

2023 ANNUAL BUDGET

CITY OF UNION GAP, WASHINGTON



Union Gap Civic Campus, est. 2018

CITY OF UNION GAP

UNION GAP, WASHINGTON

2023 ADOPTED ANNUAL BUDGET

LEGISLATIVE BODY

John Hodkinson	<i>Mayor</i>
Roger Wentz	<i>Deputy Mayor</i>
James Murr	<i>Council Member</i>
Jack Galloway	<i>Council Member</i>
David Hansen	<i>Council Member</i>
Julie Schilling	<i>Council Member</i>
Sandy Dailey	<i>Council Member</i>

ADMINISTRATION

Sharon Bounds	<i>City Manager</i>
Karen Clifton	<i>Director of Finance and Administration</i>
Gregory Cobb	<i>Chief of Police</i>
Stace McKinley	<i>Police Lieutenant</i>
Dennis Henne	<i>Director of Public Works & Community Development</i>
David Dominquez	<i>Civil Engineer</i>
Lynette Bisconer	<i>Deputy City Clerk/Treasurer</i>

TABLE OF CONTENTS

2023 ANNUAL BUDGET

READER'S GUIDE

Reader's Guide	1
----------------------	---

BUDGET MESSAGE

City Manager's Budget Message	2
Community Profile	10
The Organization	12
Boards and Commissions	13
Budget Process	15
Financial Policies	17
Basis of Accounting and Budgeting	21

EXECUTIVE SUMMARY

Organization of the Adopted 2023 Budget	24
General Government Fund Revenues	31
Utility Fund Revenues	42
Capital Fund Revenues	43
Interfund Transfers	44
2023 Adopted Budget Summary by Fund	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	51
Contracted Services:	
Municipal Court and Legal Services	52
Fire Protection	53
Public Works and Community Development Department	55
Police Department	65
Finance and Administration Department	68

APPENDIX

Glossary of Budget Terms	74
--------------------------------	----

READERS GUIDE

Understanding a governmental budget and its specialized terminology and organization can be a challenging exercise. We provide the Readers' Guide 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. This Guide consists of five major sections: The Budget Message, Executive Summary, Departments, 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	Boards and Commissions
Community Profile	Budget Process
City Organizational Chart	Financial Policies
The Organization	Basis of Accounting and Budgeting

EXECUTIVE SUMMARY

This section presents a broad summary of the revenues and expenditures for all of the City's funds. Information is shown 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	2023 Uses by Fund and Category
Revenue Assumptions	Expenditures by Object Category
Six-Year Financial Forecast	Ending Fund Balances
2023 Sources by Fund and Category	Full-Time Equivalent Positions

DEPARTMENTS AND PROGRAMS

The budgets of General Fund departments focus on accountability and responsibility assigned to each program. Program or division within each department organizes this section.

APPENDIX

The appendix includes Glossary of Budget Terms.

**Honorable Mayor, Deputy Mayor, City Council, and the
Citizens of the City of Union Gap**

Dear Mayor, Deputy Mayor, Council Members, and Fellow Residents:

I am pleased to present to you the City's 2023 Budget. The city budget serves as a financial roadmap for the City of Union Gap. The overall budget totals are \$64,466,633.

Much like 2022, staff will continue to monitor revenues and will adjust expenditures accordingly. Our goal is that staff continues to be financially disciplined, while operating within the confines of the budget.

The City remains focused on meeting the City's funding objectives as discussed and described within the budget document.

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

This document represents our continued commitment to prudent and conservative fiscal management, effective service delivery and providing our citizens with the highest quality of life. The budget establishes the direction for all City government programs and services for the 2023 year. It represents the fusion 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 adoption of the budget is one of the City Council's most important roles.

