:

The adopted budget is recorded in the City's accounting system in detailed expenditure and revenue accounts. Throughout the year, the City monitors the expenditures and revenues. Quarterly reports of the City's financial status are made to the City Council.

The Finance and Administration Director is authorized to transfer budgeted amounts within any fund; however, any revisions that alter the total expenditures of any fund, must be approved by the City Council by budget amendment.

FINANCIAL POLICIES

Purpose:

The primary purpose of financial management policies is to provide guidelines for the City Council and staff to use in making financial decisions that ensure core services are maintained and the Council's vision for the community is achieved.

In addition, financial policies provide a level of security for the community by ensuring residents' tax dollars are being used openly, legally, efficiently and effectively and in a manner that provides insulation from fiscal crisis and economic disruption.

Policies:

On November 10, 2014, the City Council passed resolution No. 14-58 establishing the *City of Union Gap Reserve Policies* as a financial strategy and key factor in measuring the City's financial strength. The Policies are:

- The city will maintain a City General Reserve Fund (002 – “Rainy Day Fund”) with a balance equal to five percent (5%) of the total general fund budgeted revenues, excluding beginning fund balance. This policy was established to sustain City operations in the event of a catastrophic event such as a natural disaster, terrorist attack, or a major downturn in the economy. Expenditures from this fund may only be made *by the vote of one more than the majority of all members of the City Council*.
- The City will maintain General Operating Reserves (beginning fund balance) at a level equal to at least eight percent (8%) of the total General Fund budgeted revenue, excluding beginning fund balance. This policy was established *to provide sufficient cash flow to meet financial needs*, particularly during the first quarter of the year before property tax is received.
- After funding the “Rainy Day Fund” and beginning fund balance the City will fund a Contingency Fund (109) at a level equal to two percent (2%) of the total General Fund budgeted revenue, excluding beginning fund balance. This policy was established to finance unbudgeted expenditures.

On December 10, 2018, the City Council passed resolution no. 18-63 establishing the *City of Union Gap Purchasing and Contracting Policies and Procedures* as a purchasing and contract policy and procedure guideline, in order to align with Federal and State purchasing legislation, and to comply with the recommendation from the State Auditor. This policy includes procedures for:

- Capital Equipment/Asset Tracking
- Use of the City Bank/Credit Card
- Purchasing of Supplies, Materials, Equipment, and Professional Services
- Cost Threshold Requirements
- Emergency or Sole/Single Source Purchases
- Professional Services Contracts
- Public Works Contracts (Small Works Roster)
- Intergovernmental Agreements
- Federal Purchases

Priorities and Practices:

The City will maintain the fiscal integrity of its operating, debt service and capital improvement funds in order to provide services and maintain certain public facilities, streets and utilities.

Sound financial management policies enable the City to accomplish the following:

- Ensure the City maintains a financial base to sustain a consistent level of municipal services.

- Ensure the City is able to withstand local and regional economic variations.
- Direct attention to the total financial picture of the City rather than single-issue areas.
- Adjust to changes in the service requirements of the community.
- Maintain a good credit rating in the financial community, which assures taxpayers and ratepayers that City government is well managed financially and is in sound fiscal condition.

The City must prioritize its services in order to maintain the most important services should revenues become constrained. The following services are considered priorities in the following order:

- Public Life, Health and Safety:
 - Police, fire, emergency medical services; building inspections; and traffic control;
 - Water, sewer, and garbage service and infrastructure maintenance.
- Legal Mandates: Accounting/auditing/financial reporting; land-use planning.
- City Facilities and Property: maintenance of park land, buildings, streets, right of way and equipment.
- Recreational and youth programs.
- Pursue Council and Community goals.

To ensure the community's dollars are being used efficiently and effectively, the City will practice the following:

- Include all potential stakeholders in evaluating proposed alternate services.
- Form partnerships with other local governments for the provision of services to achieve economies of scale. Examples include contracting for fire protection, municipal court and jail services.
- Review partnerships with local governments during the preparation of the budget to evaluate impact and benefits.
- Explore the privatization of services on an annual basis during the preparation of the budget.
- Citizen involvement will be encouraged in the budget decision-making process to receive input from the Union Gap community on the level of services desired.

Fund Balances:

General Fund

- The City will not use the undesignated General Fund Balance to finance recurring operating expenditures. This means annual General Fund revenues will equal annual regular operating expenditures.
- General Fund revenues will not be used to subsidize utility operations, which will be self-supporting through user rates.
- Per our Reserve Policy, the City will annually fund a minimum beginning fund balance equal to 8% of General Fund budgeted revenues.
- In the event the undesignated General Fund Balance is used to provide for temporary funding of unforeseen emergency needs, the City will restore the undesignated General Fund Balance to the minimum of 8% within the next budget cycle.

Enterprise Funds (Water/Wastewater/Storm Water)

- Utilities will be self-supporting through user rates and charges.
- Periodic rate studies will be performed to ensure that utility rates remain self-supporting.

Charges and Fees for Service:

Cost Recovery

- Where direct beneficiaries of a city program or services can be identified, fees will be established to recover the costs of that service or program.

- Some services provide some benefit to the greater community. When a greater community benefit is identified, the City may choose to subsidize, either whole or in part, such service.
- Rental fees will be established to be comparable to commercial rates, while at the same time recovering full costs of use of the property or facility.
- Fees for services will be periodically reviewed and adjusted (where necessary) to ensure that rates are equitable and cover the cost of service.

Utility Rates:

- A detailed study of utility rates and other utility charges will be conducted periodically to ensure utility revenue is meeting, and not exceeding, need.
- Utility rates will be established using industry-standard methods, including revenue requirement analysis, cost of service analysis, and rate design analysis.
 - In recognition that General Government services, such as Finance and Human Resources, support the City's Enterprise Funds, a study will be conducted to determine the appropriate charges to the Enterprise Funds for General Government services. These charges shall be consistent with State law:

Administration, oversight, or supervision of utility – Reimbursement from utility budget authorized. Whenever any code city apportions a percentage of the city manager's or director's time, or the time of other management or general government staff, for administration, oversight, or supervision of a utility operated by the city, or to provide services to the utility, the utility budget may identify such services and budget for reimbursement of the city's current expense fund for the value of such services. RCW 35A.33.122/35A.34.205/35.33.123

Cash Management and Investments:

At any one time the City may have several million dollars in various funds that are not needed until some point in the future for operations, capital purchases or the repayment of debt. By placing these revenues in interest-bearing investments until the funds are needed, the City is able to earn interest that in turn serves as a revenue source to reduce costs to the community. In April of 2017 the City invested outside of the Local Government Investment Pool (LGIP), working with Time Value Investments (TVI), investing \$1,000,000 in a 12 month bond that will matured in fall of 2018. In July of 2018, the City invested in another bond for \$1,000,000 which will mature in June, 2019.

A cash management / investment policy helps to balance the day-to-day need for revenues while achieving the highest rate of interest that is reasonable and within the City's acceptable level of investment risk.

Funds will be invested in only those investments permitted by Federal and State law as it relates to public funds. All of the City's funds will be invested with the following objectives (listed in the order of priority):

- **Safety:** Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. Specifically, the City will (a) seek to avoid realizing any loss through the sale or disposal of an investment; and (b) seek to mitigate the risk of unrealized losses due to a decline in value of investments held in the portfolio.
- **Liquidity:** The investment portfolio will remain sufficiently liquid to meet all cash requirements that may be reasonably anticipated. This will be accomplished by structuring the portfolio in the following manner: (a) The City will purchase investments scheduled to mature in accordance with its anticipated cash needs, in order to minimize the need to sell investments prior to maturity; (b) A portion of City funds will be maintained in cash equivalents, including money market funds, investment pools and overnight securities, which may be easily liquidated without a loss of principal should an

unexpected need for cash arise; and (c) The portfolio will consist largely of investments with active secondary markets.

- **Yield:** The City's investments will be designed with the objective of maximizing a fair rate of return consistent with the safety and liquidity noted above.

Debt:

Like private citizens, municipalities must sometime borrow funds to pay for large purchases like capital equipment and capital projects. As in the private world, the ability to borrow depends upon the borrower's ability to pay the loan back, as indicated by means of credit ratings, potential future earnings, etc. Unlike private citizens and companies, public entities have the additional parameters of statutory limits on borrowing as measured by set percentages of assessed value. Debt incurred by a City is generally issued in the form of bonds, similar to promissory notes, which investors buy from the City, with the idea that the City will buy the bonds back at some future date – paying more money than the investor originally paid for them.

There are two major types of bonds issued by the City, differentiated by the basis of guarantee of payoff to the investor. General Obligation or "GO" Bonds are based on the tax base or the assessed value of the municipality. When issuing a GO bond, the City is pledging its future taxing powers to pay off the debt. GO bonds can be issued as a voted "levy" when citizens are willing to pay extra for a particular project or by the Council without voter approval. Revenue Bonds are both guaranteed by and retired from specific future revenues (usually fees for a particular service). These are generally issued for utility capital projects and guaranteed and retired by utility rate revenues; there is no general tax liability for these obligations.

The City's debt management policy is to plan and direct the use of debt so that debt service payments will be a predictable and manageable part of the operating budget.

Reserve Funds:

Reserve funds enable the City to deal with unforeseen emergencies, changes in economic conditions, and to set aside small amounts to pay for large capital expenses in future years.

- A General Reserve Fund, "Rainy Day Fund" will equal to 5% of annual General Fund operating reserves. This reserve will sustain City operations in the event of a catastrophic event such as a natural disaster, terrorist attack, or a major downturn in the economy. Expenditures from this fund may be made only by the vote of one more than the majority of all members of the City Council.
- A General Operating Reserve (beginning fund balance) will be maintained at a level equal to at least 8% of the total General Fund budgeted revenues. This will provide sufficient cash flow to meet financial needs, especially during the first quarter of each year while awaiting the first half of our annual property tax revenue.
- A Contingency Reserve equal to 2% of General Fund operating revenues will be budgeted each year to accommodate unbudgeted expenditures. The City Council will determine how the Contingency Reserve is spent.

In addition to these reserves, monies are set aside to pay for capital or ongoing costs. Each year substantial dollars are placed in the fire truck reserve, police vehicle reserve, public works equipment reserve, public works building reserve, city hall building reserve, and city hall equipment reserve funds.

Budgeting:

- The City Council will adopt a balanced budget as required under State law. The State of Washington defines a balanced budget as follows; per RCW 392-125-045: The estimated expenditures for the ensuing fiscal year shall not be greater than the total of the estimated revenues for the ensuing fiscal year plus the probable (for the initial budget) or actual (for budgets developed after fund balance is known) fund balance at the close of the fiscal year preceding the ensuing fiscal year. A budget is considered a balanced budget if the

above requirement is met. The proceeds of any loan must not be used to balance the budget. Further, ongoing operating program costs will not exceed the amount of ongoing revenue to finance those costs.

- The budget process will be coordinated in a way that major policy issues are identified for City Council review and discussion several months prior to budget approval. This will allow adequate time for public input and analysis of options.
- The Vision, Goals and Strategic Plan of the City Council, as well as the *Comprehensive Plan* will serve as the framework for the budget proposed by the City Manager.
- One-time revenues will be used for one-time expenditures only.
- The Finance and Administration Director will present to the City Council quarterly financial reports identifying trends in revenues and expenditures for the City's operating fund.

BASIS OF ACCOUNTING AND BUDGETING

Accounting:

Accounting records for the City are maintained in accordance with methods prescribed by the State Auditor under the authority of Washington State law, Chapter 43.09 R.C.W., and in compliance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board.

Basis of Presentation:

The accounts of the City are organized on the basis of “funds” and “accounts.” Each fund is a separate accounting entity with a self-balancing set of accounts. The City’s resources are allocated to and accounted for in individual funds according to the purpose for which they are spent and how they are controlled.

There are three categories of funds: 1) governmental, 2) proprietary and 3) fiduciary. A purpose and description of each fund is provided on the fund pages in the Budget by Fund section of this budget document. A description of the three fund categories is provided below.

1) **Governmental Funds**

Governmental funds are used to account for activities typically associated with local government operations. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financial uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and statements for governmental funds. The four generic fund types in this category are described in the following paragraphs.

The **General Fund (Current Expense)** is the general operating fund of the City and accounts for all activities not required to be accounted for in some other fund.

Special Revenue Funds account for the proceeds of specific revenue sources - other than expendable trusts or revenues designated for major capital projects - that are legally restricted to expenditures for specific purposes.

Debt Service Funds account for the accumulation of resources for and the payment of general long- term debt, principal, interest, and related costs.

Capital Projects Funds account for the acquisition or construction of major capital facilities except those financed by proprietary funds and trust funds.

2) **Proprietary Funds**

Propriety Funds are used to account for activities similar to those found in the private sector where the intent of the governing body is to finance the full cost of providing services, including depreciation, primarily through user charges. All proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities. As described below, there are two generic fund types in this category.

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City is to finance or recover, primarily through user charges, the costs of providing goods or services to the general public on a continuing basis

3) Fiduciary Funds

Fiduciary Funds are used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a)

Investment trust funds, (b) pension (and other employee benefit) trust funds, (c) private-purpose trust funds, and (d) agency funds.

Investment Trust Funds – should be used to report the external portion of investment pools reported by the sponsoring government.

Pension (and Other Employee Benefit) Trust Funds – should be used report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Agency Funds – should be used to report resources held by the government in a purely custodial capacity (assets and liabilities). Agency funds typically involve only the receipts, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Basis of Accounting:

Basis of accounting refers to the recognition of revenues and expenditures or expenses in the accounts and reporting them in the financial statements. Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law, the City of Union Gap also recognizes expenditures paid during twenty (20) days after the close of the fiscal year for claims incurred during the previous period.

Budgets and Budgetary Accounting:

Scope of Budget – The City of Union Gap adopts annual appropriated budgets for all funds. The budget is appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Funds Budgeted on an Annual Basis

General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are established to account for proceed of specific revenue sources that are legally restricted to expenditures for specified purpose. These funds are as follows:

- | | | |
|--------------------------|------------------------|-------------------------------|
| • Street Operating | • Contingency | • Hotel/Motel Tax |
| • Tourism Promotion | • Senior Activity | • Police Vehicle Reserve |
| • Fire Truck Reserve | • Criminal Justice | • City Hall Equipment Reserve |
| • Transit System | • Crime Prevention | • Commute Trip Reduction |
| • Community Events | • Community Policing | • Drug Seizure Forfeiture |
| • Housing Rehabilitation | • Marijuana Excise Tax | • City Hall Building Reserve |

Debt Service Fund is to account for the accumulation of resources for, and the payment of, general long- term debt principal and interest.

Enterprise Fund accounts for operations that are normally financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the costs of providing goods and services to the general publicly on a continuing basis be financed or recovered primarily through user charges. The City operates water, sewer and storm water utilities as Enterprise Funds.

Funds Budgeted on an Annual Basis

Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities. The City of Union Gap has the following Capital Project Funds:

General Government Capital Funds:

- Municipal Capital Impr (REET)
- Infrastructure Reserve
- Valley Mall Blvd Improvement
- Street Development. Reserve
- Development Mitigation Reserve
- Park Development Reserve

Executive Summary

Organization of the Adopted 2019 Annual Budget

This budget message is intended to provide the City Council and community with a broad overview of the adopted budget and key changes and issues. The Executive summary that follows provides a more detailed analysis of revenues, expenditures and operating changes. Each department and program budget that follows the Executive Summary then lays out the mission, services provided, goals and objectives for 2019, performance measures, a multi-year summary of costs and staffing, and highlights and changes.

The departmental and program budgets are divided into three key sections; General Government Funds (including Special Revenue/Use Funds), Utility Funds and Capital Improvement Funds as follows:

- | | |
|---|---|
| <p>1. General Government Funds</p> <ul style="list-style-type: none"> • General Programs <ul style="list-style-type: none"> ○ City Council ○ City Manager ○ Municipal Court & Legal Services ○ Finance & Admin Services ○ Police ○ Fire & EMS ○ Community Development ○ Parks/Community Events/Senior Center • Special Revenue Use Funds <ul style="list-style-type: none"> ○ Street ○ Hotel/Motel Tax ○ Tourism Promotion Assess ○ Transit | <ul style="list-style-type: none"> ○ Marijuana Excise Tax ○ Housing Rehabilitation <p>2. Utility Funds</p> <ul style="list-style-type: none"> • Water <ul style="list-style-type: none"> ○ Water Improvement Reserve • Sewer/Storm Water <ul style="list-style-type: none"> ○ Sewer Improvement Reserve • Garbage • Public Works Equip Reserve <p>3. Capital Improvement Funds</p> <ul style="list-style-type: none"> ○ Street Development Reserve ○ Infrastructure Reserve ○ Park Development Reserve ○ Valley Mall Blvd. Improvement ○ Municipal Capital Impr (REET) ○ Development Mitigation Reserve |
|---|---|

Budget Summary and Highlights

The 2019 Adopted Budget amounts to \$40,682,607. The General Government and special revenues/uses Budget totals \$21,569,929 and is supplemented with \$5,949,321 in capital improvements. The utility budgets, which consist of water, sewer and stormwater, and garbage totals \$13,163,357 and contains an operating component and construction component.

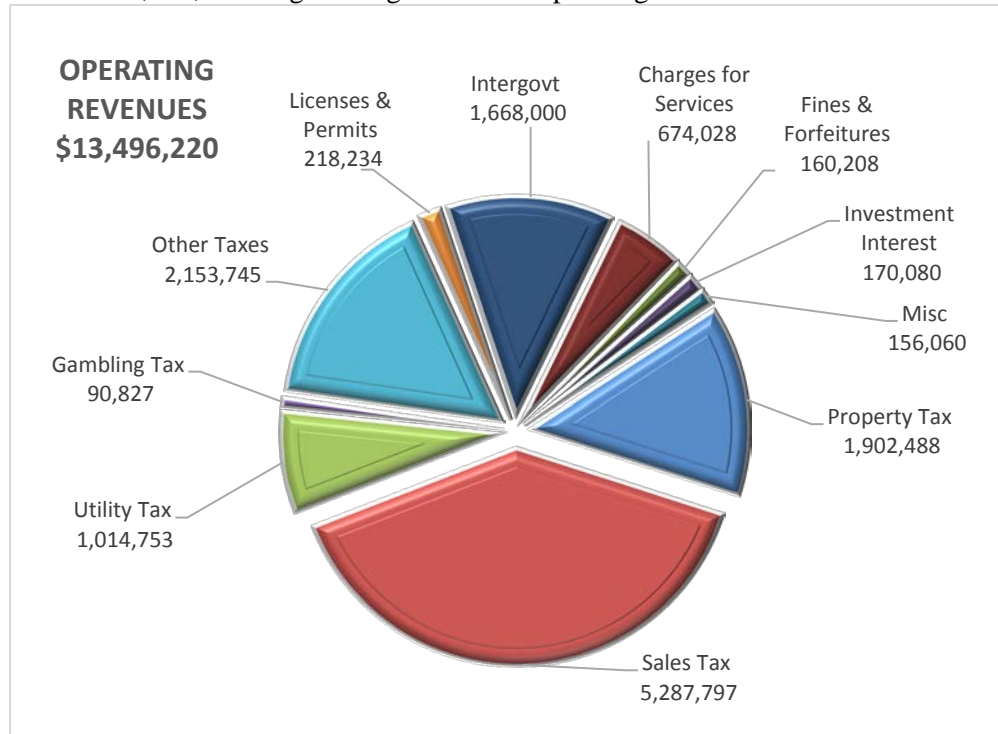
	2019 Adopted
General Government Funds	\$ 21,569,929
Capital Improvement Funds	5,949,321
Utility Funds	13,163,357
Total	\$ 40,682,607

Section 1: General Government Funds

The 2019 general government operating budget, which accounts for municipal services such as police, jail, court, fire, EMS, streets, parks, community development services, debt service, and finance and administrative services amounts to \$21,569,929. This includes special revenue/use funds.

Where the Money Comes From

The City expects to receive \$13,496,220 in general government operating revenue in 2019. This operating revenue is supplemented with available fund balances of \$7,298,428 as well as other financing sources of \$775,281, which include interfund transfers between different funds for a general government budget totaling \$21,569,929. Major operating revenues include property tax, sales tax, utility tax and gambling tax. The balance of operating revenue is comprised of licenses and permits, interest, fines and forfeitures, and intergovernmental, state-shared revenue such as motor fuel tax, marijuana excise tax, criminal justice tax and other taxes.



	2018	2019
GENERAL GOVERNMENT FUNDS	Actual	Adopted
Beginning Fund Balances	7,688,517	7,298,428
Operating Revenues		
Property Tax	1,846,680	1,902,488
Sales Tax	4,850,674	5,287,797
Utility Tax	1,003,866	1,014,753
Gambling Tax	77,739	90,827
Other Taxes	1,899,866	2,153,745
Licenses & Permits	212,212	218,234
Intergovernmental	7,087,902	1,668,000
Charges for Services	666,207	674,028
Fines & Forfeitures	158,568	160,208
Investment Interest	186,462	170,080
Miscellaneous	188,887	156,060
Total Operating Revenues	18,179,063	13,496,220
Other Financing Sources	1,216,342	775,281
Total Revenues	19,395,405	14,271,501
Total Revenues & Sources	\$27,083,922	\$21,569,929

Where the Money Goes

The 2019 operating budget amount is \$13,084,840 which is supplemented with ending fund balances of \$7,465,054 as well as other financing uses, including interfund transfers between different funds for a general government budget totaling \$21,569,929.

Public safety, which includes police, fire, EMS, and police and fire reserve funds, comprise the largest component of the operating budget, representing 47% of total operating expenditures. Building and Equipment Reserves comprise the second largest component of the operating budget at 13%. These reserves include debt service payments for the Civic Campus and future replacement of computer equipment. Transit, which is funded by a .02% transportation tax comprises the third largest component of the operating budget at 9% followed by streets, public works and community development, finance and administration, municipal court/legal services, legislative/executive, hotel/motel-tourism and community events.

	2018	2019
	Actual	Adopted
GENERAL GOVERNMENT FUNDS		
Operating Expenditures		
Legislative/Executive	357,669	382,765
Finance/Admin	695,563	717,846
Municipal Court/Legal Svc	791,026	671,180
Public Safety	5,327,278	6,125,415
Public Works/Community Development	1,027,409	1,038,882
Community Events	21,521	18,300
Building/Equipment Reserves	7,209,630	1,677,000
Transit	1,081,754	1,220,507
Hotel/Motel-Tourism	287,564	309,469
Housing Rehabilitation	2,384	34,700
Streets	1,037,579	888,776
Total Operating Expenditures	17,839,379	13,084,840
Other Financing Uses	217,622	1,020,035
Total Expenditures and Uses	18,057,000	14,104,875
Ending Fund Balances		
General Fund Reserve (5% Oper Rev)	413,269	471,309
Contingency (2% CE Oper Rev)	181,282	188,358
Reserved Ending Bal (8% CE Oper Rev)	641,784	790,328
Designated Reserved:		
Comm Evt/Sr Ctr/Craft Night	8,153	2,556
Streets	331,009	476,965
Hotel/Motel-Tourism	462,597	476,645
Building/Equipment Reserves	813,221	644,136
Crim Just/Pub Safety Rsv	1,213,014	807,789
Marijuana Excise Tax	179,199	183,255
Transit	3,528,971	3,295,858
Commute Trip Reduction	3,005	2,895
Housing Rehabilitation	155,697	124,960
Total Ending Fund Balances	\$ 7,931,200	\$ 7,465,054
Total Expenditures and Uses	\$25,988,200	\$21,569,929

Section 2: Capital Improvement Funds

A solid plan for delivering major capital improvement projects to the community is also included in this budget proposal. The City's Capital Improvement Funds, which include park development reserves, street development reserves, infrastructure reserves, municipal capital improvement (REET), Valley Mall Blvd. improvement reserve and development mitigation reserves. These reserves are projected to be \$5,949,321 in 2019.