Respectfully submitted,

Sharon Bounds

Sharon Bounds, Interim City Manager

2-YEAR PROJECT GRANTS AND EXPENDITURES RECAP

Year	Project	Funding	Source
2022	West Ahtanum Road Resurfacing	\$1,5680,500	Federal and City
	Main Street Pedestrian Crossing Improvement	\$52,500	State
	South Broadway Sewer Extension	\$1,680,000	County, City and Private
	Valley Mall Blvd Resurfacing	\$184,950	Federal
	Regional Beltway Phase 2	\$7,683,300	Federal and City
	Transit Marketing Program	\$13,000	WSDOT
2023	Main Street Pedestrian Crossing Improvement	\$340,509	State
	Valley Mall Blvd Resurfacing	\$1,048,050	Federal
	Longfibre Road Resurfacing	\$356,270	State and City
	Ahtanum Road Sidewalk	\$154,696	State
	Library & Community Center	\$3,735,748	State, Federal, County, City

ECONOMIC DEVELOPMENT

In March 2020, the City of Union Gap along with many other cities declared an emergency for the COVID-19 pandemic. As in most cities across America, the economic consequences of business restrictions and closures affected the City's Sales Tax, Lodging Tax, Building Permit Fees, Business Licenses, Gambling Tax, and various criminal justice revenues.

The lack of revenues were measureable and strict budgeting expenditure methods were implemented. Businesses were closed for over four months due to the pandemic. At least 60% of the businesses in Union Gap were affected by the pandemic. In addition to business closures, the schools were ordered closed by the Governor.

In June 2020, as the pandemic raged on, the Federal Government passed the CARES Act with purpose of restoring lost incomes for businesses throughout the United States. Several businesses in Union Gap received local, State and Federal CARES Act funding totaling over \$621,054. While this funding did not replenish all that was lost, we do believe it helped sustain businesses.

The City ended 2022 with a lower ending fund balance than anticipated, however, the 2022 Annual retail sales tax revenues were higher than the previous five years.



Veterans Medical Clinic - Opened 12/022



Cashmere Valley Bank – Opening 08/2023



Fuji Restaurant – Est. Opening 12/2023

UNION GAP LIBRARY AND COMMUNITY CENTER COMING SOON!

In May 2019, Senator Jim Honeyford representing the 15th Legislative District was successful in requesting and receiving a \$2,000,000 grant for the City of Union Gap Library and Community Center. The City received a total of \$1,950,000 (less an administrative fee) and the City Council committed \$293,461 to the project for a total of \$2,243,461.00.

In the fall of 2019 by a margin 63%, the citizens of Union Gap overwhelmingly approved annexation to the Yakima Valley Rural Library District. The City will build the facility and the Library District will operate a full-service library for our community.

In January 2020, The Union Gap City Council selected BORA Architecture as the project's lead architect for the project. Designs were prepared and the City went out to bid for construction in April 2021, with the lowest bid coming in at nearly \$700,000 higher than the construction budget, due to increased materials costs. At the May 24, 2021 Council meeting, the Council voted to reject all bids and go back out to bid in the fall, when material costs might be lower.

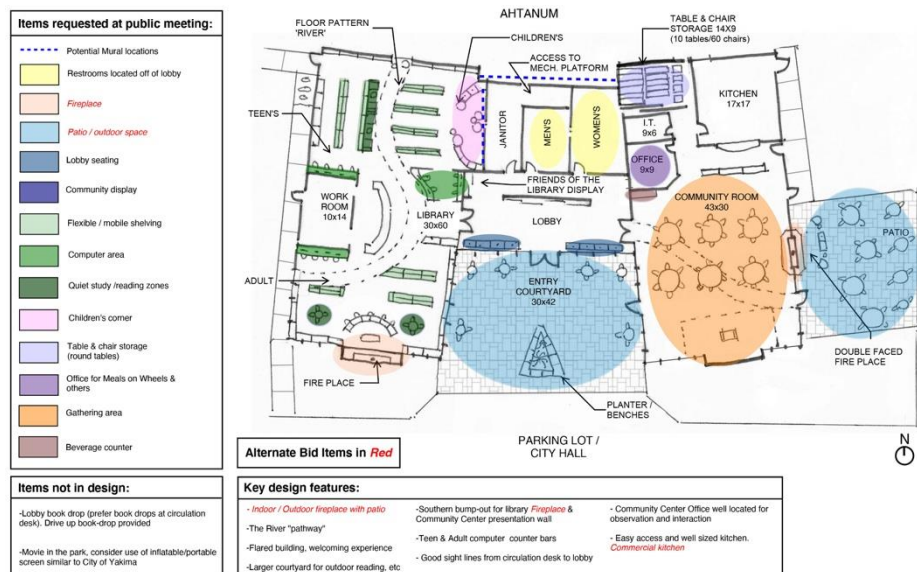
Since that time, the City found additional monies to fill the funding gap. On March 13, 2023, the Council awarded the construction contract bid, and construction is expected to begin in spring of 2023.

Union Gap Library and Community Center





Following are some Library and Community Center designs produced by BORA Architecture:

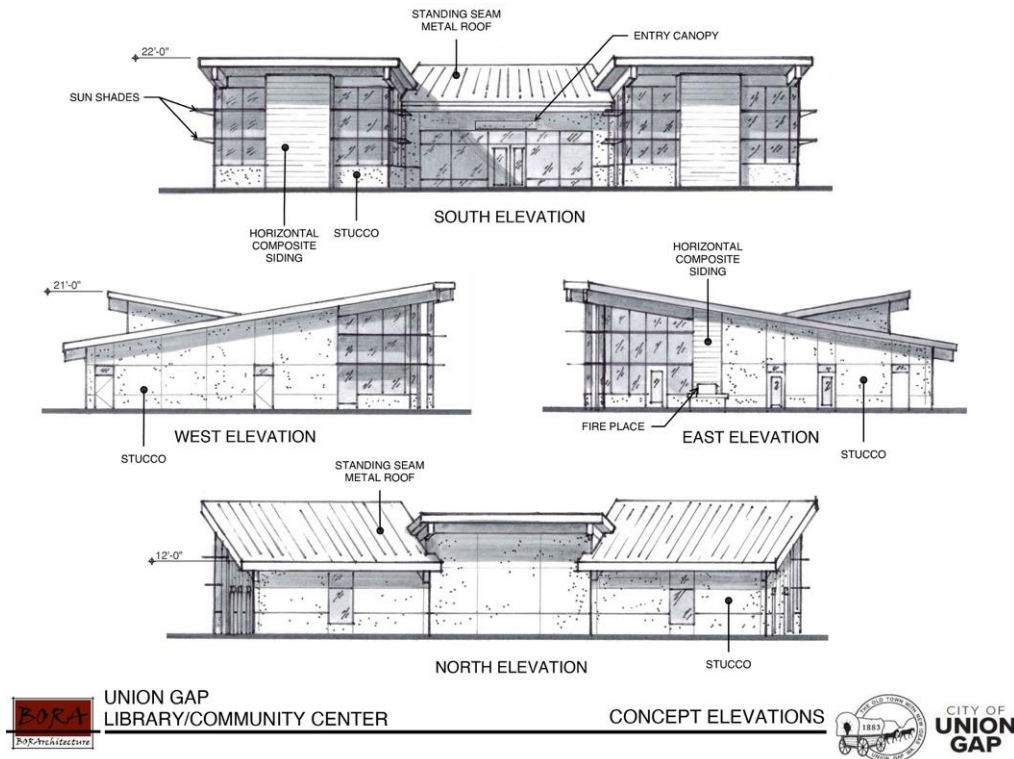


UNION GAP
LIBRARY/COMMUNITY CENTER

OPTION 'A4'
KEY PLAN



CITY OF
UNION GAP



Library and Community Center Details – Floor Plan

The new Union Gap Library and Community Center will be accessed via an entry courtyard designed to welcome visitors as well as to host gatherings and casual public use. The lobby serves both the Library and Community Center, providing restrooms and support facilities for both sides. The Library (west wing) is just over 2,000 square feet and will feature a generous Children's Area with a reading corner, fun furnishings and mobile shelving to allow the flexibility to support a wide range of programs. The Teen Area will house a connection bar for use of electronic devices as well as booth seating for study and team projects. A focal Check-Out (Circulation) Desk provides ease of access for patrons as well as full visibility for staff. The Community Center (east wing) has been designed at roughly 2,000 square feet and features a nice sized gathering space facing south for presentations and performances. A kitchen has been included to support Meals on Wheels and other community functions. The floor plan is rounded out with an office and support spaces.



May 10, 2023 Library & Community Center Groundbreaking Ceremony

THE UNION GAP COMMUNITY

Union Gap is conveniently located about four 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) makes development and redevelopment in the community very attractive.