The following is a summary outlining capital improvements by program for 2018 and 2019:

	2018	2019
CAPITAL IMPROVEMENT FUNDS	Actual	Adopted
Park Development Reserve	55,049	83,427
Municipal Capital Improvement	97	65,708
Street Development Reserve	157,267	907,780
Development Mitigation Reserve	14,918	0
Infrastructure Reserve	601,508	1,233,444
Valley Mall Blvd. Impr. Reserve	181,794	2,086,710
Total Expenditures	1,010,634	4,377,069
Interfund Transfers	0	26,245
Ending Fund Balances	1,658,674	1,546,007
Total Capital Improvement Budget	\$2,669,308	\$5,949,321

Section 3: Utility Funds

The City owns and operates two utilities, water and sewer, and contracts out garbage service. These utilities serve the majority of residents and businesses in the City. Each utility is a stand-alone enterprise fund with user fees collected from the customers of each system (i.e., residential property owners, commercial property owners, etc.).

Sewage is treated at the sewer treatment facility in Yakima. The annual sewer service fee pays for the cost of maintenance, operation and replacement, and construction requirements, which are used for collection, treatment and disposal of all residential and commercial wastewater generated within the City's boundaries.

The city's water utility provides drinking water to nearly 2,300 residential and business customers within Union Gap. The annual water service fee pays for the cost of maintenance, operation and replacement, and construction requirements, which are used to ensure an uninterrupted supply of high-quality drinking water is available at all times. All of the water in our system is regularly monitored to ensure it meets State and Federal standards for health and safety.

The 2019 utility operating budgets total \$4,776,499. In addition to the operating budgets of these utilities, \$4,072,800 is adopted for utility construction improvements. Reserves are used to replace and repair utility infrastructure.

The breakdown for utility funds for 2018 and 2019 are outlined below:

	2018	2019
UTILITY FUNDS	Actual	Adopted
Beginning Fund Balances	4,836,814	4,911,018
Operating Revenues		
PW Building Reserve	0	0
PW Equipment Reserve	8,850	3,790
Water	1,303,608	2,973,824
Sewer	1,983,761	3,460,479
Garbage	1,305,530	1,326,696
Subtotal Operating Revenues	4,601,749	12,675,807
Operating Expenditures		
PW Building Reserve	0	30,000
PW Equipment Reserve	30,451	115,000
Water	828,112	1,673,690
Sewer	1,568,243	1,683,842
Garbage	1,310,744	1,273,967
Subtotal Operating Expenditures	3,737,550	4,776,499
Debt & Other Financing Sources		
Loan/Grant Proceeds	5,917	0
Other Financial Sources	73,920	487,550
Subtotal Debt/Other Fin Sources	79,837	487,550
Debt & Other Financing Uses		
Water & Sewer Construction	177,810	4,072,800
Other Financial Uses	473,749	803,307
Subtotal Debt/Other Fin Uses	651,559	4,876,107
Total Ending Fund Balances	5,169,917	\$3,510,751
Total Expenditures and Uses	\$9,559,026	\$13,163,357

Utility Revenue Bond Debt

The City pays annual payments toward revenue bonds for utility projects. The table below shows the amount of loans that are included in the Adopted 2019 Budget and includes the City's financial payments through 2024. The loans include:

- Water – 2004 Water System Improvements, Main Street Water Improvement, Fullbright Reservoir Transmission Main Intertie and Cahalan Park Water Supply Well;
- Sewer – 2005 Sewer System Improvements, Master Lift Station Upgrade and Wastewater System Improvements

Utility Debt						
	2019	2020	2021	2022	2023	2024
Water	289,248	286,976	246,282	244,394	242,506	240,619
Sewer	115,998	115,436	114,875	89,863	89,424	89,984
Total	\$405,564	\$402,412	\$361,157	\$334,257	\$332,598	\$330,603

2019 Utility Construction Projects

- Water construction projects include installing Advanced Metering Infrastructure (AMI) Systems throughout the city; installing security lights to well No. 6; cleaning the water reservoirs; upgrades to the water telemetry system; flow testing; and additional water rights purchase.

2018 Water Construction Projects
<ul style="list-style-type: none"> • Advanced Metering Infrastructure (AMI) System • Well No. 6 Security Lights • Reservoir Cleaning • Telemetry Upgrade • Flow Test • Purchase of Water Rights

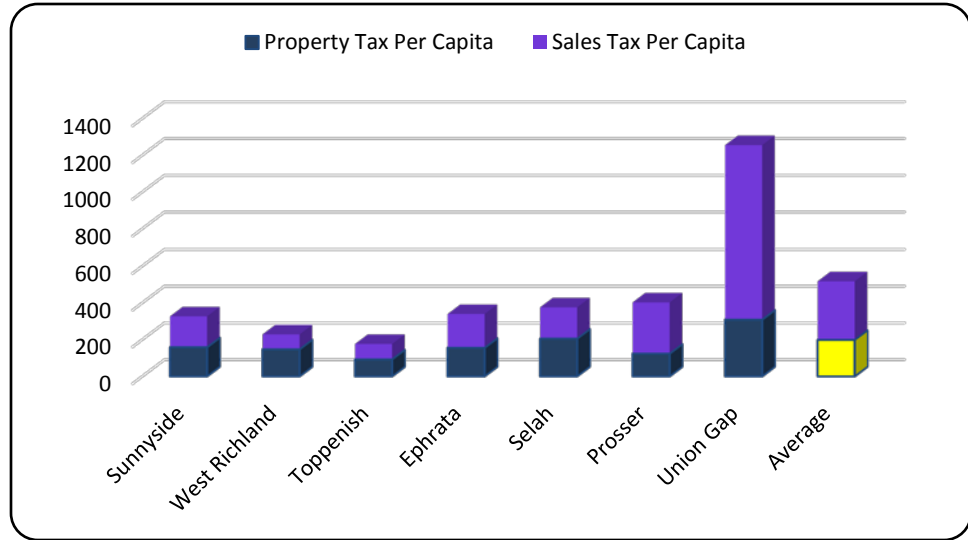
- Sewer/Stormwater construction projects include installing sewer collection flow meters throughout the city; sewer collection system improvements; South Broadway Sewer Phase 3 Modified; siphon improvements and rebuilding 2 pumps at the Master Lift Station. Stormwater projects include installing stormwater systems between W. Ahtanum Road and Main Street.

Sewer/Stormwater Projects
<ul style="list-style-type: none"> • Sewer Collection System Flow Meters • Sewer Collection System Improvements • South Broadway Sewer Phase 3 Modified • Siphon Improvements • Master Lift Station Pump Rebuild (2) • Stormwater - W. Ahtanum Road and Main Street

Other Issues Affecting the Budget

The City's current financial position is better than other nearby cities of its size. The comparison below shows

Union Gap collects above average sales and property tax revenues to fund basic municipal services. Our property taxes, together with sales tax and other taxes, are enough to cover our services of police, fire protection, court, and jail costs.



Our community receives a very high level of service for these limited resources.

The City's reliance on sales tax for basic municipal services is a concern because of the uncertainty of this revenue source. We need to look for other revenue; otherwise services will have to be reduced should this revenue stream falter as it did during the recent recession.

Thus, we need to broaden and diversify our revenue base (e.g., underdeveloped/underutilized commercial areas) as well as focus on controlling costs to maintain our fiscal security into the future so that we can continue to provide the services and amenities the community has come to expect.

There also continues to be a growing demand for services that impact all areas of the budget. The City has established valuable partnerships to address many of these needs such as fire protection services, which are contracted through the City of Yakima; Municipal Court services, which are contracted through Yakima County District Court and IT services, which are contracted through City of Yakima.

Finally, the City is working toward replacement of aging infrastructure. The new City Civic Campus project addresses the issue relating to city hall and the police department and some improvements are being made to the fire department. The City has developed a plan to remodel the fire department, to create more useable space for fire protection services, which will begin in 2019. A new fund has been created in the 2019 Public Works budget called the *Public Works Building Reserve* Fund, which will utilize contributions from the utility funds to begin saving for new Public Works facilities.

The City is positioning itself to meet the demand for services as well as fluctuations in revenues that will undoubtedly occur in the future. We are doing this by continuing to evaluate revenues and expenditures on a regular basis, and allocating resources in a manner which limits the impact on City operations of future budgets.

We are looking to economic development, focusing primarily in our commercial areas, including our downtown core, to generate additional property and sales taxes. The generation of new revenues from development and revitalization in these areas will allow us to meet the growing demand for services. Providing municipal services, developing infrastructure and public facilities, maintaining physical security and quality of life, developing pedestrian-oriented neighborhoods with proper planning for commercial areas, infrastructure investment, family oriented open spaces and parks, cultural amenities, as well as up-to-date transportation systems that allow people to travel easily throughout the City will our main focus in 2019.

REVENUE ASSUMPTIONS

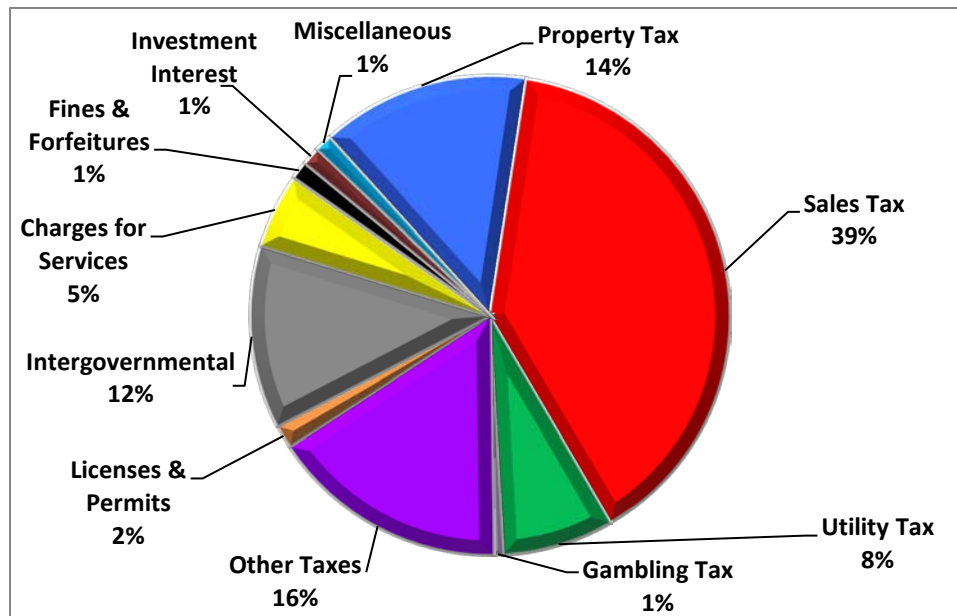
General Government Funds' Revenues

This section explains and illustrates the estimates for revenue sources included in the General Government funds of the 2019 Adopted Annual Budget. Key funding sources are described below by category. General Government Funds include the General Fund, Street Operating, Hotel/Motel Tax, Tourism Promotion, Criminal Justice, Public Safety Reserves, Transit and Marijuana Excise Tax.

GENERAL GOVERNMENT FUNDS	2016	2017	2018		2019
	Actual	Actual	Adopted	Actual	Adopted
<u>TOTAL SOURCES</u>					
Beginning Fund Balance	\$5,976,449	\$7,353,793	\$7,153,849	\$8,368,547	\$7,298,428
Property Tax	1,633,156	1,707,102	1,785,568	1,846,680	1,902,488
Sales Tax	5,363,668	5,998,523	4,723,054	4,474,708	5,287,797
Utility Taxes	951,244	951,901	935,304	1,001,960	1,014,753
Gambling Taxes	181,343	68,744	64,730	78,240	90,827
Other Taxes	106,865	118,844	131,680	135,261	2,153,745
Licenses & Permits	104,824	224,540	175,420	211,521	218,234
Intergovernmental	361,209	2,025,281	11,625,360	8,433,923	1,668,000
Charges for Services	543,373	547,419	606,026	618,055	674,028
Fines & Forfeitures	187,282	176,845	162,489	158,568	160,208
Investment Interest	19,842	304,835	56,877	153,852	170,080
Miscellaneous	118,113	85,855	218,085	188,507	156,060
Total Operating Revenues	\$9,464,054	\$12,209,889	\$20,484,593	\$17,301,275	\$13,496,220
Interfund Transfers	509,425	783,729	915,861	856,486	749,985
TOTAL SOURCES	\$15,949,928	\$20,347,411	\$28,554,303	\$26,526,308	\$21,544,633

General Government Fund Revenues

The chart below outlines the 2019 General Government Operating revenues:



Property Tax

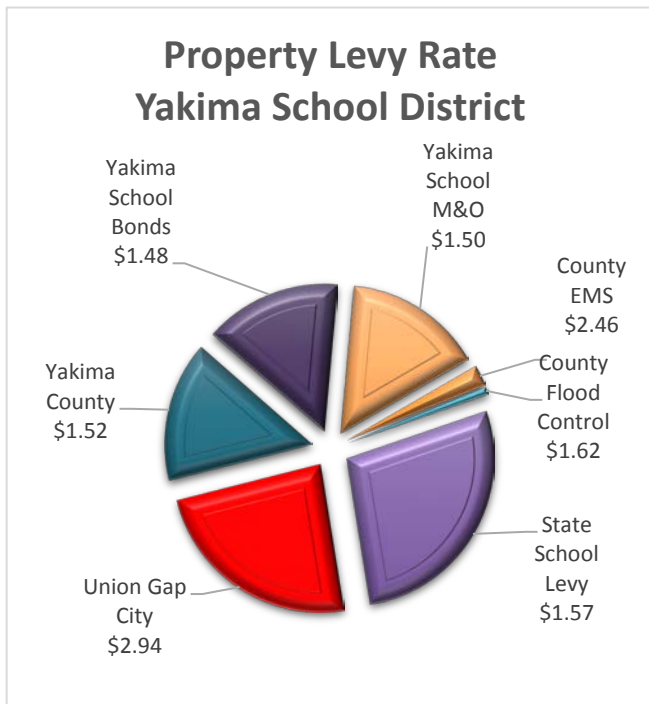
Property tax revenue for 2019 is \$1,902,488. This represents 14% of all Government Funds' operating revenues.

The 2019 City of Union Gap total property tax levy rate is estimated to be \$2.327 per \$1,000 of assessed property value and is comprised of the following:

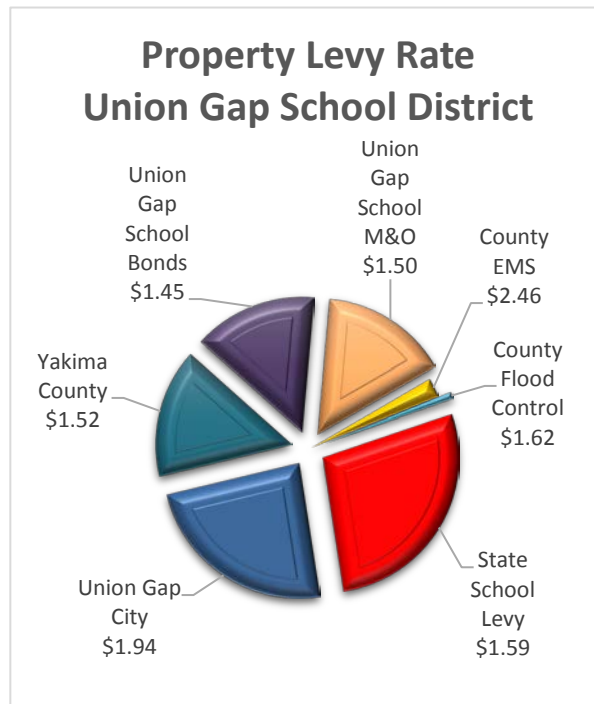
Per \$1,000 Assessed Value	
General Levy	\$2.327
EMS Levy	<u>0.240</u>
Total:	\$2.567

The overall 2019 tax rate was \$7.47 per \$1,000 of assessed property value. This number includes County EMS, County Flood Control, State School Levy, City of Union Gap and Yakima County. It does not however include levies for the school districts within Union Gap City boundaries which are Union Gap School District and Yakima School District (Martin Luther King School). Depending on which taxing district a property owner lives determines the tax levy rate they will pay. Property owners in the Union Gap School levy district will pay \$11.00 per \$1,000 of assessed property value, where property owners in the Yakima School District will pay \$11.98 per \$1,000 of assessed property value.

The following charts give example of the rates Union Gap property owners in the Union Gap school district and the Yakima School District pay:

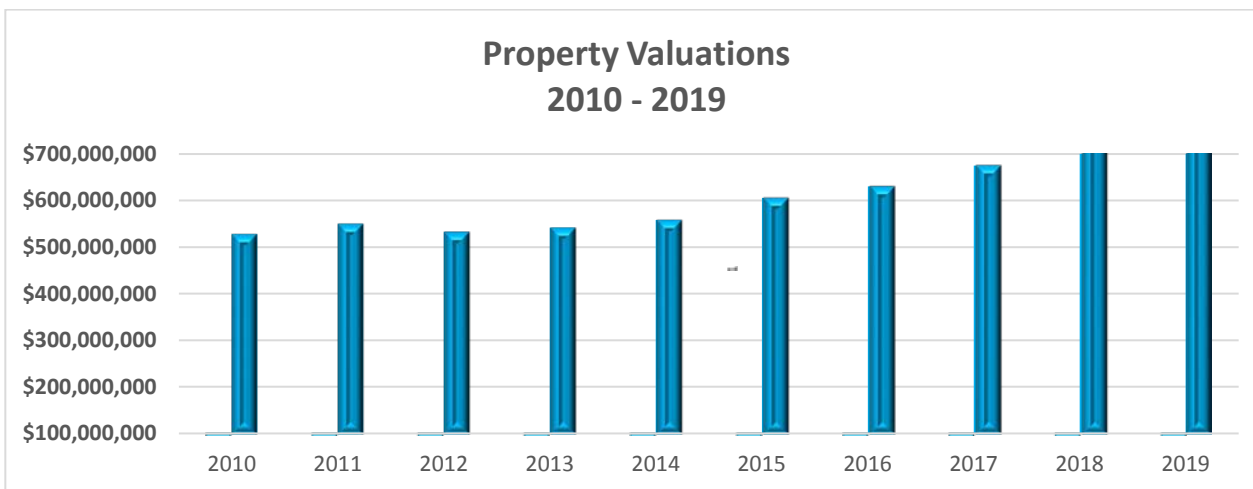


\$9.86 per \$1,000
of assessed valuation



\$9.83 per \$1,000
of assessed valuation

The overall City property value for 2019 is \$809,334,108. The chart below shows the City's overall property valuation history over the past 10 years:



Sales Tax

The City's Sales Tax is 8.1% of which the City received .85%, the State Receives 6.5% and the County Receives .15%. The City also receives Transit and Criminal Justice funding.

Governmental Funds Sales Tax revenue includes the following categories:

- Local Retail Sales & Use Tax
- Brokered Natural Gas Use Tax
- Hotel/Motel Tax
- Marijuana Sales Tax
- Public Safety Additional Sales Tax
- Local Criminal Justice Tax
- Transit Tax

Local Retail Sales & Use Tax

2019 Local Sales & Use Tax revenues, which include marijuana sales tax revenue, has been budgeted at \$5,830,879 and is divided between the General Fund (80%), Street Fund (10%) and Infrastructure Reserve Fund (10%). The General Fund and Street Fund fall under the *General Government Funds*, while the Infrastructure Reserve Fund falls under *Capital Funds*, therefore the graph below represents the General Fund and Street Fund portion of sales tax only. Local Sales & Use Tax revenues represent 39% of the General Government operating revenues.