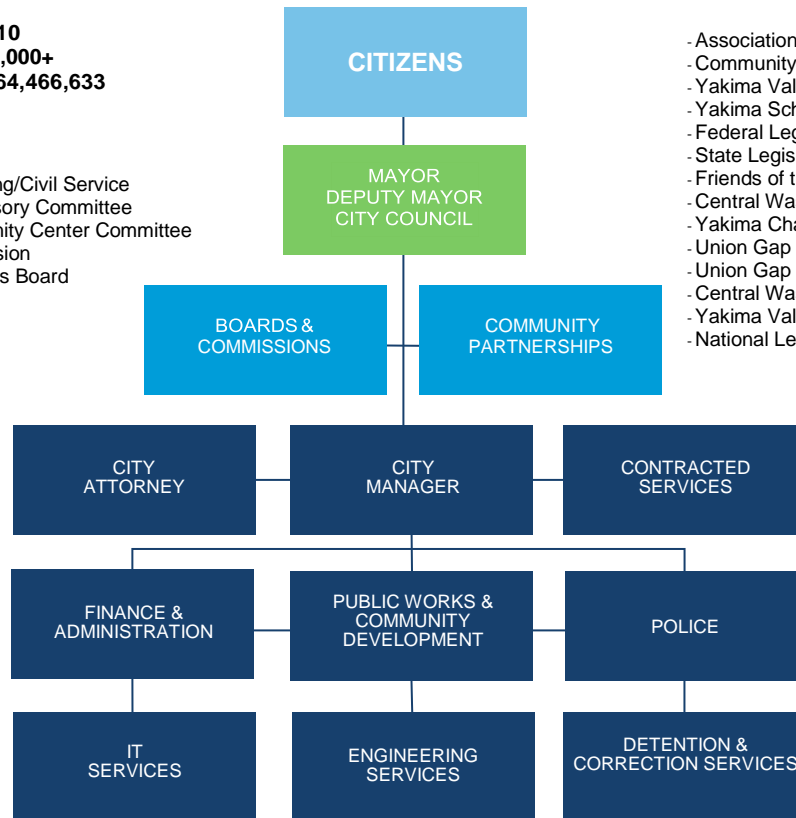
The City of Union Gap was originally named Yakima City and was officially incorporated on November 23, 1883. When bypassed by the Northern Pacific Railroad in December 1884, over 100 buildings were moved with rollers and horse teams to the nearby site of the train depot. The new city was dubbed North 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 6,500 residents. Given the strong economy, and many large corporations that call Union Gap home, the daytime population increases to approximately 30,000+. 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.

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

Mandated Fund Transfers 2023			
From Fund	To Fund	Amount Transferred	City Council Mandate
Current Expense	132 - Community Events	\$5,000	Holiday Parade
Current Expense	132 - Community Events	\$10,000	Old Town Days
Current Expense	113 - Fire Truck Rsv	\$200,000	Fire Services Contract
Street	117 - PW Bldg Rsv	\$12,200	Annual Contribution
Street	112 - PW Equip Rsv	\$2,000	Annual Contribution
Infrastructure Rsv	121 - Street Devel Reserve	\$212,422	Ahtanum Rd Grind & Overlay - Const
Infrastructure Rsv	121 - Street Devel Reserve	\$32,000	E Washington Grind & Overlay - Const
Infrastructure Rsv	121 - Street Devel Reserve	\$258,620	S. 10th Avenue Bridge
Infrastructure Rsv	121 - Street Devel Reserve	\$26,892	Shop Bridge
Infrastructure Rsv	121 - Street Devel Reserve	\$35,260	Longfibre Resurfacing - Const
Transit	112 - PW Equip Rsv	\$2,000	Annual Contribution
Transit	112 - PW Bldg Rsv	\$12,187	Annual Contribution
Water	404 - Water Devel Rsv	\$100,000	Reserve Contribution
Water	112 - PW Equip Rsv	\$2,000	Annual Contribution
Water	117 - PW Bldg Rsv	\$12,200	Annual Contribution
Garbage	406 - PW Equip Rsv	\$2,000	Civic Campus Debt Payment
Garbage	406 - PW Bldg Rsv	\$12,200	Annual Contribution
Sewer	405 - Sewer Devel Rsv	\$100,000	Reserve Contribution
Sewer	405 - PW Equip Rsv	\$20,000	Annual Contribution
Sewer	405 - PW Bldg Rsv	\$12,200	Annual Contribution
Total		\$1,069,181	

Population: 6,510
Employment: 50,000+
2023 Budget: \$64,466,633
FTE's 46

-- Community Policing/Civil Service
-- Lodging Tax Advisory Committee
-- Library & Community Center Committee
-- Planning Commission
-- Recreation & Parks Board



- Association of Washington Cities (AWC)
- Community Transit
- Yakima Valley Conference of Governments
- Yakima School District
- Federal Legislators
- State Legislators
- Friends of the Library
- Central Washington Agricultural Museum
- Yakima Chamber of Commerce
- Union Gap Master Gardeners Club
- Union Gap Seniors Group
- Central Washington Home Builder's Assoc.
- Yakima Valley Tourism
- National League of Cities

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, the City Council. The City provides services through a combination of city employees, public and private contracts, and a number of partnerships including community volunteerism and participation.

The City divisions are:

- **Legislative** – City Council, which includes seven Council Members (from which the Council elects a Mayor and Deputy Mayor);
- **Executive** - City Manager, which includes the Executive Assistant, City Attorney and other contracted services;
- **Finance and Administration**, 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) has lowered our Protection Class from 4 to a 3. This will result in insurance savings to our businesses and residents. The City contracts with Yakima County District Court for court services and with Yakima County for jail services. Pacific Power delivers electric services, and Medstar Community Transit provides public transportation services, which are free due to a 2% transportation tax. The Yakima Regional Library provides library services to Union Gap. The City is home to two award-winning elementary schools, Union Gap School, and Martin Luther King Jr. School. Yakima School District provides middle and high school services, as well as LaSalle High School, which is a Catholic college preparatory school.

Despite the pandemic, we had another year of great accomplishments, primarily the design of the new Library and Community Center. Looking back, the following are just a few of the City's notable projects:

- South Broadway Sewer Extension design
- Ahtanum/Main Street Stormwater Improvement design
- Ahtanum Road Grind and Overlay design
- Main Street Paving Phase I
- East Washington Avenue Grind and Overlay

It is my honor to present you with the City's 2023 Budget Book.

Respectfully submitted,

Sharon Bounds

Sharon Bounds, City Manager

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) makes development and redevelopment in the community very attractive.



Union Gap School



La Salle High School

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 6,500 residents. Given the strong economy and many large corporations that call Union Gap home, the daytime population increases to approximately 30,000. 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 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 civic campus 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.



Central Washington Agricultural Museum

MAJOR EMPLOYERS:

The single largest employer in Union Gap is Borton & Sons Inc. with 415 employees. Below are the top 10 employers in Union Gap:

	EMPLOYER	PRODUCT/SERVICE	# OF EMPLOYEES
1	COSTCO WHOLESALE #1013	Retail Sales	395
2	PRIME WINDOW SYSTEMS, LLC	Industrial/Manufacturing	311
3	BORTON & SONS INC	Warehousing/Storage	300
4	COLUMBIA VALLEY FRUIT, LLC	Warehousing/Storage	253
5	G. S. LONG COMPANY	Agriculture Service	176
6	MAGIC METALS INC	Industrial/Manufacturing	166
7	KING BEVERAGE INC	Wholesale Trade	208
8	HANSEN FRUIT CO., LP	Warehousing/Storage	162
9	CABELA'S 440	Sports & Fitness	150
10	WINCO FOODS	Food/Grocery	133

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 1163 individuals.

CITY OF UNION GAP AT A GLANCE

City Information

Incorporated	November 23, 1883
Civic Campus.	102 W. Ahtanum Rd
Information Phone	(509) 248-0432
Form of Government.	Council – Manager
Population (2022)	6,498
Land Area	5.58 square miles
Average Annual Temp. (F)	23°(min) – 91°(max)
Average of 0.69" of rain & 1.92" of snow per year	

Public Services

Post Office	3514 Main Street
WA State Dept. of Licensing	2725 Rudkin Road
Yakima Health District	1210 Ahtanum Ridge Drive
Work Source Yakima	1205 Ahtanum Ridge Drive
WA State Dept. of Ecology	1250 W. Alder Street
WA State DSHS	1200 W. Alder Street
Free Transportation Service	(509) 574-8000