Below is the historical overall Local Retail Sales & Use Tax revenue shown graphically:



On the following page are the Retail Sales/State Revenues for 2015 through 2018. Note that these figures are all-inclusive, whether relating to the *General Government* or *Capital Funds*:

City of Union Gap Retail Sales 2015 - 2018

	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2017 Actual</u>	<u>2018 Actual</u>
Agriculture, Forestry, Fishing & Hunting	\$ 101,571	\$ 224,754	\$ 119,931	\$ 277,051
Mining	31,071	22,545	19,303	\$ 70,961
Utilities	301,062	78,629	164,242	\$ 255,664
Construction	32,591,274	42,712,242	33,261,207	\$ 70,643,528
Manufacturing	13,887,326	17,675,764	22,340,649	\$ 47,905,642
Wholesale Trade	36,706,390	41,036,989	27,875,654	\$ 63,553,062
Retail Trade	360,989,621	395,695,240	432,420,342	\$ 651,728,118
Transportation & Warehousing	418,899	363,517	1,110,865	\$ 4,861,977
Information	6,858,950	7,182,807	6,618,560	\$ 11,887,918
Finance & Insurance	687,167	967,552	692,587	\$ 1,071,142
Real Estate Rental & Leasing	4,090,899	5,198,818	3,168,087	\$ 6,129,326
Professional, Scientific & Technical Services	2,590,069	995,019	1,269,287	\$ 2,054,672
Management of Companies & Enterprises	32,370	45,318	-	\$ 1,767
Admin & Waste Management Services	1,684,307	1,496,119	1,627,476	\$ 4,362,192
Education Services	128,335	81,939	46,835	\$ 196,833
Health Care & Social Assistance	151,324	152,254	129,763	\$ 291,007
Arts, Entertainment & Recreation	324,300	475,221	483,592	\$ 742,045
Accommodation & Food Services	35,640,038	44,263,930	45,370,367	\$ 69,843,328
Other Services	8,388,585	8,129,873	11,865,701	\$ 17,915,491
Public Administration	3,322,766	2,625,003	2,543,315	\$ 1,428,191
Adjustments	-	(2,655)	(56,483)	\$ -
Total Sales	\$ 508,926,325	\$ 569,420,879	\$ 591,071,281	\$ 955,219,915
 City Sales Tax (.85%)	 \$ 4,325,874	 \$ 4,840,077	 \$ 5,024,106	 \$ 8,119,369
Criminal Justice Sales Tax (.40%)	2,035,705	2,277,684	2,364,285	3,820,880
Transit (.20%)	1,017,853	1,138,842	1,182,143	1,910,440
Total Sales Tax	\$ 7,379,432	\$ 8,256,603	\$ 8,570,534	\$ 13,850,689
 Annual Growth (Decline)	 8.80%	 11.89%	 3.80%	 61.61%

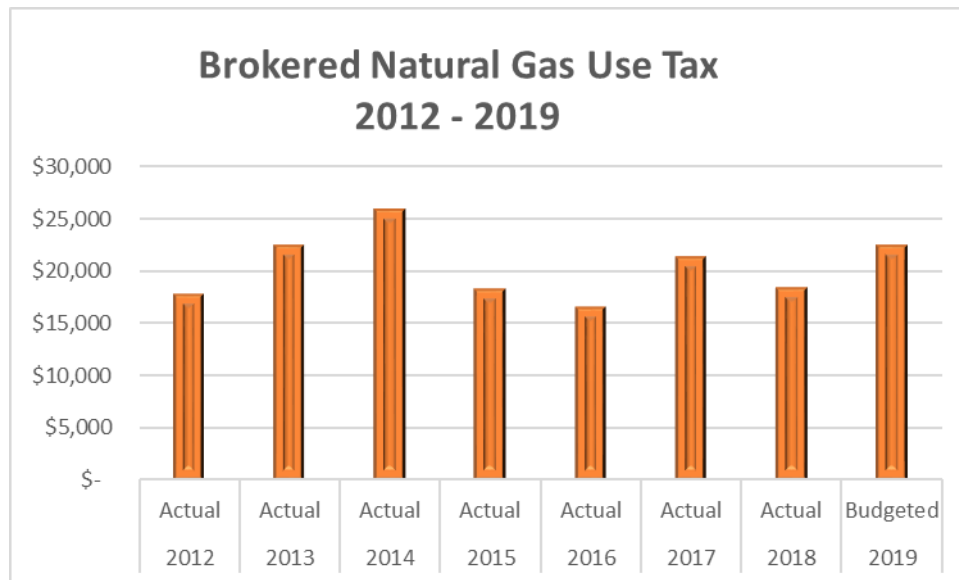
State Collected Revenues 2015 - 2018

	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2017 Actual</u>	<u>2018 Actual</u>
Brokered Natural Gas	18,332.57	16,699.10	21,388.69	18,517.44
Criminal Justice	258,132.71	258,382.27	260,003.06	279,812.35
Deferred Property Taxes	680.43	-	-	-
Hotel/Motel - Lodging/Stadium	173,187.04	181,491.56	187,112.84	224,471.73
Liquor Sales	70,517.01	82,295.76	82,230.59	82,982.22
Leasehold Excise Tax	196.07	197.06	254.98	196.23
Local Real estate Excise Tax	-	461.64	27,227.22	61,630.01
Local Sales & Use	4,325,818.27	4,740,270.85	4,902,012.59	5,396,904.21
Marijuana Enforcement/Excise Tax	46,861.12	89,376.96	53,778.50	63,360.14
Motor Vehicle Tax	129,381.94	140,117.07	140,792.44	144,928.92
Streamlined Mitigation Sales & Use Tax	3,983.26	4,303.91	3,741.54	1,107.73
Tourism Promotion	111,596.35	115,762.23	116,231.29	132,386.25
Total Tax	5,138,686.77	5,629,358.41	5,794,773.74	6,406,297.23
Annual Growth (Decline)	0.09	0.10	0.03	0.11
 Transit Total Tax	 1,029,192.50	 1,116,591.26	 1,153,728.49	 1,269,771.50
Annual Growth (Decline)	0.08	0.08	0.03	0.10
 Population	 6,140.00	 6,197.00	 6,200.00	 6,161.00
Per Capita	836.92	908.40	15,785.00	15,785.00

Brokered Natural Gas Use Tax

Brokered Natural Gas Use Tax applies to the use of natural or manufactured gas by a consumer. The tax is imposed only for natural gas delivered to a consumer through a pipeline. The state tax on brokered natural gas is 3.852% and the City's is 6%. The State collects the taxes and distributes it back to the City.

Below is the historical Brokered Natural Gas Use Tax revenue shown graphically:



Hotel/Motel Tax

Hotel/Motel Tax is a consumer tax on lodging charges for periods of less than 30 consecutive days for hotels, motels, rooming houses, private campgrounds, RV parks and similar facilities. The City's Hotel/Motel Tax rate is 2%.

Below is the historical Hotel/Motel Tax revenue shown graphically:



Public Safety Additional Sales Tax

Yakima County voters approved the Public Safety Additional Sales Tax for an additional three tenths of one percent (0.3%) sales and use tax to support criminal justice programs.

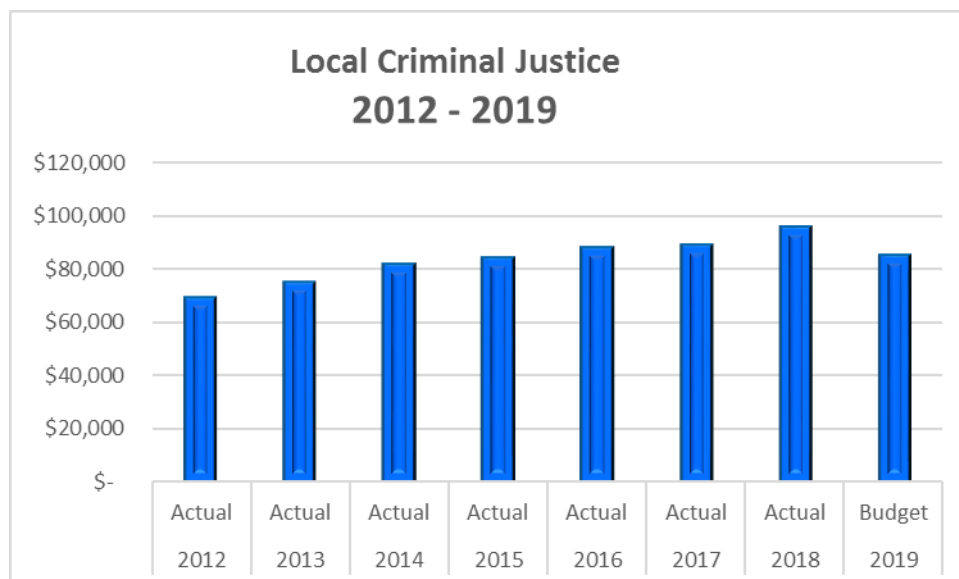
Below is the historical Public Safety Additional Sales Tax revenue shown graphically:



Local Criminal Justice Tax

Local Criminal Justice tax is a one-tenth of one percent (0.1%) sales and use tax to support criminal justice programs. This tax is levied by Yakima County who get 10% of the tax; the remaining 90% is distributed to local cities based on population.

Below is the historical Local Criminal Justice Tax revenue shown graphically:



Transit Tax

Transit Tax is two-tenths of one percent (0.2%) and is used for costs associated with public transportation system or public transportation limited to people with special needs.

Below is the historical Transit Tax revenue shown graphically:



Utility Taxes

The City's utility taxes account for \$1,037,330 or 8% of the total General Government Funds 2019 budgeted operating revenues. Below are the actual revenues for 2015 through 2018 along with the budgeted revenues for 2019:

Utility Tax Type	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Budgeted
Electric	643,607	665,770	682,111	751,423	751,422
Gas	112,690	89,065	120,681	108,118	122,620
Telephone	155,970	158,549	149,109	162,842	163,288
Total Utility Tax	\$912,267	\$913,384	\$951,901	\$1,022,383	\$1,037,330

Gambling Taxes

Gambling tax revenues account for 1% of the total General Government Funds 2019 budgeted operating revenues. Below are the actual revenues for 2015 through 2018 along with the budgeted revenues for 2019:

Gambling Tax Type	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Budgeted
Punch Boards/Pull Tabs	44,663	28,861	31,428	37,798	41,798
Bingo & Raffles	24,127	39,088	36,433	39,112	48,065
Amusement Games	713	689	883	829	964
Total Gambling Tax	\$69,503	\$68,638	\$68,744	\$77,739	\$90,827

Licenses & Permits

Licenses & Permits revenue accounts for 2% of the General Governmental Funds 2019 budgeted operating revenues. Below are the actual revenues for 2015 through 2018 along with the budgeted revenues for 2019:

Licenses & Permits	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Budgeted
Amusement	25	-	56	501	-
General Business Licenses	22,450	22,250	23,650	24,000	23,950
Building, Structures & Equip.	69,635	184,217	182,279	168,160	178,250
Building Permits – Man Homes	962	572	1,240	1,611	2,174
Building Permits – Mechanical	2,939	4,717	5,845	6,500	5,388
Building Permits – Plumbing	2,292	4,306	7,258	5,802	4,458
Animal Licenses	1,285	1,535	1,685	1,310	1,195
Fence Permit	312	445	215	403	400
Non-Bus. Licenses. & Permits	117	277	-	1,066	708
Sign Permits	1,665	2,720	1,611	1,772	1,611
Street & Curb Permits	20	30	140	-	-
Total Licenses & Permits	\$101,701	\$221,069	\$223,979	\$211,125	\$218,134

Intergovernmental

Intergovernmental revenues include state and federal grants, criminal justice revenues, marijuana excise tax, transit operating, and the City's share of the state's Motor Vehicle fuel tax. For 2019, intergovernmental revenues accounts for 12% of the General Governmental Funds 2019 budgeted operating revenues. Below are the actual revenues for 2015 through 2018 along with the budgeted revenues for 2019:

Intergovernmental Revenue	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Budgeted
CDBG	-	-	18,182	2,848	-
WASPC Traffic Safety Equipment	-	-	1,490	-	3,000
WA ST Office of PUB Defense	15,000	21,595	-	40,000	40,000
Traffic Safety Commission	532	-	1,411	-	-
USDA-RD Loan	-	-	1,698,729	6,662,899	1,625,000
Dept of Health	-	528	1,644	977	-
Streamline Sales Tax Mitigation	5,043	3,443	3,534	886	-
Liquor Excise Tax	16,716	28,913	29,885	31,444	33,916
Liquor Board Profits	53,801	53,383	52,346	51,538	51,540
Multimodal Transportation Rev	-	6,341	6,518	8,753	8,753
Motor Vehicle Fuel Tax – City St	129,382	133,776	134,274	136,176	130,896
State Patrol	3,479	-	-	-	-
Crim. Justice-High Crime	7,940	-	-	-	-
Crim. Justice-Population	4,077	1,707	1,753	1,804	1,611
Crim. Justice - Special Programs	6,011	6,223	6,362	6,519	6,356
DUI/Other Criminal Justice Assist	930	966	940	919	920
DOT-Transit Oper Reimbursement	-	4,248	14,435	9,729	-
Transit Operating	10,672	287	-	-	-
Marijuana Excise Tax From ST	-	89,377	53,779	63,360	65,000
Total Intergov Revenue	\$253,583	\$351,678	\$2,025,282	\$7,016,987	\$1,966,992

Charges for Services

Charges for services revenues include user fees for the city's park facilities, internal charges for services and plan checking fees. Charges for Services revenues account for 5% of the General Governmental Funds 2019 budgeted operating revenues. Below are the actual revenues for 2015 through 2018 along with the budgeted revenues for 2019:

Charges for Services	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Budgeted
Municipal Court-Cert Fee	160	33	127	4	-
Municipal Court - Adm Fees	7,722	6,277	5,493	6,549	6,297
Distr/Muni Court - Prosec Fees	890	1,027	340	1,171	1,085
Deferred Prosecution Fees	1,792	1,561	2,015	1,975	1,987
Records Search by County Auditor	-	-	1,007	-	-
Admin Service Charge - Water	87,970	93,807	97,898	97,898	104,153
Admin Service Charge - Garbage	73,667	77,568	81,534	81,534	84,337
Admin Service Charge - Sewer	87,598	93,388	97,468	97,468	104,153
Admin Service Charge - Tourism	5,013	4,583	4,947	4,233	5,000
Admin Service Charge - TPA	5,013	5,417	4,939	4,233	5,000
Admin Service Charge - Transit	12,390	13,425	15,613	17,032	16,743
Court Duplication Services	245	139	147	598	-
Copies	963	1,265	-	713	-
Municipal Court - Legal Service	79	16	-	-	-
LEAD Task Force OT Reimb	-	1,313	11,340	6,301	12,000
Fire Protection Services	19,517	40,031	39,268	60,449	61,382
Probation Services	-	-	-	150	150
Care & Custody of Prisoners	4,838	11,530	17,102	9,382	8,474
Pre-Trial Supervision Costs	14,511	14,378	9,636	13,547	13,450
Emergency Service Fees	237	53	-	-	-
Planning - Zoning	-	1,118	1,095	1,278	-
Plan Checking Fees	42,775	110,608	114,203	105,829	115,140
Planning - Subdivision Fees	2,637	2,640	3,372	1,853	1,369
Planning - Environmental	2,913	3,527	387	1,611	-
Soccer Field Rental	53,138	-	-	90	-
Other Fees & Charges	276	29	405	107	-
Tourism Promotion Assessment	111,548	115,692	116,108	132,227	122,623
5% Act Bldg Rental to SC	529	1,085	1,654	1,007	1,173
Total Charges for Services	\$536,422	\$600,513	626,098	\$647,239	\$664,516

Fines & Forfeitures

Fines & Forfeitures include Court infractions and penalties. Fines & Forfeitures revenues account for 1% of the General Governmental Funds 2019 budgeted operating revenues. On the next page are the actual revenues for 2015 through 2018 along with the budgeted revenues for 2019:

Fines & Forfeitures	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Budgeted
Mandatory Ins Admin Cost	362	457	631	667.28	587
Traffic Infraction Penalties	118,314	102,448	113,964	103,953	106,035
Non-Traffic Infraction Pen.	2,287	1,006	1,581	2,291	2,329
Parking Infraction	425	500	2200	775	775
Driving While Intoxicated Pen	9,128	11,532	7,100	6,072	6,816
Other Criminal Traffic Misdemeanor	14,858	15,764	13,677	15,153	15,908
Other Criminal Non-Traffic Fines	14,788	15,352	16,191	12,632	12,447
Investigative Assessment	-	-	5,802	4,905	4,818
Jury Demand Cost	-	119	209	1496.93	1497
Witness Cost	-	30	0	7.06	0
Public Defense Cost	12,412	11,395	11,115	8,891	8,996
Law Enforcement Services	392	634	611	443.38	-
Miscellaneous Penalties	568	960	2633.15	1041.55	-
Total Fines & Forfeitures	\$173,534	\$160,197	\$175,714	\$158,328	\$160,208

Investment Interest & Miscellaneous Revenues

Investment Interest & Miscellaneous Revenues include investment interest, rents, park rentals, sale of surplus property, donations, and judgements and settlements. Investment Interest & Miscellaneous revenues account for 1% of the General Governmental Funds 2019 budgeted operating revenues. Below are the actual revenues for 2015 through 2018 along with the budgeted revenues for 2019:

Investment Interest & Miscellaneous	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Budgeted
Investment Interest - Gov't Funds	8,381	29,791	58,489	142,704	107,062
5% Activities Bldg. to Senior Center	529	1,085	-	-	-
Contributions from Private Source	15,277	605	-	-	-
For Graveyard Benches-Lions Club	-	650	-	-	-
Forfeited Property	-	403	1,195	875	-
Housing Rehab - CDBG 2007	9,377	13,560	9,088	8,820	8,460
Judgements & Settlements	13,992	1,643	24,246	1,410	1,500
Other Misc Revenue	986	5,697	45,422	24,759	5,000
Park Rental Fees	6,500	66,930	84,868	60,586	81,677
Parking Fees	39,061	40,229	44,947	38,636	44,250
Sale of Surplus Property	15,169	8,484	5,459	5,148	-
SIED Assessment Principal	-	8,061	57,850	32,833	-
Skatepark Fund (Donations)	14,783	-	-	-	-
Space & Facility Rentals	-	395	-	-	-
Sr Ctr Contributions & Donations	25	-	613	-	-
Venue Donations	-	50	-	-	-
Summer Youth Donations	-	-	12,500	8,000	8,000
YYSA Rents	-	5,675	6,500	4,500	6,000
Total Investment Interest & Miscellaneous	124,080	183,258	351,177	328,270	261,949

Utility Fund Revenues

This section explains and illustrates the estimates for revenue sources included in the Utility funds of the 2019 Adopted Budget. Key funding sources are described below by category. Utility Funds include the Water, Sewer/Storm Water, and Garbage Funds:

UTILITY FUNDS <u>TOTAL SOURCES</u>	2016	2017	2018		2019
	Actual	Actual	Adopted	Actual	Adopted
Beginning Fund Balance	\$4,719,999	\$4,855,003	\$4,698,717	\$4,836,814	\$4,911,018
Permits	20	10	0	0	0
Intergovernmental	1,220,626	208,311	50,000	55,327	3,061,000
Charges for Services	3,939,988	4,156,355	4,021,841	4,361,170	4,535,312
Penalties	5,092	5,148	5,460	5,033	5,320
Miscellaneous	117,085	283,665	100,020	186,136	163,157
Total Operating Revenues	\$5,282,810	\$4,653,489	\$4,177,321	\$4,607,666	\$7,764,789
Interfund Transfers	474,675	126,960	108,920	114,545	487,550
TOTAL SOURCES	\$10,477,484	\$9,635,452	\$8,984,958	\$9,559,026	\$13,163,357

Permits

Permits include paving permits for sewer and stormwater projects.

Intergovernmental

The 2019 budget for intergovernmental revenues includes a \$1,600,000 DWSRF Loan for the Main Street project, \$50,000 from the Department of Ecology for stormwater grants, and \$1,150,000 from CDBG for the South Broadway Sewer Phase 3 project.

Charges for Service

These revenues include charges for water, sewer and garbage services. They also include water and sewer service installation charges and plan checking fees.

Penalties

Penalties include water turn-off fees and strong waste penalties.

Interfund Transfers

Interfund transfers include transfers from the current expense fund to pay the City's share of fire hydrant rentals, and from utility funds to the Public Works equipment and building reserve funds.

Average Monthly Bill Assuming Average Water Consumption for a Residential Customer Amounts Include Base Rate and Average Consumption*

	2015	2016	2017	2018	2019
Water *	\$29.54	\$30.18	\$30.82	\$31.44	\$33.23
Sewer	\$41.53	\$42.36	\$43.21	\$44.07	\$46.27
Garbage	\$11.67	\$11.90	\$12.14	\$12.38	\$12.63
Total	\$82.74	\$84.44	\$86.17	\$87.89	\$92.13
Net Monthly Increase	\$6.40	\$1.70	\$1.73	\$1.72	\$4.24
Percentage Increase	2%	2%	2%	2%	5%

*Using an average consumption of 1,400 cu. Ft.

Capital Fund Revenues

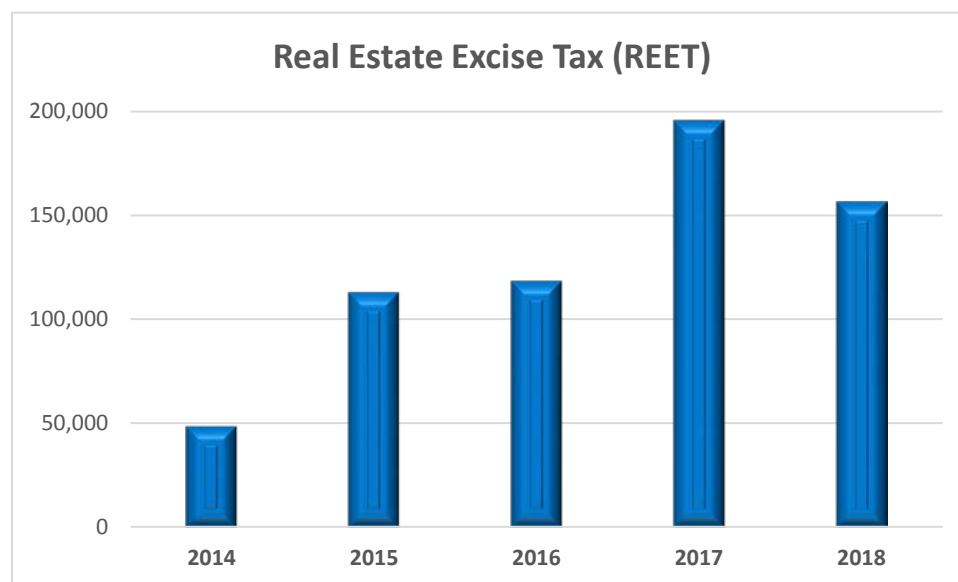
This section explains and illustrates the estimates for revenue sources included in the Capital funds of the 2019 Adopted Budget. Key funding sources are described below by category. Capital Funds include the Park Development Reserve Fund, Municipal Capital Improvement Fund (REET), Street Development Reserve Fund, Infrastructure Reserve Fund, Development Mitigation Fund and the Valley Mall Blvd. Improvement Fund.

Intergovernmental revenues include State and Federal Grants totaling \$3,705,784 which are budgeted in the Street Development Reserve Fund, Infrastructure Reserve Fund and Valley Mall Blvd. Improvement Fund to help finance the major street and sidewalk construction projects that are included in the 2018 budget.

CAPITAL FUNDS <u>TOTAL SOURCES</u>	2016	2017	2018		2019
	Actual	Actual	Adopted	Actual	Adopted
Beginning Fund Balance	\$1,679,419	\$1,242,523	\$1,333,898	\$1,089,740	\$1,295,270
Taxes	592,646	685,847	639,632	695,866	655,838
Intergovernmental	677,472	1,515,453	3,293,778	421,930	3,705,784
Interest	9,275	10,650	1,227	18,258	16,818
Contributions	204,038	143,428	275,789	36,098	4,366
Total Operating Revenues	\$1,483,431	\$3,597,901	\$4,210,426	\$1,172,152	\$4,382,806
Interfund Transfers	85,708	349,475	157,124	252,373	271,245
TOTAL SOURCES	\$3,248,558	\$5,189,899	\$5,701,448	\$2,514,265	\$5,949,321

Real Estate Excise Tax (REET)

Real Estate Excise Tax (REET), is generated from property sales within the City. The table below shows the taxes received from 2014 until 2018:



Interfund Transfers

Below are the interfund transfer breakdowns for all funds budgeted in 2019:

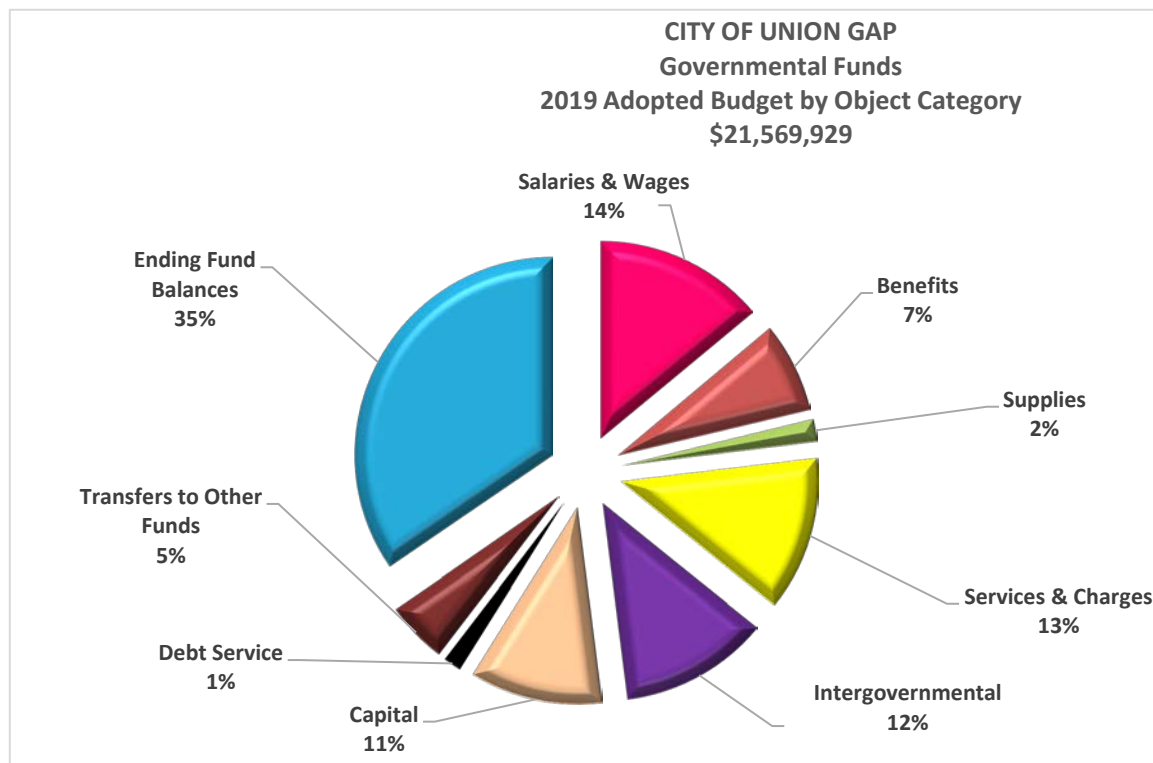
INTERFUND TRANSFERS DETAIL	2019 Budgeted
From General Fund:	
To General Fund Reserve - Reserve Policy Requirement	\$54,163
To Community Events - Old Town Days (\$10,000) Holiday Parade (\$5,000)	\$15,000
To Contingency - Reserve Policy Requirement	\$20,951
To Park Devl Reserve -Parking Proceeds (\$30,000) Marijuana Sales Tax (\$35,000)	\$65,000
To City Hall Bldg Reserve - Civic Campus Debt Payment	\$210,000
To City Hall Equip Reserve - Equipment Replacement	\$50,000
To Police Vehicle Reserve - Vehicle Replacement	\$100,000
To Fire Truck Reserve - Per Contractual Requirement	\$180,371
To Water Fund - Hydrant Rentals	\$117,550
To Infrastructure Reserve Fund - Borton Construction Sales Tax - SIED Loan Payment	\$180,000
To Public Works Equip Reserve - Equip Replacemt (\$5,000) Bldg Official Car (\$7,500)	\$12,500
To Community Policing - National Night Out	\$9,500
To Public Works Building Reserve - Public Works Facility Reserve	\$5,000
From Street Fund:	
To Public Works Equip Reserve - Equipment Replacement	\$15,000
To Public Works Building Reserve - Public Works Facility Reserve	\$5,000
From Infrastructure Reserve Fund:	
To Street Development Reserve - Main St Improvement Project	\$18,455
From Development Mitigation Reserve Fund:	
To Valley Mall Blvd. Reserve - VMB Project	\$7,790
From Transit Fund:	
To Public Works Equip Reserve - Equipment Replacement	\$12,500
To City Hall Bldg Reserve - Civic Campus Debt Payment	\$27,500
To Public Works Building Reserve - Public Works Facility Reserve	\$5,000
From Water Fund:	
To Water Improvement Reserve - Toward Water Projects	\$140,000
To Public Works Equip Reserve - Equipment Replacement	\$20,000
To City Hall Bldg Reserve - Civic Campus Debt Payment	\$27,500
To Public Works Building Reserve - Public Works Facility Reserve	\$5,000
From Garbage Fund:	
To City Hall Bldg Reserve - Civic Campus Debt Payment	\$27,500
To Public Works Equip Reserve - Equipment Replacement	\$20,000
To Public Works Building Reserve - Public Works Facility Reserve	\$5,000
From Sewer Fund:	
To City Hall Bldg Reserve - Civic Campus Debt Payment	\$27,500
To Sewer Improvement Reserve - Toward Sewer Projects	\$100,000
To Public Works Equip Reserve - Equipment Replacement	\$20,000
To Public Works Building Reserve - Public Works Facility Reserve	\$5,000
Total Interfund Transfers Out	\$1,508,780

2019 Adopted Budget Summary by Fund - Revenues & Expenditures

Fund	Beginning Fund Balance	Revenues & Other Sources	Expenditures & Other Uses	Ending Fund Balance
General Gov't Funds				
001 Current Expense	\$787,054	\$8,938,824	\$8,935,550	\$790,328
002 General Fund Reserve	411,850	59,459	0	\$471,309
101 Street	442,906	922,835	888,776	\$476,965
107 Convention Center Reserve	320,026	205,762	190,000	\$335,788
108 Tourism Promotion	135,948	124,378	119,469	\$140,857
109 Contingency	165,088	23,270	0	\$188,358
110 Craft Night Reserve	1,206	15	1,206	\$15
113 Fire Truck Reserve	411,088	185,112	583,721	\$12,479
114 Senior Activity	5,845	1,242	4,546	\$2,541
115 Police Vehicle Reserve	19,540	100,081	100,000	\$19,621
116 City Hall Building Reserve	195,683	1,951,546	1,627,000	\$520,229
120 City Hall Equipment Reserve	122,378	51,529	50,000	\$123,907
123 Criminal Justice	716,119	270,438	255,000	\$731,557
126 Crime Prevention Assessment	34,912	4,818	5,000	\$34,730
127 Commute Trip Reduction	2,995	0	100	\$2,895
128 Transit System	3,192,911	1,323,454	1,220,507	\$3,295,858
130 Community Policing	1,249	17,500	9,500	\$9,249
131 Drug Seizure Forfeiture	1,653	0	1,500	\$153
132 Community Events	3,300	15,000	18,300	\$0
133 Marijuana Excise Tax	175,908	67,347	60,000	\$183,255
170 Housing Rehabilitation	150,769	8,891	34,700	\$124,960
432 Bond Reserve	0	0	0	\$0
Total General Govt. Funds	\$7,298,428	\$14,271,501	\$14,104,875	\$7,465,054
Utility Funds				
112 PW Equipment Reserve	\$337,269	\$103,790	\$115,000	\$326,059
117 PW Building Reserve	\$0	\$30,000	\$30,000	\$0
401 Water	702,462	1,434,615	1,381,938	\$755,139
402 Garbage	145,140	1,326,696	1,326,467	\$145,369
403 Sewer/Stormwater	720,267	1,970,952	2,178,401	\$512,818
404 Water Improvement Reserve	1,496,026	1,796,759	2,949,800	\$342,985
405 Sewer Improvement Reserve	1,509,854	1,589,527	1,671,000	\$1,428,381
Total Utility Funds	\$4,911,018	\$8,252,339	\$9,652,606	\$3,510,751
Capital Funds				
106 Park Development Reserve	\$73,475	\$65,867	\$83,427	\$55,915
118 Municipal Capital Improvement	605,392	119,596	65,708	\$659,280
121 Street Development Reserve	5,648	929,235	907,780	\$27,103
124 Infrastructure Reserve	89,609	1,719,212	1,251,899	\$556,922
125 Development Mitigation Reserve	7,615	175	7,790	\$0
304 Valley Mall Blvd. Impr. Reserve	513,531	1,819,966	2,086,710	\$246,787
Total Capital Funds	\$1,295,270	\$4,654,051	\$4,403,314	\$1,546,007
Total 2019 Budget	\$13,504,716	\$27,177,891	\$28,160,795	\$12,521,812

General Government Fund Expenditures					
	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Adopted
Expenditures By Object					
Category:					
Salaries & Wages	\$2,304,673	\$2,303,960	\$2,734,823	\$3,122,952	\$3,010,068
Benefits	1,139,604	1,121,597	1,429,945	1,544,211	1,586,373
Supplies	187,510	237,901	259,034	337,096	388,427
Services & Charges	1,930,920	2,444,643	2,668,512	2,905,719	2,738,025
Intergovernmental	2,102,232	2,166,061	2,221,614	2,458,893	2,629,326
Subtotal Operating Expenditures	\$7,664,939	\$8,274,163	\$9,313,928	\$10,368,871	\$10,352,219
Other Financing Uses:					
Capital	407,341	513,295	2,958,922	7,294,873	2,347,621
Debt Service	31,609	158,086	0	128,225	320,000
Transfers to Other Funds	1,095,488	851,263	1,107,649	987,806	1,085,035
Subtotal Other Financing Uses	\$1,534,438	\$1,522,644	\$4,066,571	\$8,410,903	\$3,752,656
Total Expenditures & Other Uses	\$9,199,376	\$9,796,807	\$13,380,499	\$18,779,775	\$14,104,875
Ending Fund Balances	6,186,184	7,232,810	7,478,239	7,931,200	7,465,054
Total Expenditures, Other Uses & Fund Balances	\$15,385,561	\$17,029,617	\$19,624,953	\$26,710,974	\$21,569,929

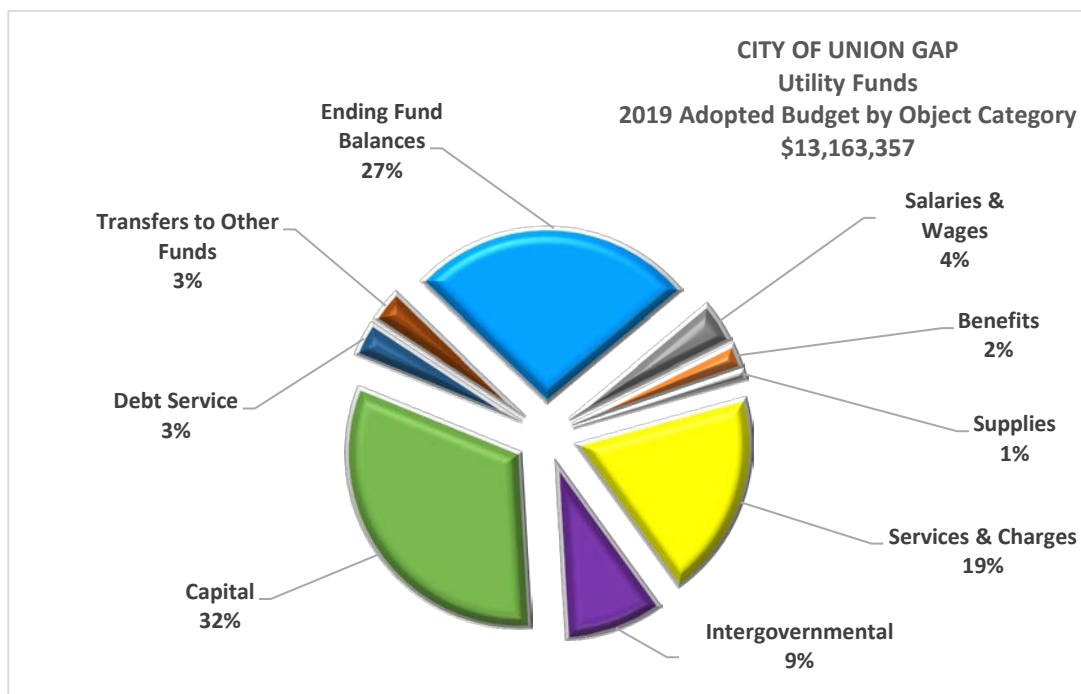
General Government Funds



Expenditures by Object Category

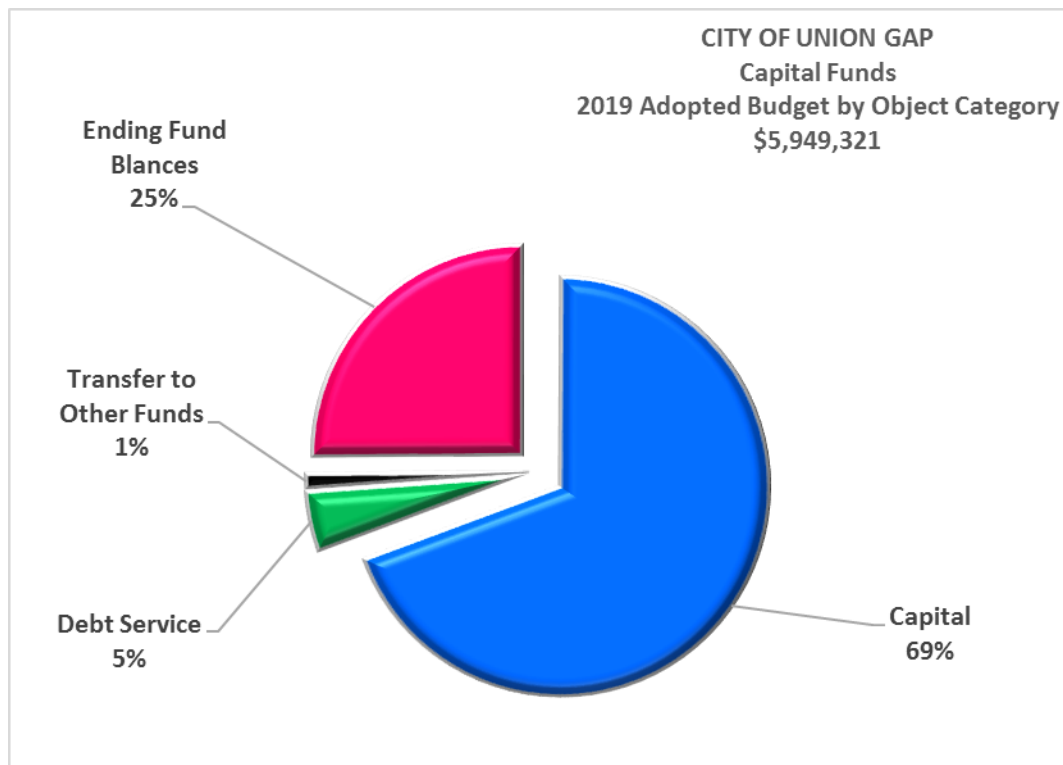
	Utility Funds				
	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Adopted
Expenditures By Object					
Category:					
Salaries & Wages	\$402,701	\$379,085	\$30,743	\$449,758	\$500,356
Benefits	204,303	200,675	15,125	245,295	284,694
Supplies	184,011	169,769	1,098	135,935	115,000
Services & Charges	1,655,396	1,674,051	112,119	1,794,550	2,541,221
Intergovernmental	970,902	945,133	0	108,122.43	1,190,228
Subtotal Operating Expenditures	\$3,417,313	\$3,368,713	\$159,085	\$3,706,760	\$4,631,499
Other Financing Uses:					
Capital	1,114,501	1,457,282	82,875	208,600	4,217,800
Debt Service	334,105	333,431	167	332,414	405,807
Transfers to Other Funds	145,000	462,500	0	141,335	397,500
Subtotal Other Financing Uses	\$1,593,606	\$2,253,213	\$83,042	\$682,349	\$5,021,107
Total Expenditures & Other Uses	\$5,010,919	\$5,621,926	\$242,127	\$4,389,109	\$9,652,606
Ending Fund Balances	4,719,999	4,855,003	4,836,815	5,169,917	3,510,751
Total Expenditures, Other Uses & Fund Balances	\$9,730,918	\$10,476,928	\$5,078,942	\$9,559,026	\$13,163,357

Utility Funds



Expenditure by Object Category					
Capital Funds					
	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Adopted
Expenditures By Object					
Category:					
Services & Charges	7,787	65	158	11,670	5,000
Intergovernmental	0	0	0	0	0
Subtotal Operating Expenditures	\$7,787	\$65	\$158	\$11,670	\$5,000
Other Financing Uses:					
Capital	1,090,805	2,220,952	2,497,654	998,964	4,103,198
Debt Service	170,035	275,446	312,070	268,870	268,871
Transfers to Other Funds	0	46,861	0	0	26,245
Subtotal Other Financing Uses	\$1,260,840	\$2,543,259	\$2,809,724	\$1,267,834	\$4,398,314
Total Expenditures & Other Uses					
Ending Fund Balances	2,378,273	1,242,523	587,250	1,658,674	1,546,007
Total Expenditures, Other Uses & Fund Balances	\$3,646,900	\$3,785,847	\$3,397,132	\$2,938,177	\$5,949,321

Capital Funds



**City of Union Gap
Summary of Budgeted Full-Time Equivalent (FTE) Positions
2013 – 2019**

The following table illustrates the number of regular full-time equivalents (FTEs) that were employed by the City between 2013 and 2019:

City of Union Gap FTE's								Change	Average
Department	2013	2014	2015	2016	2017	2018	2019	2013 to 2019	Change
City Council	8	7	7	7	7	7	7	-12.5%	-1.8%
Exec/City Administrator/Manager	1	1	1	1	1	1	2	100.0%	14.3%
Legal Dept	0.5	0.5						-100.0%	-50.0%
Court	2							-100.0%	-100.0%
Clerk/Finance/Administrative	6	6	5	5	5	5	5	-16.7%	-2.4%
Police	19	19	19	19	20	21	21	10.5%	1.5%
Community Development	3.76	3.76	2.26	2.26	2.26	3.44	3.5	-6.9%	-1.0%
Parks Services	2	2.25	1.75	1.5	1.5	1.96	1.42	-29.0%	-4.1%
Janitor	1	1	1	1	1	1		-100.0%	-16.7%
Senior Center	0.5	0.5	0.5	0.5	0.5			-100.0%	-20.0%
Fire Services	13	13						-100.0%	-50.0%
Subtotal General Fund	56.76	54.01	37.51	37.26	38.26	40.4	39.92	-29.7%	-4.2%
Public Works - Utilities	6.22	6.22	6.22	7.22	7.22	6.9	7.36	18.3%	2.6%
Public Works - Transit	0.8	0.8	0.8	0.8	0.8	0.96	0.98	22.5%	3.2%
Public Works - Streets	4.14	4.14	4.14	4.14	4.14	4.51	4.37	5.6%	0.8%
Public Works - Stormwater	0.08	0.08	0.08	0.08	0.08	0.23	0.37	362.5%	51.8%
Subtotal General Government	11.24	11.24	11.24	12.24	12.24	12.6	13.08	16.4%	2.3%
Total	68	65.25	48.75	49.5	50.5	53	53	-22.1%	-3.2%

2013 - Eliminated City Administrator & Created City Manager

2013 - Eliminated Court

2014 - Combined Clerk & Treasurer Positions

2014 - Combined Community Development & Public Works Department

2014 - Began Contracting Fire Services

2015 - Began Contracting Seasonal Parks employees

2016 - Began contracting Summer Youth employee

2017 - Began Contracting Senior Center Services

2018 - Created Animal Control/Code Enforcement position

2019 - Created Deputy Clerk/Public Records/ AP Position

2019 - Began Contracting Janitorial Services

Departments and Programs

Legislative Department City Council

The Department:

- **7 Council Members**

City Council Responsibilities:

The City Council is elected by its citizens to set the policies, legislative agenda, and general governance of the city. The seven Councilmembers are elected at large to 4-year terms. The Council members elect an acting Mayor and Acting Deputy Mayor. The Mayor presides at Council meetings, signs authentic city documents, and represent the Council at official events.

The City Council adopts goals and strategies in accordance with their vision for the community and the goals are implemented by the appointed City Manager who serves as Chief Executive Officer and oversees the daily operations of the city. The City Council appoints volunteers to serve on the City's advisory boards, commissions, and committees, who in turn make recommendations to the City Council for their review.

Legislative

Financial Summary:

	2015	2016	2017	2018	2019
Expenditures by Object	Actual	Actual	Actual	Actual	Budgeted
Salaries & Wages	50,400	46,200	50,400	54,600	50,400
Benefits	3,992	3,735	4,100	4,529	4,600
Supplies	945	5,442	5,350	6,353	1,450
Services & Charges	79,306	47,764	73,082	91,633	81,813
Total Expenditures	\$134,643	\$103,141	\$132,932	\$157,115	\$138,263

The Council's Mission Statement, Vision Statement and goals are outlined in the *2017 – 2018 Union Gap Strategic Plan* on the next page.



2017 – 2018 UNION GAP STRATEGIC PLAN

On September 9, 2002, the City Council by Resolution No. 452 adopted the city's mission statement, vision statement and ongoing 5-year goals.

Mission Statement

“Through creative and responsive leadership we provide: Quality customer service, a responsible partnership with the community, a climate that promotes responsible growth, which will result in a City where people are proud to live, work, and play.”

Vision Statement

“A City that is characterized by community confidence in elected officials and City staff, which encourages community involvement through open communications and public/private partnerships. A City whose goal is to provide needed services and a community sense of wellbeing.”

The Council continues to endorse these mission and vision statements and also the broad goals of “Image”, “Facilities”, “Economic Development”, “Infrastructure”, “Service Efficiency”, and “Public Safety”. The Council recognizes that beyond these broad goals, the city needs to identify strategies for accomplishing these broad goals as well as action steps within those strategies to provide for the measurement of progress towards the adopted goals. The 2017-2018 Strategic Plan is an effort to provide clarity and focus to the accomplishment of city goals so that the City Council, staff, stakeholders, and residents can work collaboratively and effectively with common purpose towards common ends.

IMAGE

Strategy # 1 – Revitalize Main Street

Action Step #1	Develop a reasonable timeline for corridor improvements.	<u>Status</u> Work in progress
Action Step #2	Develop a financial plan for funding the corridor improvements.	<u>Status</u> \$1,900,288 received for VM resurfacing in 2018

Action Step #3	Improve Main Street pedestrian crosswalk at Washington Street.	<u>Status</u> Complete
Action Step #4	Research reducing the speed limit on Main Street.	<u>Status</u> Work in progress – monitoring vehicles and speed
Action Step #5	Research small business incentives for storefront improvements.	<u>Status</u> Work in progress
Action Step #6	Review parking ordinance to determine whether changes might stimulate business investment.	<u>Status</u> Complete
Action Step #7	Research opportunities for transit funded supporting projects.	<u>Status</u> Complete
Action Step #8	Research residential ordinance to determine whether changes stimulate residential investment.	<u>Status</u> Complete – zoning allows for 2 nd floor units.
Action Step #9	Support efforts by other stakeholders to revitalize Main Street.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap will have an attractive and vibrant Main Street that is safe for both pedestrians and vehicle traffic.

Strategy # 2 – Develop Civic Core

Action Step #1	Identify streetscape components for civic core purposes.	<u>Status</u> 2018 will implement a city-wide beautification program
Action Step #2	Implement streetscape components as feasible.	<u>Status</u> Work in progress – lack of funds
Action Step #3	Complete civic campus study.	<u>Status</u> Complete
Action Step #4	Research/obtain funding for civic campus.	<u>Status</u> Complete – USDA loan
Action Step #5	Implement recommendations as feasible.	<u>Status</u> Complete

Outcome/objective: the City of Union Gap will have an identifiable and inviting downtown that is easily accessible and navigable by all means of transportations.