City Parks

Parks	4 (202+ acres)
Picnic Reservation Areas	17
Event Buildings Available	2
Soccer Fields	20
Skate Park	1

Economic Information

Total Business Licenses (2022)	889
Average Home Value (2022)	\$140,200
Median Rent (2022)	\$883
Property Tax Rate (2022)	\$2.24 per \$1,000
Sales Tax Rate	8.2%

SCHOOLS

Public	3201 S. 4 th Street
Private	3000 Lightning Way

Demographic information

Total Households (2022)	2,073
Median Household Income	\$52,552
Median Age (2022)	34.7
Veterans (2022)	155
*U.S. Census Bureau	

THE ORGANIZATION

The City of Union Gap is a Council-Manager form of government with seven Council Members, a City Manager and 3 departments; Finance and Administration, Public Works and Community Development and Police.

LEGISLATIVE BODY

There are seven Council Members with equal voting rights and. The City Council elect the Mayor and Deputy Mayor. The current members are:

Position Number	Name	Title
1	John Hodkinson	Mayor
2	James Murr	Council Member
3	Roger Wentz	Deputy Mayor
4	Jack Galloway	Council Member
5	David Hansen	Council Member
6	Julie Schilling	Council Member
7	Sandy Dailey	Council Member

ADMINISTRATION

The administrative staff is:

Name	Title
Sharon Bounds	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/Public Records Officer

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 5:30 p.m.

CIVIL SERVICE COMMISSION – The Civil Service Commission works with the Police Chief and Civil Service Secretary to ensure compliance with the adopted Civil Service Rules. They also make amendments to the rules and hold public hearings for Civil Service employees 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 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 pays for tourism marketing through these revenues. LTAC meets on the fourth Tuesday of each month at 1:30 p.m.

CONTRACTED SERVICES

Contracted Services are as follows:

<u>Service</u>	<u>Service Provider</u>
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	Jessica Foltz of Rio Foltz Law
Prosecutor Services	Margita Dornay Law Office

MAJOR PARTNERS

The City of Union Gap collaborates 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 Gardener 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
- JUB Engineers
- Menke, Jackson, Beyer, LLP
- Foster Pepper, PLLC
- City of Yakima
- Yakima County
- WA State Auditor's Office
- WA Cities Insurance Authority (WCIA)
- ESD 105

CITY DEPARTMENTS

There are three departments within the City, which are:

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

Union Gap contracts Fire Protection Services through the City of Yakima and Municipal Court Services through the Yakima County District Court.

BUDGET PROCESS

PROCEDURES FOR ADOPTING THE BUDGET

The City's budget process and the time limits follow the Revised Code of Washington (RCW) 35A.34. The City's finance team follows the process shown in the table:

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 presents the proposed budget message and estimated revenues from all funds 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 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. The public can get copies of the Budget 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. The purpose of the policy was 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. The City Council established this policy *to provide sufficient cash flow to meet financial needs*, especially before the city receives first quarter property tax.
- 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. We established this policy 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 managed well 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. Priorities services are:

- 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 parkland, buildings, streets, right of way and equipment.
- Recreational and youth programs.
- Pursue Council and Community goals.

To ensure efficient use of community dollars 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 prohibited 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.
- We perform periodic rate studies 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 part or whole of a service.
- We established rental fees 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

- Periodically A detailed study of utility rates and other utility charges to ensure utility revenue is meeting, and not exceeding, need.
- Utility rates are set 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, are set 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 accessible for operations or 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. Currently the City has over \$3 million dollars invested outside of the Local Government Investment Pool (LGIP), working with Time Value Investments (TVI), investing in governmental bonds, in order to earn additional interest outside of those funds in the *Local Government Investment Pool (LGIP)*.

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 are invested in only those investments permitted by Federal and State law as it relates to public funds. All of the City's funds are 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 liquid to meet all cash requirements reasonably anticipated. We accomplish this by structuring the portfolio in the following manner: (a) The City purchases 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 are 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 consists largely of investments with active secondary markets.
- **Yield:** The City's investments are 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 bonds provide a substantial, safe return.