Strategy # 3 – Measure and communicate progress towards achievements of city goals

Action Step #1	Monitor and measure progress towards city goals.	<u>Status</u> On going
Action Step #2	Develop a communication plan utilizing the city website, newsletter, news releases and tourism promoter insights.	<u>Status</u> Work in progress
Action Step #3	Implement the communication plan.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap will have a favorable public image as a place where people are proud to live, work and play.

FACILITIES

Strategy # 1 – Create a long-term facilities plan

Action Step #1	Complete the civic campus study.	<u>Status</u> Complete
Action Step #2	Identify funding needs for constructing City Hall and the Police Department.	<u>Status</u> Complete
Action Step #3	Develop a financial funding plan for the financing of City Hall and the Police Department.	<u>Status</u> Complete
Action Step #4	Review the capital facility needs for other city buildings/operations.	<u>Status</u> Work in progress
Action Step #5	Prepare long-term capital facilities maintenance plan.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap will have adequate facilities to support city operations today and future operations.

Strategy # 2 – Review financial resources for funding facilities

Action Step #1	Research options for funding plan.	<u>Status</u> Complete - USDA Loan
Action Step #2	Implement funding plan.	<u>Status</u> USDA Loan – and 2018 Budget

Outcome/objective: the City of Union Gap will have adequate financial resources for maintaining existing and future facilities.

ECONOMIC DEVELOPMENT

Strategy # 1 – Review development practices as necessary

Action Step #1	Review and update comprehensive plan before the GMA June 30, 2017 deadline.	<u>Status</u> Complete – Plan adopted in June 2017
Action Step #2	Review all permit and licensing approval processes to enhance customer service to stimulate increased private investment.	<u>Status</u> Complete

Outcome/objective: the City of Union Gap will bolster its business-friendly reputation by enhancing economic opportunities for current t and future residents and business owners.

Strategy # 2 – Develop Longfibre Road/Regional Beltway

Action Step #1	Construct the next phase of project (to Pine Street).	<u>Status</u> Work in progress
Action Step #2	Finalize alignment of remaining corridor to Fullbright.	<u>Status</u> Complete
Action Step #3	Develop financial funding plan.	<u>Status</u> Work in progress
Action Step #4	Develop a communication and lobbying plan for completion of South Union Gap interchange and connecting bridge across the railroad.	<u>Status</u> Funding obtained in 2022

Outcome/objective: the City of Union Gap's industrial and commercial land will be opened to development and access to Main Street and Fullbright Park will be improved.

INFRASTRUCTURE

Strategy # 1 – Review financial plan for sewer and water utility including today and future operations

Action Step #1	Review utility rates and review as needed.	<u>Status</u> Utility Rates were reviewed in 2019.
Action Step #2	Update capital plan annually.	<u>Status</u> Complete (Will review during the budget process)

Outcome/objective: the City of Union Gap will have adequate infrastructure to support residential, commercial, recreational and governmental activities with sufficient funds to maintain existing infrastructure and invest in new infrastructure as needed.

Strategy # 2 – Develop an Infrastructure financial plan as identified in the comprehensive plan.

Action Step #1	Identify financial costs to support the plan.	<u>Status</u> Work in progress
Action Step #2	Research various funding options and create a financial plan to support the cost.	<u>Status</u> Work in progress
Action Step #3	Implement the plan as feasible.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap will grow responsibility and in a cost-effective manner while supporting existing and future businesses. Additionally, we will strengthen the existing residential neighborhoods.

Strategy # 3 – Create a sidewalk plan

Action Step #1	Identify and prioritize new locations for sidewalks.	<u>Status</u> \$828,170 received for the MLK School sidewalks. Construction will begin in June, 2019
Action Step #2	Develop a financial plan for funding the city-wide, priority sidewalks	<u>Status</u> Work in progress
Action Step #3	Research funding options	<u>Status</u> Work in progress
Action Step #4	Implement the plan as feasible.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap will have an improved sidewalk system.

Strategy # 4 – Review and update the comprehensive park plan

Action Step #1	Identify financial costs for the various components.	<u>Status</u> The park plan will be Complete during the Comp Plan update.
Action Step #2	Research funding options.	<u>Status</u> Work in progress
Action Step #3	Develop a financial plan to fund the various components.	<u>Status</u> Work in progress
Action Step #4	Implement the plan as feasible.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap will have high quality parks that meet the needs of park users today and in the future.

SERVICE EFFICIENCY

Strategy # 1 – Create a healthy and positive working environment for city employees.

Action Step #1	Increase the well-being and productivity of staff.	<u>Status</u> On-going – staff is doing a great job.
Action Step #2	Support City's Wellness Committee and annually achieve a Well City Award.	<u>Status</u> On-going - We have received 7 Well City Awards
Action Step #3	Improve internal organization communication.	<u>Status</u> On-going

Outcome/objective: the City of Union Gap's workforce will be highly motivated and function effectively in all operations.

Strategy # 2 – Meet the criteria for the GFOA peer approval for the budget document

Action Step #1	Research criteria	<u>Status</u> Complete
Action Step #2	Create the 2019 budget document consistent with the criteria.	<u>Status</u> Complete
Action Step #3	Submit the 2019 budget document for informal review to peers.	<u>Status</u>

Outcome/objective: the City of Union Gap will be recognized for adhering to best practices for reporting the annual budget.

PUBLIC SAFETY

Strategy # 1 – Evaluate effectiveness of contract for fire protection services

Action Step #1	Complete integration of fire operations.	<u>Status</u> Complete
Action Step #2	Continue to review operations in light of industry best practices.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap will benefit from high quality, affordable fire protection services.

Strategy # 2 – Reduce residential blight

Action Step #1	Review current practices.	<u>Status</u> On-going
Action Step #2	Streamline current practices and shorten response timeline.	<u>Status</u> Work in progress
Action Step #3	Coordinate police patrol practices with blight problem areas.	<u>Status</u> Work in progress
Action Step #4	Develop public education program and recognition for property owner improvements.	<u>Status</u> Complete

Outcome/objective: the City of Union Gap residents will experience safer, more attractive residential neighborhoods.

Strategy # 3 – Implement crime-free housing program

Action Step #1	Review neighboring crime-free rental housing programs for effectiveness.	<u>Status</u> Chief Cobb is working on this.
Action Step #2	Develop a program with input from landlords and other stakeholders.	<u>Status</u> Work in progress
Action Step #3	Present draft program with guidelines to the City Council for consideration.	<u>Status</u> Work in progress
Action Step #4	Implement the program if approved by City Council.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap will help landlords provide safe housing for renters.

Strategy # 4 – Enhance youth activities to reduce gang involvement

Action Step #1	Review Gang Free Initiative funding opportunities.	<u>Status</u> On-going
Action Step #2	Strengthen existing city operated youth programs and recreation opportunities for Union Gap youth.	<u>Status</u> On-going for all action steps
Action Step #3	Continue to participate/organize National Night Out.	<u>Status</u> On-going.
Action Step #4	Partner with stakeholder organizations working to provide area youth with positive alternatives to gang involvement.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap's youth will experience a broad range of positive activities and the community will benefit from reduced gang activity.

Strategy # 5 – Implement a diversion program for low-level offenders

Action Step #1	Review existing prosecution filings.	<u>Status</u> Complete
Action Step #2	Determine criteria for diversion of certain offenses.	<u>Status</u> Complete
Action Step #3	Implement diversion programs.	<u>Status</u> We have first time offenders program
Action Step #4	Review the impact of the program via case filings.	<u>Status</u> Work in progress.

Outcome/objective: the City of Union Gap's court system will provide a range of options to sanction criminal behavior tailored to the circumstances of the offense while reducing total costs associated with municipal court operations.

Executive Department City Manager

The Department:

- City Manager
- Executive Assistant/Deputy Clerk/Public Record Officer/Accounts Payable

Mission and Responsibilities:

The City Manager, who serves as the Chief Executive Officer of the City, is appointed by the City Council to implement the policies and goals of the City Council through professional leadership and management practices. The City Manager leads all city departments to provide efficient delivery of municipal services and programs. Key responsibilities include resolving issues by facilitating communication among the City Council, employees and community; ensuring understanding of Council goals, policies, and direction; developing the City Council meeting agendas, and intergovernmental relations.

Goals and Objectives:

The City Manager leads all of the departments in following and achieving the goals of the City Council through the Union Gap Strategic Plan and the Comprehensive plans.

The graph below shows a 5-year summary of Executive Department expenditures:

	Executive				
	2015	2016	2017	2018	2019
EXPENDITURES BY OBJECT	Actual	Actual	Actual	Actual	Budgeted
SALARIES & WAGES	96,735	82,990	135,941	152,433	133,434
PERSONNEL BENEFITS	34,304	21,206	28,454	30,487	55,788
SUPPLIES	1372	3,826	759	2431.98	1000
FUEL	40	218	35	0	250
PROFESSIONAL SERVICES	107,529	1,372	2,799	3,149	3,000
COMMUNICATION	2,592	1,465	942	998.2	1,500
TRAVEL	2,100	9,487	6,237	2,931	7,000
ADVERTISING	720	1482	0	0	500
OPER. RENTALS & LEASES	1395	770	72	26.09	0
INSURANCE	4,000	4,000	1,700	0	4,000
REPAIRS & MAINTENANCE	961	1903	0	9.04	1,000
MISCELLANEOUS	4,875	942	6927	7,053	5,000
MACHINERY & EQUIPMENT	0	2560	0	0	0
TOTAL EXPENDITURES	\$256,623	\$132,222	\$183,865	\$199,518	\$212,472

* Salaries & Wages and Personal Benefits are higher for 2019 because a new position was created, and .20% of this position is paid out of the Executive budget.

Municipal Court and Legal Services

Municipal Court Services

The City contracts municipal court services through Yakima County District Court. The Municipal Court budget provides for the following legally mandated services:

- Court Services to include: filing fees for traffic and other infractions and for misdemeanor criminal citations
- Probation Services

Legal Services

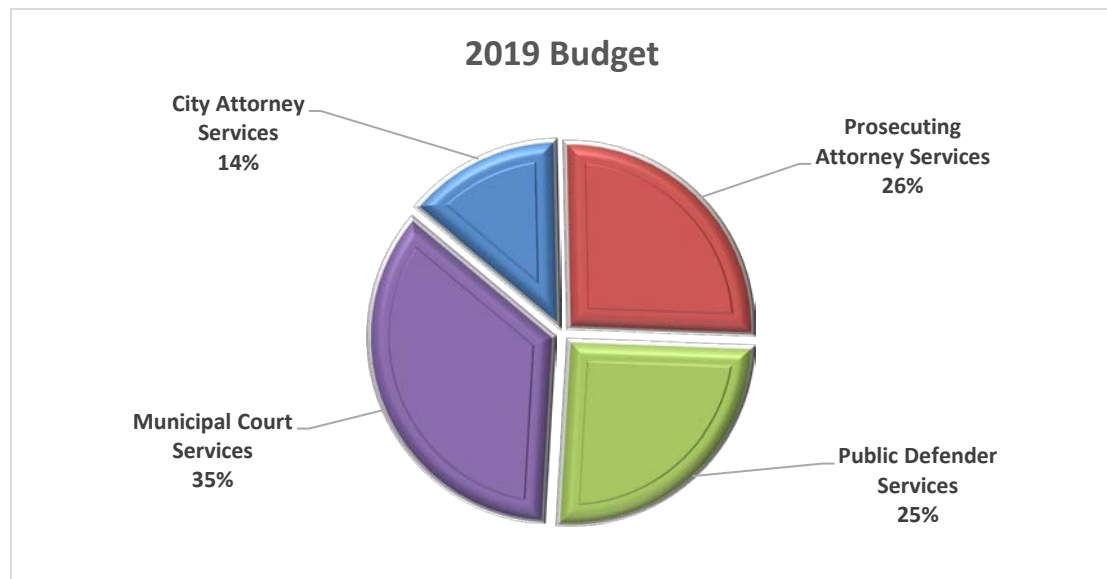
The City contracts legal services including:

- City Attorney Services
- Prosecuting Attorney Services
- Public Defense Services
- Outside attorneys for larger/specialized cases

Municipal Court and Legal Expenditures

	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Proposed
City Attorney Services	93,990	90,294	90,555	90,427	91,000
Prosecuting Attorney Services	85,710	117,083	120,000	138,105	174,000
Public Defender Services	141,350	174,732	164,905	219,925	170,000
Municipal Court Services	308,447	266,723	270,192	242,113	236,180
Total	629,497	648,831	645,652	690,570	671,180

Below are the percentages of legal and court budgeted expenses in 2019:



Fire Protection Services

In January of 2015, the City of Union Gap began contracting out fire protection services with the City of Yakima. Former Union Gap Firefighters became City of Yakima employees and the Union Gap fire station is leased to the City of Yakima.

The City of Yakima Fire Chief or his designee attend Union Gap Council and Council Committee meetings, keeping the Council and staff apprised of fire updates, data and statistical information.

The City of Yakima provides the following services:

1. Response and Mitigation

- Fire Suppression
- Emergency Medical Services (EMS)
- Rescue
- Hazardous Materials Response
- Fire Alarm Responses – Residential & Commercial
- Emergency Responses – Other
- Non-Emergency Service Calls
- Fire Investigation – Cause and Origin



2. Training

- Ongoing Training for Career and Volunteer Staff consistent with NFPA Curriculum

3. Prevention

- Fire and Safety Inspections – Commercial and Multi-Family Occupancies)

4. Maintenance

- SCBA Repair and Annual Flow Testing
- Repair and Maintenance (up to \$5,000 threshold) for existing Fire Apparatus

5. Miscellaneous Services

- 5-Year Fire Service Strategic Planning
- Communication and Coordination for Insurance Rating (WSRB)

Below is a 5-year summary of fire department expenses:

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Budget
WAGES & BENEFITS	9,707	9,050	0	0	0
OPERATING EXPENSES	7,381	50,978	14,161	2798.96	13,237
FIRE PROTECTION SERVICE CONTRACT	1,183,407	1,212,992	1,284,434	1,491,598	1,476,305
TOTAL FIRE EXPENSES	1,200,495	1,273,020	1,298,595	1,494,397	1,451,797
CAPITAL EXPENDITURES	126,043	104,685	103,881	84,623	583,721
GRAND TOTAL FIRE EXPENSES	1,454,596	1,484,406	1,508,375	1,579,020	1,813,815

Annually the City of Union Gap transfers \$180,000 from the general fund to the fire truck reserve fund for capital expenditures. Since the City of Yakima has taken over fire protection services they have made several improvements to the fire department. In 2018 they replaced two bay doors, and in 2019 they will be purchasing a new fire engine, and will do a small remodel of the sleeping quarters.

The partnership with City of Yakima has been very successful, in fact, the enhanced fire inspection program has contributed to a better fire protection class rating for Union Gap and Yakima. The *Washington Surveying and Rating Bureau* reviews fire departments every five years and sets its ratings based on several factors including operations, water system capabilities, communications technology and fire safety control.

The rating uses a scale of 1-10 with 10 reflecting little or no fire protection capability and 1 signifying the highest level of capacity. Since contracting fire protection services with Yakima, Union Gap's rating improved from 5 to 4 since the previous valuation.



Public Works and Community Development Department

The Department:

The Public Works and Community Development Department consists of 18 employees as follows:



- Director of Public Works and Community Development
- Civil Engineer
- Building Official/Plans Examiner
- Administrative Secretary – Public Works
- Administrative Secretary – Community Development
- Working Foreman
- Working Foreman Assistant
- Maintenance Workers (11)

Longfibre Extension/Wide Hollow Bridge

Public Works Mission and Responsibilities:

The Public Works Department is committed to providing cost effective maintenance and operation solutions through the highest possible professionalism, which protects, preserves and improves the City of Union Gap's infrastructure. The focus includes water, sewer and stormwater, garbage, streets, parks and transit.

Community Development Mission and Responsibilities:

The Building Division works with citizens, property owners, contractors, architects, and building designers to ensure all construction that occurs in Union Gap meets the International Building, Mechanical, Plumbing, and Energy Codes as adopted and emended by the State of Washington.

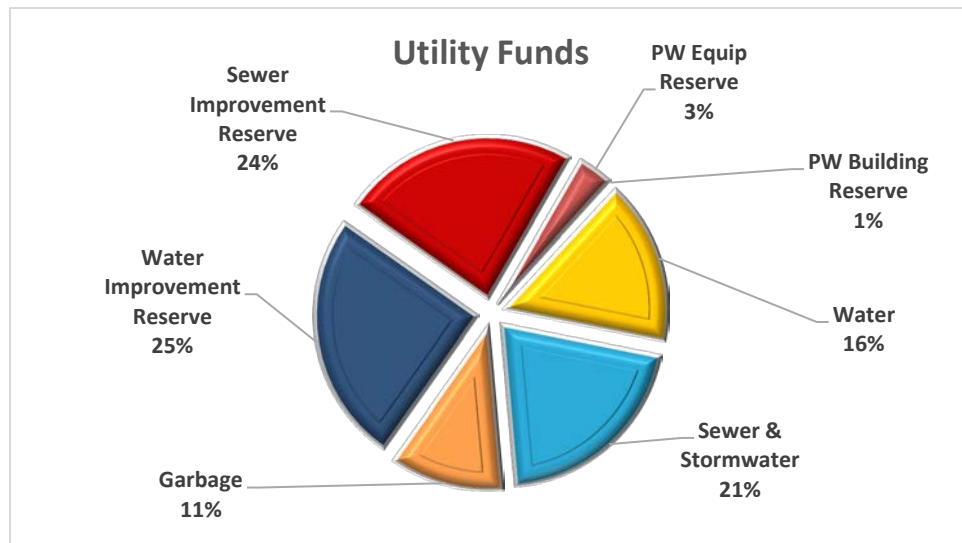
The City contracts with Yakima Valley Conference of Governments (YVCOG) to assists with long-range planning in the community to foster high quality development, which will result in a City where people are proud to live, work, and play.

The Public Works and Community Development Department includes the following divisions:

- | | |
|--------------------------|-------------------------|
| • Water | • Parks |
| • Sewer and Stormwater | • Transit |
| • Housing Rehabilitation | • Building and Planning |
| • Garbage | • Property Management |
| • Streets | • Senior Citizen Center |

Utility Funds

This chart below shows the percentage of 2019 budgeted expenditures for the funds within the utility divisions of the Public Works and Community Development Department. The water and sewer related funds make up the largest percentage of the utility fund budgets at 86%. Garbage is next at 11% followed by the Public Works Equipment Reserve fund and Public Works Building Reserve funds totaling 4%. The Public Works Equipment and Building Reserve funds have been included with the utility funds since the majority of their revenues come from transfers out of the utility funds.



Water

The Water Division of the Public Works and Community Development Department strives to provide safe, clean, potable water to the community. The water supplied to our customers is of the highest quality.

The City owns and maintains four active wells in various locations within the City. These wells produce between 650 gallons per minute to over 1,700 gallons per minute and supply over 2,200 customer connections. In addition, fire protection services are provided to the users of the water system and made possible by the Water Division.

Below is a list of the top City water users for 2016 - 2018:

2016	2017	2018
Union Gap West	Union Gap West	City of Union Gap
Town & country	Town & Country	Union Gap West
Leisure Hills	Union Gap School	Union Gap Property
Fullbright Park	Leisure Hill	Leisure Hill
Jerry Blevins	Union Gap Property	Jerry Blevins
Yakima School Dist.	Costco	Costco
Union Gap School	Columbia Valley Fruit	Columbia Valley Fruit
Cahalan Park	Yakima School Dist.	Union Gap School
Costco Wholesale	Fullbright Park	International Paper
International Paper	International Paper	Macro Plastics

The Water Fund, which is an enterprise fund, gets funding through monthly water service fees and connection charges. The Water Fund is also the revenue source for capital improvements to the City's water system. The next page outlines some of the top water-related capital improvements, as outlined in the City's Comprehensive Plan:

Improvement Description	Estimated Cost	Funding Source
Main Street 16-inch Transmission Main	\$2,241,900	DWSRRF
Water Telemetry and Service Meter	\$1,200,000	DWSRF
South Broadway Area Improvement	\$3,598,300	DWSRF/LID
Longfibre Road 12-inch Water Main Loop	\$183,700	Private

The chart below shows a 5-year water operations and maintenance expenditure summary of the water fund:

SOURCES AND USES OF FUND	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Budgeted
REVENUES AND OTHER SOURCES:					
EST BEG RES FUND BALANCE	0	0	0	0	0
EST.BEG.UNRES.FUND BALANCE	920,299	833,250	771,185	783,601	702,462
Total Beginning Fund Balances	920,299	833,250	771,185	783,601	702,462
OPERATING REVENUES					
WATER REVENUES	1,036,089	1,061,117	1,132,325	1,190,361	1,280,987
WATER SVC INSTALLATION CHARGES	38,748	63,839	37,081	16,093	16,093
WATER PLAN CHECKING FEE	4,243	25,565	18,386	11,384	4,564
MISCELLANEOUS PENALTIES	5,280	4,852	5,148	5,033	5,320
INTEREST & OTHER EARNINGS	1,323	3,117	5,571	11,861	10,101
CONTRIBUTIONS & DONATIONS	6,861	0	0	0	0
JUDGMENTS & SETTLEMENTS	0	0	574	0	0
OTHER MISCELLANEOUS REVENUE	564	0	8,306	502	0
TRANSFER IN-CURRENT EXP (HYDRANTS)	0	61,420	30,710	61,420	117,550
Total Operating Revenue	1,093,107	1,219,912	1,238,102	1,296,654	1,434,615
EXPENDITURES & OTHER USES					
OPERATING EXPENDITURES					
SALARIES & WAGES	176,632	187,908	208,350	207,033	260,266
OVERTIME	9,895	20,323	15,530	5,617	10,000
PERSONNEL BENEFITS	89,479	103,452	110,011	103,314	141,888
UNIFORMS & EQUIPMENT	1,553	2,002	2,536	2,069	1,700
SUPPLIES	149,092	98,799	113,642	80,956	74,500
FUEL	6,913	6,916	10,356	15,827	7,700
SMALL TOOLS & EQUIPMENT	446	1,638	1,050	5,082	1,900
PROFESSIONAL SERVICES	31,154	32,803	14,499	47,164	0
ADMIN SVC CHG TO C.E.	106,387	93,807	97,898	100,341	104,153
COMMUNICATION	11,639	10,989	11,137	11,352	10,500
TRAVEL	78	476	636	776	1,300
ADVERTISING	84	221	342	97	500
OPERATING RENTALS & LEASES	1,857	1,299	1,002	1,482	800
INSURANCE	62,754	36,000	50,000	41,000	40,000
UTILITIES	99,893	118,589	99,666	93,904	108,000
REPAIRS & MAINTENANCE	17,235	11,078	11,207	8,400	10,000
MISCELLANEOUS	12,076	9,300	12,359	10,457	9,000

SOURCES AND USES OF FUND (CONT.)	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Budgeted
INTERGOVERNMENTAL PROF SERVICES	3,590	3,543	5,050	3,904	4,000
EXTERNAL TAXES	55,076	49,031	51,878	54,338	46,000
MACHINERY & EQUIPMENT	648	0	0	339	13000
MACHINERY & EQUIPMENT	0	0	14,464	0	40,000
Total Operating Expenditures	836,481	788,173	831,615	793,452	885,207
Excess/Shortage Revenues over Expenditures	256,627	431,739	406,487	503,202	549,408
Total Revenues	2,013,406	2,053,162	2,009,287	2,080,255	2,137,077
Other Decrease in Fund Resources					
WATER REFUNDS	9,820	556	1,714	0	0
PWTF LOAN PRINCIPAL	202,344	202,344	263,421	205,478	263,421
PWTF LOAN INTEREST	14,011	13,404	50,185	5,825	25,827
TRANS OUT TO 404 WA DEVL RESV	0	0	31,250	43,210	140,000
TRANSFER-OUT 112 PW EQUIP RSV	0	20,000	20,000	12,500	20,000
TRANSFER-OUT 431 98/03 W/S BOND RED	0	0	0	0	0
TRANS OUT TO 116	55,000	27,500	27,500	27,500	27,500
TRANSFER-OUT 404 W/S RESERVE	62,500	230,000	0	0	0
Total Other Decreases in Fund Resources	343,675	493,804	394,071	294,513	476,748
Excess/Shortage cash & Investments	-87,049	-62,065	12,416	208,689	72,660
ENDING CASH AND INVESTMENTS					
Reserved	0	0	0	0	0
Unreserved	833,250	771,185	783,601	992,292	755,139
Total Ending Cash and Investments	833,250	771,185	783,601	992,292	755,139

A large component of the Water Fund is the Water Improvement Reserve. The Water Improvement Reserve pays for capital projects and improvements to water infrastructure. The chart below shows a 5-year water reserve expenditure summary of the water fund:

SOURCES & USES OF FUNDS	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Budgeted
REVENUES AND OTHER SOURCES					
EST BEG RES FUND BALANCE	617,180	1,092,729	1,590,891	1,420,040	1,496,026
EST.BEG.UNRES.FUND BALANCE	0	0	0	0	0
Total Beginning Fund Balances	617,180	1,092,729	1,590,891	1,420,040	1,496,026
OPERATING REVENUES					
PWTF-WATER METERS	0	470,626	0	0	0
EPA-RESERVOIR INTERTIE	0	0	0	0	0
DWSRF-MAIN ST WA IMPR-DM13-952-138	1,033,248	0	0	0	1,600,000
SIED LOAN-BORTON ANNEX 58%	435,000	435,000	0	0	0

UTILITY SERVICE FEES	0	0	0	0	0
INTEREST & OTHER EARNINGS	1,722	6,757	11,966	20,513	1,863
INFRASTRUCTURE FEE - WATER	58,672	54,651	147,132	47,860	54,896
TOTAL OPERATING REVENUE	1,528,642	967,033	159,098	68,373	1,656,759
EXPENDITURES & OTHER USES					
OPERATING EXPENDITURES					
PROF SVC-WA COMP PLAN	0	0	42,597	0	5,500
PROF SERVICES-CLEAN RESERVOIR	0	0	0	0	21,000
MISCELLANEOUS-WATER RIGHTS	0	0	0	34,310	800,000
EXTERNAL TAXES	531	817	2,071	690	0
VALLEY MALL BLVD. PROJECT	824	0	0	0	0
TOTAL OPERATING EXPENDITURES	1,355	89,919	44,668	35,000	826,500
EXCESS/SHORTAGE REVENUES	1,527,287	877,114	114,430	33,373	830,259
OTHER REVENUE RESOURCES					
TRANS-IN FROM 001-MAIN ST IMPR	5,000	0	0	0	0
TRANS FROM 401 WATER	62,500	230,000	31,250	12,500	140,000
TOTAL OTHER REVENUE SOURCES	67,500	230,000	31,250	12,500	140,000
OTHER DECREASES IN FUND RESOURCES					
WA INFRASTRUCTURE REFUND	6,971	0	0	0	0
CONSTRUCTION PROJECTS					
BORTON UTIL EXTENSION-PROF SERVICES	0	0	18,194	0	0
SERVICE METER IMPR. - CONSTRUCTION	0	0	0	0	1,600,000
IMPROVEMENTS-WELL #6 LIGHTING	0	0	0	0	10,000
BORTON ANNEX WA EXT-PROF SVC	0	578,485	0	0	0
RESERVOIR CLEANING & INSPECTIONS	0	10,878	0	0	0
MACHINERY & EQUIPMENT - DIST FLOW TESTING	0	0	0	0	20,600
WATER TELEMTRY SYSTEM	0	0	0	0	477,400
BORTON ANNEX WA EXT-CONST	0	5,489	296,362	46,838	0
MAIN ST/RUDKIN RD WA SYST IMPR -CONST	0	14,100	1,975	0	0
DOH SANITARY SURVEY	0	0	0	0	5,300
BROADWAY CDBG WATER - ENG/PROF. SERVICES	1,172	0	0	0	0
MAIN ST 16 INCH WA MAIN EXT	1,092,596	0	0	0	10,000
CONSTRUCTION-MAIN ST REVITALIZATION	18,500	0	0	0	0
TOTAL OTHER DECREASES IN FUND RESOURCES	1,119,239	608,951	316,532	46,838	2,123,300
INCREASE/DECREASE IN FUND RESOURCES	- 1,051,739	-378,951	-285,282	-34,338	-1,983,300

Goals and Objectives:

The following goals and objectives of the Water Division of the Public Works and Community Development Department address, in part, Council goals for the 2019 budget, which are outlined in the *2017 – 2018 Union Gap Strategic Plan*:

Goal: Image

Strategy #1 – Revitalize Main Street

Action Step #1 – Develop a reasonable timeline for corridor improvements.

Action Step #2 – Develop a financial plan for funding the corridor improvements.

- With the help of HLA Engineering the City recently updated the City's Comprehensive plan which includes a schedule of recommended major water capital improvements; the table above is a small excerpt of that schedule. The complete table in the Comprehensive Plan shows not only the description, cost and source of funding for these projects but also forecasts estimated project completion dates and the estimated cost of the projects in future years.

The Main Street 16-inch Transmission Main Extension is high on this list of 17 projects. The water main extension will be an important part of the revitalization of Main Street.

Goal: Infrastructure

Strategy #1 – Review financial plan for sewer and water utility including today and future operations.

Action Step #1 – Review utility rates and review as needed.

- The Director of Public Works and Community Development is working with HLA to review the water rates.

Action Step #2 – Update capital plan annually.

- The Director of Public Works and Community Development updates the water capital improvements table on an annual basis during the budget process.

Strategy #2 – Develop an Infrastructure financial plan as identified in the comprehensive plan.

Action Step #1 – Identify financial costs to support the plan.

Action Step #2 – Research various funding options and create a financial plan to support the cost.

Action Step #3 – Implement the plan as feasible.

- The Director of Public Works and Community Development is working with the City Manager and Director of Finance and Administration to prioritize utility infrastructure projects, forecasting their completion dates and funding sources.
- The Director of Public Works and Community Development is working with HLA to find grants and low-interest loans to complete infrastructure projects.

Sewer

The Sewer Division of the Public Works and Community Development Department is committed to providing sewer service in a reliable, economical and sustainable manner. The system provides service to over 1,800 connections.

The City owns and operates its own collection system that collects and transports wastewater to one of two pumping or lift stations. These lift stations pump the wastewater to the Yakima Regional Wastewater facility for treatment and discharge into the Yakima River. These lift stations consist of the master lift station located on Main Street in the Public Works shop facilities. This station is owned and operated by the City and pumps the majority of the wastewater generated by the residents, businesses and industrial facilities within the City.

A second lift station owned by the City of Yakima is located on North Rudkin Road and accepts some wastewater generated in Union Gap but primarily serves City of Yakima customers.

The City of Yakima owns and operates the wastewater treatment plant and Union Gap pays for maintenance and operation of the plant based on the volume and strength of sewage effluent. Union Gap has adequate treatment capacity to accommodate all growth projected in the comprehensive plan.

The Sewer Fund, which is an enterprise fund, gets funding through monthly sewer service fees and connection charges. The Sewer Fund is also the revenue source for capital improvements to the City's sewer

system. Below are some of the top sewer-related capital improvements, as outlined in the City's Comprehensive Plan:

Improvement Description	Estimated Cost	Funding Source
1 st St. & 2nd St. Alley 8-inch Sewer	\$180,000	City
Holiday Ave., 1 st St./2 nd St. Alley and Master Lift Station 8-inch & 30-inch Sewer	\$318,000	City
South Broadway Sewer Phase 1	\$1,803,000	Grant/Loan
South Broadway Sewer Phase 2	\$1,892,000	Grant/Loan
South Broadway Sewer Phase 3	\$1,942,000	Grant/Loan

Goals and Objectives:

The following goals and objectives of the Sewer Division of the Public Works and Community Development Department address, in part, Council goals for the 2019 budget, which are outlined in the *2017 – 2018 Union Gap Strategic Plan*:

Goal: Infrastructure

Strategy #1 – Review financial plan for sewer and water utility including today and future operations.

Action Step #1 – Review utility rates and review as needed.

- The Director of Public Works and Community Development is working with HLA to review the sewer rates.

Action Step #2 – Update capital plan annually.

- The Director of Public Works and Community Development updates the water capital improvements table on an annual basis during the budget process.

Strategy #2 – Develop an Infrastructure financial plan as identified in the comprehensive plan.

Action Step #1 – Identify financial costs to support the plan.

Action Step #2 – Research various funding options and create a financial plan to support the cost.

Action Step #3 – Implement the plan as feasible.

- The Director of Public Works and Community Development is working with the City Manager to prioritize infrastructure projects, forecasting their completion dates and funding sources.
- The Director of Public Works and Community Development is working with HLA to find grants and low-interest loans to complete infrastructure projects.

Stormwater

What is stormwater? Stormwater is rain and snow melt that runs off rooftops, paved streets, highways, and parking lots. As it runs off, it picks up pollution like oil, fertilizers, pesticides, soil, trash, and animal manure. Most stormwater is not treated, even when it goes into a street drain. It flows downstream directly into streams, lakes, and marine waters. Stormwater runoff is the leading threat to Washington's urban waters, streambeds, banks, and habitats.

As the population grows in Washington, urban development increases. This means more people, more developed land, and an increase in stormwater runoff and pollution to Washington's waters. Unmanaged stormwater runoff can:

- Damage salmon habitat.
- Contribute to flooding and drought.
- Contaminate swimming areas.
- Pollute shellfish beds.
- Contaminate the groundwater you drink.
- Degrade water quality.

The Stormwater Division of the Public Works and Community Development Department safely and efficiently manages stormwater to help protect the waterways and habitats of Washington State.

Union Gap's storm drain system consists of an underground system, curb and gutter and open ditches. The underground section covers most of the eastern portion of the City, with the majority of the system serving downtown. The system is composed of asbestos cement, cement mortar and concrete pipe ranging from 8 inches to 42 inches in diameter. The curb and gutter and open ditches are scattered throughout the City.

Currently the only revenue source for stormwater improvements are grants from the Washington State Department of Ecology. The City has received more than \$200,000 in stormwater grants since 2011 and hope to receive additional grant funds in 2019.

Garbage

The Garbage Division of the Public Works and Community Development Department provides waste management services in order to ensure a safe and healthy community for current and future generations.

The Garbage Division's responsibilities include weekly collection and disposal of residential, commercial and industry refuse, yard waste, recyclables. Residential and Commercial refuse is hauled to the landfill, which is owned and operated by Yakima County.

The City of Union Gap partners with Basin Disposal, Inc. (BDI) to provide garbage and recycling service to residents, businesses and industrial facilities in Union Gap. BDI provides complete waste management services and the City performs monthly billing and collection to over 2,300 accounts. The expenses of the Division are fully funded by revenue from user fees.

In addition to regular garbage services, the City also uses BDI to provide the following programs to residential customers:

- *Yard Waste Pick-up Program*

BDI collects yard waste, without additional charge from each residential unit. The yard waste pick up program runs from May 1st through December 1st. Yard waste is collected at least 2 times per month; up to 4, 40-pound bags of residential yard waste generated by the same residence in which garbage collection is occurring.

- *Annual "Spring Clean Up"*

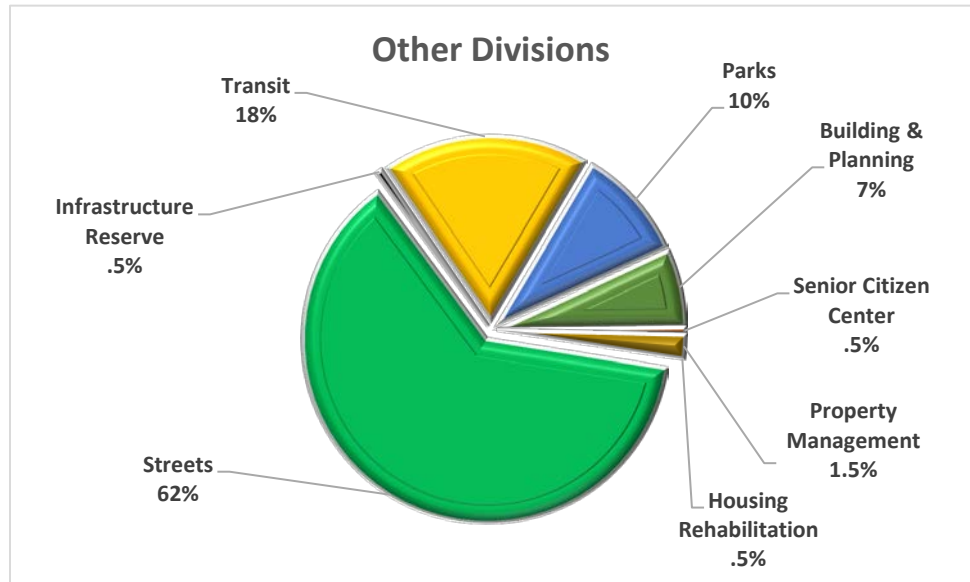
This event is held the second Saturday of May each year and is sponsored by the City of Union Gap and Basin Disposal. This is free for Union Gap citizens to dispose of their yard waste.

- *Christmas Tree Disposal*

During the first week of January, Basin Disposal collects one Christmas tree per residence at no additional charge.

Other Divisions

This chart shows the percentage of 2019 budgeted expenditures for funds within the other divisions of the Public Works and Community Development Department. These funds include streets, Infrastructure reserve, transit, parks, building and planning, senior citizen center, property management and housing rehab. Streets include operations as well as development and improvements and makes up the majority of expenditures at 62%. Transit, parks and building & planning are next with 18%, 10% and 7% respectively, followed by property management, housing rehab, senior citizen center and infrastructure reserve.



Streets

The Street Division provides the highest level of service and maintenance on local access roads, as well as major arterials, so that motorists have access to safe, functional roadways at the lowest possible cost.

Cost effective planning, design and implementation of services necessary, to maintain and enhance the safety and efficiency of the City's roadways, bridges and traffic control facilities, provide for economic growth and vitality as well as for the traveling public.

The Street Division strives to enhance the appearance of the community, and to ensure a safe, well maintained street system that provides for effective access to all parts of the community. The expenses of the Division are fully funded by revenue from gas taxes, sales taxes, grants and the general fund.

A large percentage of street expenditures are for street development and improvement. Revenues come from sales tax, grants and loans. Below are some future street projects outlined in the Comprehensive Plan:

Improvement Description	Estimated Start Date	Potential Funding Source
Main Street Reconstruction Phase 1 (2 nd St to W. Franklin St.)	2020	City and STP
West Ahtanum Road Resurfacing	2024	City and STP
Downtown Future Initiatives (sidewalk modifications and other improvements TBD)	2019	City and STP
Non-Motorized Loop (Fullbright Park to Wide Hollow Creek Pathway)	2021	City and STP
South Union Gap Interchange (I-82 to Main Street)	2019	State (WSDOT)

Goals and Objectives:

The following goals and objectives of the Street Division of the Public Works and Community Development Department address, in part, Council goals for the 2019 budget, which are outlined in the *2017 – 2018 Union Gap Strategic Plan*:

Goal: Image

Strategy #1 – Revitalize Main Street

Action Step #1 – Develop a reasonable timeline for corridor improvements.

Action Step #2 – Develop a financial plan for funding the corridor improvements.

- With the help of HLA Engineering the City recently updated the City's Comprehensive plan which include projects which will involve Main Street Revitalization. The Main Street Reconstruction Phase 1 and the South Union Gap Interchange projects, which are estimated to begin in 2020 and 2021 respectively, will help tie in with the Main Street Revitalization project.

Goal: Economic Development

Strategy #2 – Develop Longfibre Road/Regional Beltway

Action Step #1 – Construct the next phase of project (to Pine Street).

Action Step #2 – Finalize alignment of remaining corridor to Fullbright Park.

Action Step #3 – Develop financial funding plan.

Action Step #4 – Develop a communication and lobbying plan for completion of South Union Gap interchange and connecting bridge across.

- Funding for this project has been obtained and the estimated construction starting time is 2020.

Transit

The Transit Division of the Public Works and Community Development Department strives to enhance citizens' mobility and accessibility through the development and management of public transportation services that are comprehensive, efficient, reliable, safe, and environmentally sound.



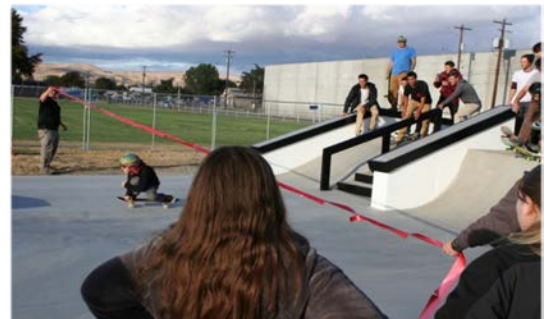
The Transit Division was created in 2008 and is fully funded through a 0.2 % sales tax. Funding supports free passenger fares for both fixed route and para-transit services. This Division's purpose is to administer the Union Gap Transit contract and to provide essential management and support services to the division through oversight, coordination and technical assistance.

The City contracts transit service with *Medstar Transportation*. Medstar Transportation provides a full array of public transit services; including para-transit service for those who are eligible under the Americans with Disabilities Act (ADA).

Transit also has a fixed route through the City which provides service along Valley Mall Boulevard, Ahtanum Road, and Main Street. The route provides service to the Valley Mall, Union Gap City Hall, the Union Gap Senior Center, and the Post Office. There are also transfer opportunities to routes provided by Yakima Transit.

Parks

The Parks Division of the Public Works and Community Development Department provides development and maintenance of the City's parks, greenway space, recreation facility grounds, athletic fields, and other City owned property. This aesthetically reflects community identity, enriches the quality of life, and provides accessible and safe open space for leisure time activities.



Tony Hawk Foundation Skatepark Opening Ceremony

The Park Division maintains 4 City parks - Loudon, Cahalan, Fullbright and the Youth Activities Park; as well as 1.5 miles of pedestrian pathway, and several associated greenway spaces throughout the City. All Parks combined are approximately 130 acres of developed area. Fullbright Park has approximately 50 acres for additional future expansion. Cahalan Park has a skate park and a baseball field. The Youth Activities Park is 74 acres, offering 2 rental buildings, the Senior Center, numerous picnic areas, and shelters. Loudon, Fullbright, and the Youth Activities Park all have playground equipment.

The expenses of the division are fully funded by revenue from user fees and through the general fund, while major funding for park improvements comes from marijuana sales tax and Youth Activities Park parking fees.

Building and Planning

The Building Division works with citizens, property owners, contractors, architects, and building designers to ensure that all construction within the City follows the State's International Building, Mechanical, Plumbing, and Energy Codes.

The division also coordinates many building projects with the Fire and Public Works Departments, as well as the Planning Division. Major activities involve meetings with people proposing building projects prior to submittal of an application, plan reviews, and field inspections. This division also enforces code violations. The expenses of the Division are funded by revenue from permit fees, fines and the general fund.



McKinney Glass Construction

The Planning Division functions are to work with the City Manager, City Council, Planning Commission and the Hearing Examiner in the support of the City's current and long range planning, and provide citizens, property and business owners, accurate and timely information about land use issues.

Long range planning consists of the development and maintenance of the City's Comprehensive Land use Plan and ordinances, which implement the plan. Current planning issues include the day-to-day administration of the City's land use ordinances, the processing of zoning reclassifications, and various other levels of review required under the zoning ordinance.

Other planning issues include shoreline management permits, environmental checklists, subdivision review, critical areas, and floodplain permits. The division also serves to coordinate the review of land decisions with other city departments and divisions as well as state and federal agencies. The expenses of the Division are funded by revenue from permit fees, grants and the general fund.

Goals and Objectives:

The following goals and objectives of the Building and Planning Division of the Public Works and Community Development Department address, in part, Council goals for the 2019 budget, which are outlined in the *2017 – 2018 Union Gap Strategic Plan*:

Goal: Image

Strategy #1 – Revitalize Main Street

Action Step #4 – Reduce reducing the speed limit on Main Street.

- The number of vehicles and speed continues to be monitored.

Action Step #6 – Review parking ordinance to determine whether changes might stimulate

business investment.

Action Step #8 – Research residential ordinance to determine whether changes stimulate residential investments.

- These reviews have been completed.

Goal: Economic Development

Strategy #1 – Review development practices and review as necessary

Action Step #1 – Review and update comprehensive plan before the GMA June 30, 2017 deadline.

Action Step #2 – Review all permit and licensing approval processes to enhance customer service to stimulate increased private investment.

- These reviews have been completed; the comprehensive plan update was adopted on June 26, 2017.

Housing Rehabilitation

In 2008 the City began the CDBG Housing Rehab program which was made possible by a *Community Development Block Grant (CDBG)* through the *U.S. Department of Housing and Urban Development (HUD)*. CDBG's mission is:

“to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses.”

Through the CDBG Housing Rehab program, 13 residential homes within the City were improved using CDBG funds. Qualifying homeowners received long-term loans with zero percent interest and small monthly payments based on their individual income.

Property Management

The Property Management division of the Public Works and Community Development Department refers to maintenance for City Hall. Maintenance includes janitorial services, utility payments, and facility improvements. *Community Enhancement* dollars are also included the 2019 property management budget to replace aging decorative banners throughout the City.

Senior Citizen Center

The City partners with *People for People* to provide meals and services to our seniors at the Senior Citizen Center located in the activities building at the Youth Activities Park. *People for People* is a non-profit organization that provides human services throughout Yakima Valley. Their mission is to:

“Strengthen communities by providing opportunities that empower people to lead self-sufficient and enriched lives.”