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, 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. Unlike anything we seen today, the COVID-19 is another we may use the “Rainy Day Fund”. Expenditures from this fund are only by the vote of one more than the majority of all members of the City Council.
- A General Operating Reserve (beginning fund balance) maintains 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 cannot be 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 are used for one-time expenditures only. (For example, the Library and Community Center grant can ONLY be used for that project.)
- 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

The City maintains their accounting records in accordance with methods prescribed by the State Auditor. This authority comes from 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 are:

1) GOVERNMENTAL FUNDS

Governmental funds are to be 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 as follows:

The **General Fund (Current Expense)** is the general operating fund of the City and accounts for all activities that are not accounted for in other funds. (The General Fund is the City’s operational 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 – must 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. We recognized revenues 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. We appropriate the budget 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
- Tourism Promotion
- Hotel/Motel Tax
- Transit System
- Marijuana Excise Tax
- Housing Rehabilitation

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
- Library & Community Center
- Street Development. Reserve
- Development Mitigation Reserve
- Park Development Reserve
- Regional Beltway Connector

EXECUTIVE SUMMARY

Organization of the Adopted 2023 Annual Budget

This budget message is meant 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 2023, and 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:

1. General Government Funds

- General Programs
 - 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
 - Street
 - Hotel/Motel Tax
 - Tourism Promotion Assess
 - Transit
 - Marijuana Excise Tax
 - Housing Rehabilitation

2. Utility Funds

- Water
 - Water Improvement Reserve
- Sewer/Storm Water
 - Sewer Improvement Reserve
- Garbage
 - Garbage Reserve
- Public Works Equip Reserve
- Public Works Building Reserve

3. Capital Improvement Funds

- Street Development Reserve
- Infrastructure Reserve
- Park Development Reserve
- Valley Mall Blvd. Improvement
- Library & Community Center
- Municipal Capital Impr (REET)
- Development Mitigation Reserve
- Regional Beltway Connector

BUDGET SUMMARY AND HIGHLIGHTS

The 2023 Adopted Budget amounts to \$64,466,633. The General Government and special revenues/uses Budget totals \$25,361,916 and is supplemented with \$20,880,402 in capital improvements. The utility budgets, which consist of water, sewer and stormwater, and garbage totals \$18,224,315 and contains an operating component and construction component.

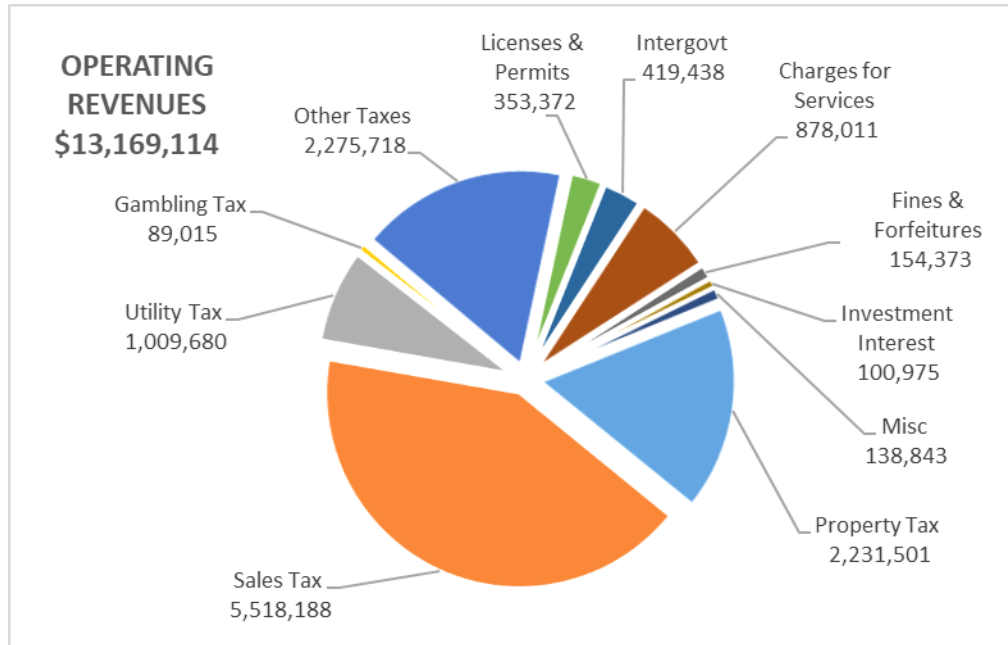
	2023 Adopted
General Government Funds	\$25,361,916
Capital Improvement Funds	\$20,880,402
Utility Funds	<u>\$18,224,315</u>
Total	<u><u>\$64,466,633</u></u>

SECTION 1: GENERAL GOVERNMENT FUNDS

The 2023 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 \$25,361,916. This includes special revenue/use funds.