People for People provides meals to seniors through their *Senior Nutrition Program* which is provided in Union Gap each week on Monday, Tuesday, Thursday and Friday. On these days *People for People* also provides opportunities for seniors to socialize with other seniors in the community through games, puzzles, bingo and light exercise.

Police Department

The Department:

The Police Department consists of 21 employees as follows:

- Police Chief
- Lieutenant
- Administrative Secretary
- Sergeants (4)
- Detectives (3)
- Police Officers (8)
- Police Clerks (2)
- Community Service Officer (Code Enforcement / Animal Control)



Mission and Responsibilities:

The mission of the Union Gap Police Department is to provide professional police services in partnership with the community to enhance the safety and quality of life to the citizens we serve.

The Union Gap Police Department is responsible for enforcing the ordinances of the City of Union Gap, the laws of the State of Washington and United State of America and to protect the peace and safety within the City of Union Gap.

Goals and Objectives:

The following goals and objectives of the Police Department address, in part, Council goals for the 2019 budget, which are outlined in the *2017 – 2018 Union Gap Strategic Plan*:

Strategy # 1 – Reduce residential blight

Action Step #1	Review current practices.	<u>Status</u> On-going
Action Step #2	Streamline current practices and shorten response timeline.	<u>Status</u> Work in progress
Action Step #3	Coordinate police patrol practices with blight problem areas.	<u>Status</u> Work in progress
Action Step #4	Develop public education program and recognition for property owner improvements.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap residents will experience safer, more attractive residential neighborhoods.

Strategy # 2 – Enhance youth activities to promote drug free and anti-gang awareness.

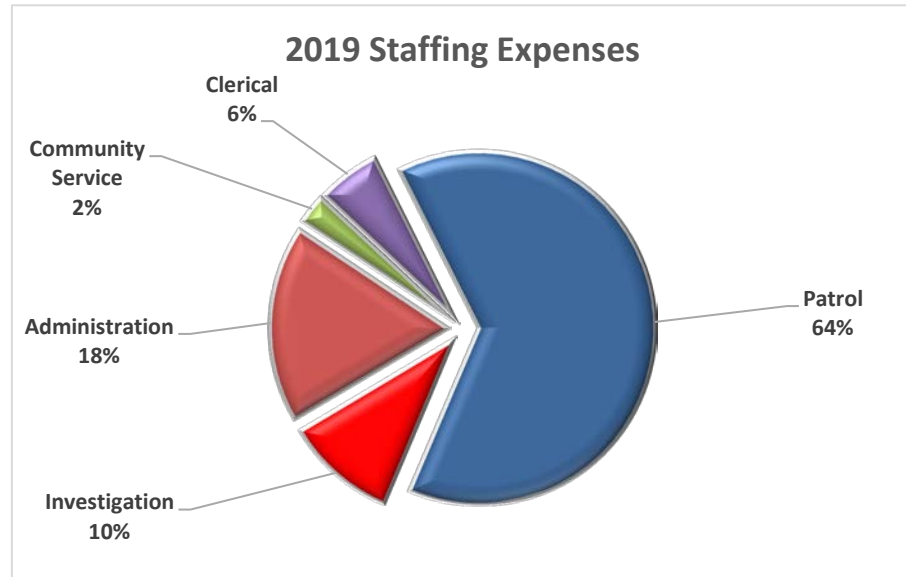
Action Step #1	Review Gang Free Initiative funding opportunities.	<u>Status</u> On-going
Action Step #2	Strengthen existing city operated youth programs and recreation opportunities for Union Gap youth.	<u>Status</u> On-going

Action Step #3	Continue to participate/organize National Night Out.	Status On-going. 2018 exceed attendance expectations.
Action Step #4	Partner with stakeholder organizations working to provide area youth with positive alternatives to gang involvement.	Status Work in progress

Outcome/objective: the City of Union Gap's youth will experience a broad range of positive activities and the community will benefit from reduced gang activity.

Staffing Expenses

This chart shows the 2019 budgeted staffing expenses for each division within the Police Department. Patrol is the largest division at 64% and twelve (12) full-time employees, followed by administration at 18% and three (3) full-time employees. Investigations at 10% and three (3) full-time employees, then Clerical 6% at two (2) full-time employees, and Community Service at 2% and one (1) full-time employee.



Below are 5-year itemized staffing and operation expenditures, including the 2019 budgeted expenditures, for the Police Department:

	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Budget
Salaries & Benefits	1,928,580	1,955,609	2,327,219	2,684,371	2,664,738
Supplies & Equipment	50,334	54,224	69,595	109,124	122,500
Professional Services	5,417	17,282	14,316	35,843	36,500
Communication	27,458	24,586	27,394	24,042	32,500
Travel	8,720	7,962	13,192	11,780	12,250
Advertising	3,837	3,477	1,224	666	1,000
Operating Rentals/ Leases	4,008	4,149	3,998	9,816	4,250
Repairs & Maintenance	26,041	22,383	26,619	28,920	35,800
Miscellaneous	34,556	44,953	50,743	15,256	13,000
Total	2,088,952	2,134,625	2,534,299	2,919,819	2,922,538

The Police Department has several divisions. Each is responsible for a separate function within the department.

Administration Division: This division includes the Chief of Police, Lieutenant, and Administrative Secretary. The Administration is responsible for overall command of the police department, personnel and services. This division reviews and evaluates department activities and operations. The administration is also responsible for training and equipping department members.

Services provided by the admin division include:

- Payroll
- Accounts Receivable
- Accounts Payable
- Grants Management
- Purchasing
- Public Disclosure

Records/ Services Division: This division is staffed by two police clerks. They are responsible for several critical functions within the department.

- Reception
- Data entry
- Records Dissemination
- Records Retention
- Warrant Entry
- Validations
- Evidence Room Management

Investigations Division: The Investigations Division is staffed by three detectives. They investigate any number of complex misdemeanor and / or felony crimes. Some of the crimes that are typically investigated by the division are as follows:

- Homicide
- Sexual Assault
- Child Abuse
- Narcotics Violations
- Burglary
- Robbery
- Financial Fraud
- Theft

Patrol Division: Patrol is the backbone of the agency. It is staffed by twelve officers and sergeants. Patrol typically is the initial response to all calls for services and emergencies. They provide the preliminary investigation to most crimes and incidents and also assist the Investigations Division as needed. When not responding to calls for service or emergency situations patrol officers will also conduct the following activities.

- Proactive Patrol
- Traffic Enforcement
- School Zone Emphasis
- Building /Resident Checks
- Attend Special Events



Citizen Award 2018



Officer Award 2018

Community Outreach

-
- **Community Services (Code Enforcement / Animal Control):** This division is staffed by one Community Service Officer (CSO). This division is new to the department and is expected to be in operation by the beginning of the second quarter of 2018. The CSO is responsible for animal control duties and enforcement of the City's nuisance codes. Some of the duties the CSO will perform are as follows:
 - Abate Chronic Nuisances
 - Trap Vicious Animals
 - Impound Dogs at Large
 - Issue Dog Licenses
 - Investigate Animal Cruelty

Finance and Administration Department

The Department:

The Finance and Administration Department consists of five employees as follows:

- Director of Finance and Administration
- Deputy Clerk/Treasurer
- Executive Assistant/Deputy Clerk/Public Record Officer/Accounts Payable
- Finance Technician – Utilities
- Clerk/Receptionist

Mission and Responsibilities:

The Finance and Administration Department is responsible for the financial transactions of the City including accounting, purchasing, accounts payable, payroll, debt management and investment of public funds. This involves the development of the City's annual budget and the preparation of the City's annual financial report and audit. Finance provides the City of Union Gap with timely, accurate and effective financial services so that directors manage their use of resources more effectively and efficiently. This allows the City Council, City Manager, regulatory agencies and the public to monitor and evaluate the overall financial results of city operations and ensures that the City is in compliance with local, state and federal laws and regulations.

The Finance and Administration Department is also responsible for administrative and clerk duties of the City including preparation of the City Council packet and Council meeting agendas and minutes; human resources; the employee wellness program; employee recognition and recruitment; risk management; the City newsletter; public record requests and records management and retention. Duties also include oversight of the Civil Service Commission, Lodging Tax Advisory Committee, IT Services and the City website.

Goals and Objectives:

The following goals and objectives of the Finance and Administration Department address, in part, Council goals for the 2019 budget, which are outlined in the *2017 – 2018 Union Gap Strategic Plan*:

Goal: Image

Strategy #3 - Measure and communicate progress towards achievements of City goals.

Action Step # 1 – Monitor and measure progress towards city goals.

- The *2017 – 2018 Union Gap Strategic Plan* is reviewed periodically to ensure goals are being met, and updating the status of the goals when they are completed.

Action Step #2 – Develop a communication plan utilizing the city website, newsletter, news releases and tourism promoter insights.

Action Step #3 – Implement the communication plan.

- The Finance and Administration Department and other departments within the City, utilize the City website, newsletter and news releases to keep the public aware of the goings on of the City. The City also has a strong Lodging Tax Advisory Committee (LTAC) and tourism promoters that do a great job of marketing City tourism and events through magazines, newspapers, brochures and social media.

Goal: Facilities

Strategy #1 – Create a long-term facilities plan

Action Step #3 – Develop a financial funding plan for the financing of City Hall and Police Department.

- The City was awarded a USDA-RD Loan of \$9,461,500 in 2016 and construction began in August of 2017. The City obtained interim financing through Cashmere Valley Bank using Limited Tax General Obligation Bond Anticipation Notes.
- The City has calculated the percentage of money from various funds that will be placed in reserve for the annual debt payment of the USDA-RD loan.



Civic Campus Open House

Strategy #2 – Review financial resources for funding facilities.

Action Step #1 – Research options for funding plan.

- The City has calculated the percentage of money from various funds that will be placed in reserve for the annual debt payment of the USDA-RD loan. These debt payments have been included in the 2019 budget.

Action Step #2 – Implement funding plan.

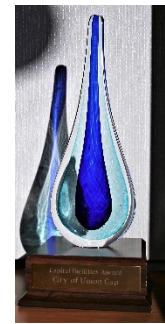
- Continue working with USDA-RD and Cashmere Valley Bank to manage the USDA loan and interim financing for the Civic Campus project.
- Ensure that reserves are in place to meet the ongoing USDA loan debt.

Goal: Economic Development

Strategy #2 – Develop Longfibre Road/Regional Beltway.

Action Step #3 – Develop financial funding plan.

- The City has obtained funding from the National Highway Freight Program (NHFP) for preliminary engineering and right-of-way for the regional beltway project. This funding will be available in 2019.



**Capital Facility
Award**

Goal: Infrastructure

Strategy #1 – Review financial plan for sewer and water utility including today and future operations.

Action Step #1 – Review utility rates needed.

Action Step #2 – Update capital plan annually.

- The Finance and Administration Department is working with HLA and the Director of Public Works and Community Development, providing current and historic statistical information for water and sewer utilities.

Strategy #2 – Develop an infrastructure financial plan as identified in the City's comprehensive plan.

Action Step #1 – Identify financial costs to support the plan.

- The Finance and Administration Department will work with the City Manager and Director of Public Works and Community Development to develop an infrastructure financial plan using financial tools outlined in the City's comprehensive plan and the Growth Management Act (GMA).

Action Step #2 – Research various funding options and create a financial plan to support the cost.

- Staff will study various financial tools within the City's comprehensive plan and the Growth Management Act (GMA) to determine which tool best fits the capital project.

Action Step #3 – Implement the plan as feasible.

- Once the study is completed, a financial plan will be implemented.

Strategy #3 – Create a sidewalk plan.

Action Step #2 – Develop a financial plan for funding the city-wide, priority sidewalks.

Action Step #3 – Research funding options.

Action Step #4 – Implement the plan as feasible.

- The City was awarded \$828,170 from Washington State Department of Transportation (WSDOT) for the Martin Luther King School Sidewalk and Safety Improvement Project. This grant is for preliminary engineering, right-of-way and construction of the project.

Construction is scheduled to begin in June of 2019.

- Staff will continue to seek funding for further sidewalk improvement projects.

Strategy #4 – Review and update the comprehensive park plan.

Action Step #1 – Identify financial costs for the various components.

The comprehensive park plan is being developed within the City's Comprehensive Plan.

- The Finance and Administration Department will work with the City Manager and Director of Public Works and Community Development to develop an infrastructure financial plan using financial tools outlined in the City's comprehensive plan and the Growth Management Act (GMA).

Action Step #2 – Research funding options.

Action Step #3 – Develop a financial plan to fund various components.

- Staff will study various financial tools within the City's comprehensive plan and the Growth Management Act (GMA) to determine which tool best fits the capital project.

Action Step #4 – Implement the plan as feasible.

- Once the study is completed, a financial plan will be implemented.

Goal: Service Efficiency

Strategy #1 – Create a healthy and positive working environment for city employees.

Action Step #1 – Increase the well-being and productivity of staff.

- The Finance and Administration Department has provides employee incentive programs such as employee birthday celebrations, employee recognition for years of service, and consistently placing short articles in the City newsletter about new employees.

Action Step #2 – Support City's Wellness Committee and annually achieve a Well City Award.

- The Wellness Program continues to be a strong employee program that promotes physical, emotion and mental well-being of employees. The City has received 8 Well City Awards since its inception. By receiving this award the City save 2% on annual medical premiums.

Action Step #3 – Improve internal organization communication.

- Moving into the City Civic Complex in 2018 greatly improved communication across the departments. Employees from all departments share common spaces, including a lunchroom and fitness room.

Strategy # 2 – Meet the criteria for the GFOA peer approval for the budget document.

Action Step #1 – Research criteria

- Staff has researched criteria.

Action Step #2 – Create the 2019 budget document consistent with the criteria.

- The 2019 budget document has been developed using the criteria of the GFOA peer review program.

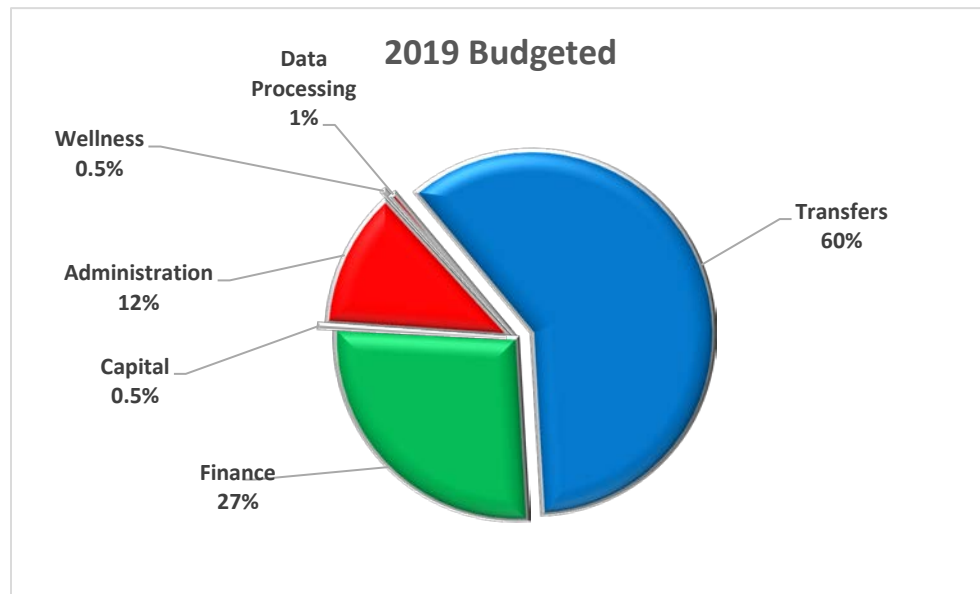
Action Step #3 – Submit the 2019 budget document for informal review to peers.

- The completed 2019 budget document will be submitted for informal peer review.

This chart below shows the percentage of 2019 budgeted expenditures for each division within the Finance and Administration Department. The wellness division is for the Employee Wellness Program, data processing is where IT services are paid from, capital expenditures are for capital needs within the department and transfers refer to transfers from Current Expense to other funds.

The 2019 budgeted transfers include transfers to the General Fund Reserve and Contingency Fund in accordance with the City's Reserve Policy. Funds are also transferred to various other reserve funds such as police vehicle reserve, fire truck reserve, City Hall building reserve and the park development reserve fund.

Below are the itemized 2019 budgeted expenditures for the finance and administrative divisions of the department:



Below are the finance maintenance and operations expenses from 2015 through 2019:

FINANCE - 3 FTE	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Proposed
SALARIES & WAGES					
OVERTIME	150,072	161,471	200,273	281,703	238,604
PERSONNEL BENEFITS	586	3,115	2,516	3,844	1,750
SUPPLIES	81,976	82,579	109,787	134,689	122,841
PROFESSIONAL SERVICES	1,451	2,905	2,793	6,435	3,000
COMMUNICATIONS	32,878	27,235	406	38,590	30,000
TRAVEL	2,388	2,328	2,158	2,196	2,500
ADVERTISING	2,841	3,393	2,143	1,002	3,000
OPERATING RENTALS & LEASES	323	684	651	1,210	500
INSURANCE	1,568	1,609	1,694	2,595	2,000
REPAIRS & MAINTENANCE	4,000	6,538	7,150	7,500	12,000
MISCELLANEOUS	201	3	11	324	500
ELECTION COSTS	2,674	2,659	4,685	2,593	7,000
	0	11,784	5,121	13,059	30,000
	280,959	306,303	339,389	495,739	453,695

Below are the administration (clerk) maintenance and operations expenses from 2015 through 2019:

ADMIN (CLERK) - 2 FTE	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Proposed
SALARIES & WAGES	129,418	100,426	99,707	98,957	124,001
OVERTIME	3,509	1,297	628	848	1,250
PERSONNEL BENEFITS	65,501	55,002	47,206	40,255	55,944
SUPPLIES	2,693	2,914	2,631	5,226	2,500
FUEL	143	134	9	29	500
PROFESSIONAL SERVICES	498	440	127	4,584	2,000
COMMUNICATIONS	2,455	2,771	1,742	2,308	3,000
TRAVEL	4,405	836	3,251	5,732	4,500
ADVERTISING	0	0	0	801	500
OPERATING RENTALS & LEASES	1,324	1,496	1,748	2,144	1,500
INSURANCE	6,500	6,538	0	-	3,250
REPAIRS & MAINTENANCE	69	190	130	324	500
MISCELLANEOUS	4,167	1,814	2,432	4,566	4,500
	220,684	173,857	158,611	165,774	203,945

Capital Expenditures

Capital expenditures are for capital needs within the department. Money is budgeted each year for capital items such as computers, computer software and licensing. On the following page is a graph of the expenditures from 2015 through 2018 and 2019 budgeted totals:

IT Capital Expenditures					
	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Proposed
MACHINERY & EQUIP-FINANCE/ADMIN	0	589	355	0	0
OPERATING RENTALS & LEASES	6,405	534	0	0	0
MACHINERY & EQUIP –DATA PROCESSING	5,132	0	0	2,927	5,000
	11,537	1,123	355	2,927	5,000

Services

The City contracts IT Services through the City of Yakima IT Department. Yakima IT implements, administers and maintains the following processes:

- Network access and licensing
- Internet and email services
- Internet & network security, licensing, software and monitoring
- Disaster recovery
- Network storage
- Police and Fire mobile IT services
- Annual technical services
- Equipment repair (limited)
- Help Desk support
- Resources necessary to ensure the system continues to operate within limitations set forth by system provider

City of Yakima IT provides security, support, storage and technological expertise to the City of Union Gap. Their redundant server provides assurance that data will be safe and recoverable in the event of a catastrophic event. Yakima IT developed and implemented a new, more sophisticated Union Gap website and provide ongoing training and assistance in the updating and maintenance of the website.

Although Union Gap is responsible for public record requests, Yakima IT has provided software that allows access to all Union Gap emails in order to more quickly respond to public record requests. Yakima IT is currently helping Union Gap staff find a public record program that best fits the needs of the City.

The advantages Union Gap has seen since using City of Yakima for IT services are:

- Stronger Online Security
- Redundant Servers for Backup
- Ongoing Support and Maintenance
- Upgraded Email Addresses
- Technicians with Governmental Knowledge
- Updated Website

Another advantage is that we have annual contracts with Yakima IT. Previously the City paid hourly rates to a local, non-governmental agency to provide these services. In addition, now all of the department's in Union Gap use the same IT service provider and have the same email address format.

Data Processing

Data processing for City Hall is included in the Finance & Administration budget. This includes IT services, which are contracted with the City of Yakima IT department. It also includes annual licensing and maintenance charges for BIAS Software, the City's financial software program, and for NextRequest, which is the City's new public records software program.

Expenditures for data processing from 2015 through 2019 are as follows:

Data Processing – IT Services					
	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Proposed*
SUPPLIES	24	1,735	637	0	0
PROFESSIONAL SERVICES	2,993	4,493	740	1,660	22,500
COMMUNICATION	5,758	0	0	1855	0
ADVERTISING	0	0	0	0	0
RENTALS & LEASES	0	0	0	0	0
MISCELLANEOUS	-842	1,121	1,433	1,308	1,000
IT SERVICES	17,348	21,561	12,008	16,458	25,000
	25,280	28,911	14,819	21,281	48,500

* Data Processing charges include City Hall IT Services, financial software and new public records software maintenance

Risk Management

Risk Management falls within the Finance and Administration Department. The department works closely with Washington Cities Insurance Authority (WCIA) to manage risk within the City. Currently the City Manager acts as the primary WCIA delegate with the Director of Finance and Administration as an alternate. WCIA provides liability programs that include auto, general and Police liability as well as errors or omissions, employment practices, employee benefit and stop-gap liability insurance.

Department staff is able to update City property and vehicle schedules through the WCIA website. This ensures that all City vehicles and property are insured and items that are surplus are removed in a timely manner.

WCIA provides valuable training to City staff within each department and reimburses the City for the cost of multiple trainings and certification and accreditation programs. WCIA also has an online program called LocalGovU that provides online training opportunities to City staff across all departments.

WCIA also has a *Pre-Defense Review Program* to assist members with potential sensitive exposures. The program's pre-emptive "damage control" perspective helps members navigate through sensitive issues such as harassment complaints, disability accommodation and potential termination issues.

WCIA also performs an annual risk assessment called a COMPACT. This assessment reviews various practices, procedures and documents that affect risk to the City, focusing on different areas of risk. For example, in 2017 the focus was on special event applications and requirements. WCIA helped staff update the special event process to ensure applications included the proper language, insurance requirements, waivers, etc. The COMPACT focus for 2018 was Police services.

Human Resources and Civil Service

Human resources are the responsibility of the Finance and Administration Department. Staff assists other departments with onboarding of new employees to the extent that they need it.

The Public Works and Community Development Department normally handles reviewing applications, correspondence with applicants, interviews and reference checks. The Finance and Administration Department helps with job description updates, advertisement of positions, background and driver's license checks and ensures required documents are completed and that risk management and personal handbooks are read.

The Police Department falls under civil service. The Director of Finance and Administration, who is the Civil Service Secretary and Chief Examiner, works with staff to perform the civil service duties. The Civil Service Secretary is responsible for civil service meetings, agendas, minutes and other records of the proceedings of the Commission. The Secretary administers and enforces the provisions of the civil service rules; helps with examinations, oversees oral boards; and provides eligibility lists to the commissioners for certification. The Secretary also helps with employment advertising; correspondence with applicants and ensures that required payroll documents are completed.

Public Records Requests, Records Management and Retention

The Finance and Administration Department is responsible for public records, records management and retention. The Public Records Officer, processes public records for the Finance and Administration, and Public Works and Community Developments, using the City's new public record software - NextRequest. NextRequest has given the City the capability of accepting public records online, and it stores requests,

responding documents, and templates. NextRequest also allows for inter-department communication, and notifies staff of upcoming deadlines. When record requests are received, the Public Records Officer forwards them to the proper department for follow-up. The departments provide the necessary documents back to the Public Records Officer who processes, closes and files the claims. Due to the sensitive nature of their records, the Police Department handles their own public record requests, using NextRequest.

The Finance and Administration department also processes and maintains records of the City such as contracts, agreements, budgets, financial and statistical records, resolutions, ordinances and minutes. They are also responsible for retention and destruction of these records.

Employee Wellness Program

The Finance and Administration Department is responsible for the Employee Wellness Program. The program is organized with the help of Association of Washington Cities (AWC). Through their employee trust program, AWC provide ideas, incentives and annual events to help keep employees interested and active in behavior that keeps them mentally, physically and emotionally healthy.

Each year the City applies to AWC for their *Well-City Award*. In order to receive the *AWC Well-City Award*, the City has to meet certain wellness criteria throughout the preceding year by holding events and providing employees with qualifying opportunities to use healthy behavior. This can either be done using AWC's health-inspired contests and activities or through custom-made activities that promote healthy lifestyles.

The City applied for its first *AWC Well-City Award* in 2011 and has received the award every year since. This program not only provides and promotes healthy lifestyle choices to our employees; it also gives the City a 2% discount on our medical insurance through the AWC Trust.

Lodging Tax Advisory Committee

The Finance and Administration Department is responsible for assisting the Lodging Tax Advisory Committee (LTAC). This includes preparation of monthly meeting agendas, minutes, revenue and expenditures reports; annual budget preparation; annual lodging tax expenditure report to the State and other information and assistance as needed. A small percent lodging tax dollars are used to offset staff salaries and wages. This percentage is based on the amount of time spent on lodging tax duties and is paid to the City through an annual administrative services fee.



Construction of Holiday Inn Express 2017

Appendix

UNION GAP CITY COUNCIL

Mission, Goals and Objectives from 2017 – 2018 Strategic Plan:

2017 – 2018 UNION GAP STRATEGIC PLAN

On September 9, 2002, the City Council by Resolution No. 452 adopted the city’s mission statement, vision statement and ongoing 5-year goals.

Mission Statement

“Through creative and responsive leadership we provide: Quality customer service, a responsible partnership with the community, a climate that promotes responsible growth, which will result in a City where people are proud to live, work, and play.”

Vision Statement

“A City that is characterized by community confidence in elected officials and City staff, which encourages community involvement through open communications and public/private partnerships. A City whose goal is to provide needed services and a community sense of wellbeing.”

The Council continues to endorse these mission and vision statements and also the broad goals of “Image”, “Facilities”, “Economic Development”, “Infrastructure”, “Service Efficiency”, and “Public Safety”. The Council recognizes that beyond these broad goals, the city needs to identify strategies for accomplishing these broad goals as well as action steps within those strategies to provide for the measurement of progress towards the adopted goals. The 2017-2018 Strategic Plan is an effort to provide clarity and focus to the accomplishment of city goals so that the City Council, staff, stakeholders, and residents can work collaboratively and effectively with common purpose towards common ends.

IMAGE

Strategy # 1 – Revitalize Main Street

Action Step #1	Develop a reasonable timeline for corridor improvements.	<u>Status</u> Work in progress
Action Step #2	Develop a financial plan for funding the corridor improvements.	<u>Status</u> \$1,900,288 received for VM resurfacing in 2019
Action Step #3	Improve Main Street pedestrian crosswalk at Washington Street.	<u>Status</u> Complete
Action Step #4	Research reducing the speed limit on Main Street.	<u>Status</u> Work in progress – monitoring vehicles and speed

Action Step #5	Research small business incentives for storefront improvements.	<u>Status</u> Work in progress
Action Step #6	Review parking ordinance to determine whether changes might stimulate business investment.	<u>Status</u> Complete
Action Step #7	Research opportunities for transit funded supporting projects.	<u>Status</u> Complete
Action Step #8	Research residential ordinance to determine whether changes stimulate residential investment.	<u>Status</u> Complete – zoning allows for 2 nd floor units.
Action Step #9	Support efforts by other stakeholders to revitalize Main Street.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap will have an attractive and vibrant Main Street that is safe for both pedestrians and vehicle traffic.

Strategy # 2 – Develop Civic Core

Action Step #1	Identify streetscape components for civic core purposes.	<u>Status</u> In 2018 a city-wide beautification program was initiated and it will be an ongoing process in 2019 and in the years to come.
Action Step #2	Implement streetscape components as feasible.	<u>Status</u> Work in progress – lack of funds
Action Step #3	Complete civic campus study.	<u>Status</u> Complete
Action Step #4	Research/obtain funding for civic campus.	<u>Status</u> Complete – USDA loan
Action Step #5	Implement recommendations as feasible.	<u>Status</u> Complete

Outcome/objective: the City of Union Gap will have an identifiable and inviting downtown that is easily accessible and navigable by all means of transportations.

Strategy # 3 – Measure and communicate progress towards achievements of city goals

Action Step #1	Monitor and measure progress towards city goals.	<u>Status</u> On going
Action Step #2	Develop a communication plan utilizing the city website, newsletter, news releases and tourism promoter insights.	<u>Status</u> Work in progress
Action Step #3	Implement the communication plan.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap will have a favorable public image as a place where people are proud to live, work and play.

FACILITIES

Strategy # 1 – Create a long-term facilities plan

Action Step #1	Complete the civic campus study.	<u>Status</u> Complete
Action Step #2	Identify funding needs for constructing City Hall and the Police Department.	<u>Status</u> Complete
Action Step #3	Develop a financial funding plan for the financing of City Hall and the Police Department.	<u>Status</u> Complete
Action Step #4	Review the capital facility needs for other city buildings/operations.	<u>Status</u> Work in progress
Action Step #5	Prepare long-term capital facilities maintenance plan.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap will have adequate facilities to support city operations today and future operations.

Strategy # 2 – Review financial resources for funding facilities

Action Step #1	Research options for funding plan.	<u>Status</u> Complete - USDA Loan
Action Step #2	Implement funding plan.	<u>Status</u> USDA Loan – and 2018 Budget

Outcome/objective: the City of Union Gap will have adequate financial resources for maintaining existing and future facilities.

ECONOMIC DEVELOPMENT

Strategy # 1 – Review development practices and review as necessary

Action Step #1	Review and update comprehensive plan before the GMA June 30, 2017 deadline.	<u>Status</u> Complete – Plan adopted in June 2017
Action Step #2	Review all permit and licensing approval processes to enhance customer service to stimulate increased private investment.	<u>Status</u> Complete

Outcome/objective: the City of Union Gap will bolster its business-friendly reputation by enhancing economic opportunities for current t and future residents and business owners.

Strategy # 2 – Develop Longfibre Road/Regional Beltway

Action Step #1	Construct the next phase of project (to Pine Street).	<u>Status</u> Work in progress
Action Step #2	Finalize alignment of remaining corridor to Fullbright.	<u>Status</u> Complete
Action Step #3	Develop financial funding plan.	<u>Status</u> Work in progress
Action Step #4	Develop a communication and lobbying plan for completion of South Union Gap interchange- and connecting bridge across the railroad.	<u>Status</u> Funding obtained in 2022

Outcome/objective: the City of Union Gap’s industrial and commercial land will be opened to development and access to Main Street and Fullbright Park will be improved.

INFRASTRUCTURE

Strategy # 1 – Review financial plan for sewer and water utility including today and future operations

Action Step #1	Review utility rates and review as needed.	<u>Status</u> We need to review our rates.
Action Step #2	Update capital plan annually.	<u>Status</u> Complete (Will review during the budget process)

Outcome/objective: the City of Union Gap will have adequate infrastructure to support residential, commercial, recreational and governmental activities with sufficient funds to maintain existing infrastructure and invest in new infrastructure as needed.

Strategy # 2 – Develop an Infrastructure financial plan as identified in the comprehensive plan.

Action Step #1	Identify financial costs to support the plan.	<u>Status</u> Work in progress
Action Step #2	Research various funding options and create a financial plan to support the cost.	<u>Status</u> Work in progress
Action Step #3	Implement the plan as feasible.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap will grow responsibility and in a cost-effective manner while supporting existing and future businesses. Additionally, we will strengthen the existing residential neighborhoods.

Strategy # 3 – Create a sidewalk plan

Action Step #1	Identify and prioritize new locations for sidewalks.	<u>Status</u> \$828,170 received for the MLK School sidewalks
Action Step #2	Develop a financial plan for funding the city-wide, priority sidewalks	<u>Status</u> Work in progress
Action Step #3	Research funding options	<u>Status</u> Work in progress
Action Step #4	Implement the plan as feasible.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap will have an improved sidewalk system.

Strategy # 4 – Review and update the comprehensive park plan

Action Step #1	Identify financial costs for the various components.	<u>Status</u> The park plan will be Complete during the Comp Plan update.
Action Step #2	Research funding options.	<u>Status</u> Work in progress
Action Step #3	Develop a financial plan to fund the various components.	<u>Status</u> Work in progress
Action Step #4	Implement the plan as feasible.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap will have high quality parks that meet the needs of park users today and in the future.

SERVICE EFFICIENCY

Strategy # 1 – Create a healthy and positive working environment for city employees.

Action Step #1	Increase the well-being and productivity of staff.	<u>Status</u> On-going – staff is doing a great job.
Action Step #2	Support City’s Wellness Committee and annually achieve a Well City Award.	<u>Status</u> On-going - We have received 8 Well City Awards
Action Step #3	Improve internal organization communication.	<u>Status</u> On-going

Outcome/objective: the City of Union Gap’s workforce will be highly motivated and function effectively in all operations.

Strategy # 2 – Meet the criteria for the GFOA peer approval for the budget document

Action Step #1	Research criteria	<u>Status</u> Complete
Action Step #2	Create the 2018 budget document consistent with the criteria.	<u>Status</u> Arlene and Karen are working on these action steps.
Action Step #3	Submit the 2018 budget document for informal review to peers.	<u>Status</u>

Outcome/objective: the City of Union Gap will be recognized for adhering to best practices for reporting the annual budget.

PUBLIC SAFETY

Strategy # 1 – Evaluate effectiveness of contract for fire protection services

Action Step #1	Complete integration of fire operations.	<u>Status</u> Complete
Action Step #2	Continue to review operations in light of industry best practices.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap will benefit from high quality, affordable fire protection services.

Strategy # 2 – Reduce residential blight

Action Step #1	Review current practices.	<u>Status</u> On-going
Action Step #2	Streamline current practices and shorten response timeline.	<u>Status</u> Work in progress
Action Step #3	Coordinate police patrol practices with blight problem areas.	<u>Status</u> Work in progress
Action Step #4	Develop public education program and recognition for property owner improvements.	<u>Status</u> Complete

Outcome/objective: the City of Union Gap residents will experience safer, more attractive residential neighborhoods.

Strategy # 3 – Implement crime-free housing program

Action Step #1	Review neighboring crime-free rental housing programs for effectiveness.	<u>Status</u> Chief Cobb is working on this.
Action Step #2	Develop a program with input from landlords and other stakeholders.	<u>Status</u> Work in progress
Action Step #3	Present draft program with guidelines to the City Council for consideration.	<u>Status</u> Work in progress
Action Step #4	Implement the program if approved by City Council.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap will help landlords provide safe housing for renters.

Strategy # 4 – Enhance youth activities to reduce gang involvement

Action Step #1	Review Gang Free Initiative funding opportunities.	<u>Status</u> On-going
Action Step #2	Strengthen existing city operated youth programs and recreation opportunities for Union Gap youth.	<u>Status</u> On-going for all action steps

Action Step #3	Continue to participate/organize National Night Out.	<u>Status</u> On-going. 2017 exceed attendance expectations.
Action Step #4	Partner with stakeholder organizations working to provide area youth with positive alternatives to gang involvement.	<u>Status</u> Work in progress

Outcome/objective: the City of Union Gap's youth will experience a broad range of positive activities and the community will benefit from reduced gang activity.

Strategy # 5 – Implement a diversion program for low-level offenders

Action Step #1	Review existing prosecution filings.	<u>Status</u> Complete
Action Step #2	Determine criteria for diversion of certain offenses.	<u>Status</u> Complete
Action Step #3	Implement diversion programs.	<u>Status</u> We have first time offenders program
Action Step #4	Review the impact of the program via case filings.	<u>Status</u> Work in progress.

Outcome/objective: the City of Union Gap's court system will provide a range of options to sanction criminal behavior tailored to the circumstances of the offense while reducing total costs associated with municipal court operations.

GLOSSARY OF BUDGET TERMS

The following are definitions for common terms found in budget summary statements, as well as an explanation of financial terms found in this budget document.

ACCOUNT. A chronological record of public funds showing receipts, disbursements, and the balance.

ADOPTED BUDGET. The financial plan adopted by the City Council which forms the basis for appropriations.

APPROPRIATION. An authorization made by the City Council that permits officials to incur obligations against and to make expenditures of governmental resources.

ASSESS. To establish an official property value for taxation purposes.

ASSESSED VALUATION. The estimated value placed upon real and personal property by the County Assessor as the basis for levying property taxes.

B.A.R.S. The State of Washington prescribed Budgeting, Accounting, and Reporting System manual for which compliance is required for all governmental entities in the State of Washington.

BASIS OF ACCOUNTING. A term used to refer to when revenues, expenditures, expenses, and transfers – and the related assets and liabilities – are recognized in the accounts and reported on the Financial statements. It relates to the timing of the measurements made, regardless of the nature of the measurement, on either the cash or accrual method.

BASIS OF BUDGETING. The City's Governmental functions and accounting systems are organized and controlled on a fund basis. The accounts within the funds are maintained on a modified accrual basis for governmental, expendable trust, and agency funds. Revenues are recognized when measurable and available as current assets. Expenditures are generally recognized when the related services or goods are received and the liability is incurred. Proprietary funds are accounted for on the full accrual basis of accounting.

BENEFITS. Employer contributions paid by the City as part of the conditions of employment. Examples include health/dental insurance, state public employee's retirement system, city retirement system, and employment security.

BOND (Debt Instrument). A written promise to pay (debt) a specified sum of money (called principal or face value) at a specified future date

(called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt to pay for specific capital expenditures.

BUDGET. A plan of financial operation embodying an estimate of expenditures for a given period and the proposed means of financing them (revenue estimates). The term is also sometimes used to denote the officially approved expenditure ceilings under which the City and its departments operate.

BUDGET AMENDMENT. A change to a budget adopted in accordance with State law. A budget may be amended to increase expenditures/expenses at the fund level by ordinance without public notice or public hearing requirements, when unanticipated revenues occur or emergencies exist (RCW 35A.33.080 and 35A.33.120). The City Manager is authorized to make budget amendments between organizations of the same fund, as long as there is no change in the total budget for that fund.

BUDGET MESSAGE. A message prepared by the City Manager explaining the annual proposed budget, articulating the strategies and budget packages to achieve the City's goals, and identifying budget impacts and changes.

BUDGET PROCESS. The process of translating planning and programming decisions into specific financial plans.

C.D.B.G.
Community Development Block Grant.

CAPITAL EXPENDITURES. Expenditures made to acquire, reconstruct, or construct major fixed or capital assets. A capital asset must exceed \$5,000 in cost and have an expected useful life expectancy of at least 3 years. A fixed asset is a tangible object of long-term character which will continue to be held or used, such as land, buildings, machinery, furniture, and other equipment. For purposes of this definition, a "fixed asset" includes a group of items purchased together that will be used "for a single purpose" and could not be used effectively by themselves.

CAPITAL FACILITIES PLAN. A capital Facilities plan includes an inventory of existing facilities, a forecast of future needs, proposed locations, capacities for new or expanded facilities, and a financing plan. The financing plan outlines the costs, revenues, and time schedules

For each capital improvement project. In compliance with the Growth Management Act legislation within the State of Washington, the City is preparing such a plan.

CASH BASIS OF ACCOUNTING. The method of accounting that records revenues only when they are actually received and expenditures only when cash is paid.

CONTINGENCY. A budgetary reserve set aside for emergencies or unforeseen expenditures for which no other budget exists.

COUNCIL GOALS. Statements of direction, purpose, or intent based on the needs of the community, generally to be completed within a specified time period.

CUSTOMER. The recipient of a product or service provided by the City. Internal customers are usually City departments, employees, or officials who receive products or services provided by another City Department. External customers are usually citizens, neighborhoods, community organizations, businesses, or other public entities who receive products or services provided by a City Department.

DEBT SERVICE. Payment of interest and repayment of principal to holders of the City's debt instruments.

EXPENDITURES/EXPENSES. Where accounts are kept on the modified accrual basis (expenditures) or accrual basis (expenses) of accounting, the cost of goods received or services rendered whether cash payments have been made or not. Where accounts are kept on a cash basis, expenditures are recognized only when the cash payments for the above purposes are made.

FIDUCIARY FUNDS. The City uses fiduciary funds to assist in accounting for assets held under trust or agency agreements. These funds include 1) agency funds that account for resources where the City acts solely as an agent in collecting and dispensing monies, and 2) expendable trust funds that account for resources where the City acts as a formal or informal trustee for restricted fund users. For agency funds, no fund balance is maintained and no appropriations are necessary. These funds are accounted for on a modified accrual basis. The City's Deferred Compensation Fund is an agency fund that accounts for monies withheld from employees under deferred compensation plans and the fund's earnings and investments. Trust funds may be expendable and use modified accrual accounting for a specific project or service, or they may be non-expendable and use an accrued basis of accounting to focus on the ongoing retention of earnings. The City's trust

fund is expendable and accounts primarily for the City of University Place Retirement Plan and donations for a specific purpose.

FISCAL YEAR. A 12-month period to which the annual operating budget applies. At the end of the period, the City determines its financial position and the results of its operations. The Fiscal Year is January 1 through December 31 for local governments in Washington.

FUND. An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives. See the Budget by Fund section for specific fund category purposes and descriptions.

GENERAL FUND. This fund accounts for the financial operations of the City, which are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, state shared revenues, licenses, permits, and charges for services. Primary expenditures in the General Fund are made for police and fire protection, building development and planning, parks, and City Council.

GENERAL OBLIGATION. Bonds for which the full faith and credit of the insuring government are pledged for bonds payment.

GOAL. A long-range statement of broad direction, purpose, or intent, based on the needs of the community.

GRANT. A cash award given for a specified purpose. The two major forms of Federal and State grants are block, and discretionary or categorical. Block grants are awarded primarily to general purpose governments, are distributed to them according to formulas established in the law, and can be used for any locally determined activities that fall within the functional purpose of the grant as stated in the law. Discretionary or categorical grants can be used only for a specific purpose and usually are limited to narrowly defined projects or activities.

INPUT. A resource, monetary or non-monetary, that is used in delivering a program or service, such as hours of labor and numbers of bricks.

INTERFUND TRANSFERS. Contributions from one City fund to another in support of activities of the receiving fund. Loans are not included.

INTERGOVERNMENT. Services purchased from other government agencies, normally including types of services that only government agencies provide.

LEVY. The total amount of taxes or special assessments imposed by the City.

LID, Local Improvement District. A local improvement district is composed of properties benefiting from a specific capital improvement project, such as a sewer line extension.

MAINTENANCE. The act of keeping capital assets in a state of good repair. It includes preventative maintenance, normal periodic repairs, replacement of parts or structural components, and other activities needed to maintain the asset so that it continues to provide normal services and achieves its optimum life.

MISSION. A short description of the scope and purpose of a City Department. It specifies what the Department's business is.

OBJECT. As used in expenditure classification, this term applies to the type of item purchased or the service obtained (as distinguished from the results obtained from expenditures). Examples are personnel services, supplies, and services and charges.

OPERATING REVENUES. Those revenues received within the present fiscal year.

ORDINANCE. The method by which the appropriation of the budget is enacted into law by the Council per authority of the State statutes.

PERS, the Public Employees Retirement System. A State of Washington-defined benefit pension plan to which both employee and employer contribute.

PLAN. A list of actions that management expects to take. A plan is a basis for allocating the organization's resources to deal with opportunities and problems present in the environment.

PROGRAM. A group of related activities to accomplish a major service or core business function for which the City is responsible. A program is typically part of a division within a department.

PROPOSED BUDGET. The budget proposed by the City Manager to the City Council for review and approval.

PROPRIETARY FUNDS. Recipients of goods or services pay directly to these funds. Revenues are recorded at the time services are provided, and all expenses incurred in earning the revenues are recorded in the same period. As a result, there is a direct cause and effect relationship between revenue and expenses in these funds.

RATINGS. In the context of bonds, normally an evaluation of credit-worthiness performed by an independent rating service.

RESERVE. An account used to indicate that a portion of fund equity is legally restricted for a specific purpose.

RESOURCES. Total dollars available for appropriations including estimated revenues, fund transfers, and beginning fund balances.

REVENUE. Income received by the City in support of a program or services to the community. It includes such items as property taxes, fees, user charges, grants, fines and forfeits, interest income, and miscellaneous revenue. See Operating Revenue.

REVENUE ESTIMATE. A formal estimate of how much revenue will be earned from a specific revenue source for some future period - typically a future fiscal year.

SALARIES AND WAGES. Amounts paid for personnel services rendered by employees in accordance with rates, hours, terms, and conditions authorized by law or stated in employment contracts. This category also includes overtime, temporary help, and car allowances.

SERVICES AND CHARGES. Services acquired from and fees/payments made to vendors. These include printing, professional services, travel and training, communications, public utility services, repair/maintenance, and insurance premiums.

SPECIAL REVENUE FUNDS. These funds account for revenue derived from specific tax or other earmarked revenue sources which are legally restricted to finance particular functions or activities.

STATE SHARED REVENUE. Revenues received from the State of Washington from sources like the liquor tax, and MVET.

SUPPLIES. Items used to deliver services, such as office supplies, short-lived minor equipment with no material value, periodicals, and books and generic computer software.

TAX. Compulsory charge levied by a government to finance services performed for the common benefit.

TAX LEVY. Total amount of ad valorem tax certified by the City.

TAX RATE. The amount of tax stated in terms of units per \$1,000 of assessed value of taxable property. The tax rate is the result of dividing the tax levied by the assessed value of the taxing district.

USER FEES. The payment of a fee for direct receipt of a public service by the person benefiting from the service.

VISION. An objective that lies outside the range of planning. It describes an organization's most desirable future state