WHERE THE MONEY COMES FROM

The City expects to receive \$13,384,114 in general government-operating revenue in 2023. This operating revenue is supplemented with available fund balances of \$11,977,802 as well as other financing sources of \$215,000, which include interfund transfers between different funds for a general government budget totaling \$25,361,916. 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.



	2022	2023
GENERAL GOVERNMENT FUNDS	Actual	Adopted
Beginning Fund Balances	10,253,401	11,977,802
Operating Revenues		
Property Tax	2,122,947	2,231,501
Sales Tax	5,317,238	5,518,188
Utility Tax	1,025,159	1,009,680
Gambling Tax	78,909	89,015
Other Taxes	2,178,178	2,275,718
Licenses & Permits	162,679	353,372
Intergovt	1,029,591	419,438
Charges for Services	685,905	878,011
Fines & Forfeitures	141,254	154,373
Investment Interest	193,601	100,975
Misc	183,156	138,843
Total Operating Revenues	13,118,618	13,169,114
Other Financing Sources	375,822	215,000
Total Revenues	13,494,440	13,384,114
Total Revenues & Sources	23,747,841	25,361,916

WHERE THE MONEY GOES

The 2023 operating budget amount is \$14,006,164 and is supplemented with ending fund balances of \$10,315,365 as well as other financing uses of \$1,040,387 which includes interfund transfers between different funds, for a general government budget totaling \$25,361,916.

Public safety, which includes police, fire, EMS, and police and fire reserve funds, comprise the largest component of the operating budget, representing 52% of total operating expenditures. Transit, which is funded through a .02% transportation, is the second largest fund in the budget at 9%. Public works and community development comprise the third largest component of the operating budget at 6%, followed by streets, finance and administration, municipal court/legal services, legislative/executive, hotel/motel-tourism, building and equipment reserves, housing rehabilitation and community events.

GENERAL GOVERNMENT FUNDS	2022	2023
	Actual	Adopted
Operating Expenditures		
Legislative/Executive	500,690	473,964
Finance/Admin	919,029	989,289
Municipal Court/Legal Svc	825,441	786,929
Public Safety	6,354,393	7,836,421
Public Works/Community Development	915,364	953,825
Community Events/Craft Night/Senior Center Activity/Library	14,562	21,240
Building/Equipment Reserves	11,366	30,000
Transit	1,012,960	1,405,777
Hotel/Motel-Tourism	329,784	443,553
Housing Rehabilitation	3,398	243,000
Streets	739,815	822,166
Total Operating Expenditures	11,626,802	14,006,164
Other Financing Uses	376,917	1,040,387
Total Expenditures and Uses	12,003,719	15,046,551
Ending Fund Balances		
General Fund Reserve (5% Oper Rev)	543,275	523,547
Contingency (2% CE Oper Rev)	210,249	209,257
Reserved Ending Bal (8% CE Oper Rev)	535,934	982,398
Designated Reserved:		
Comm Evt/Sr Ctr/Craft Nt	21,765	18,539
Streets	1,017,377	1,188,626
Hotel/Motel-Tourism	998,343	1,008,016
Building/Equipment Reserves	722,618	704,464
Crim Just/Pub Safety Rsv	2,714,404	1,704,843
Transit	4,742,740	3,972,468
Commute Trip Reduction	3,080	2,983
Housing Rehabilitation	234,339	224
Total Ending Fund Balances	\$ 11,744,123	\$ 10,315,365
Total Expenditures and Uses	\$ 23,747,842	\$ 25,361,916

SECTION 2: CAPITAL IMPROVEMENT FUNDS

The 2023 adopted budget includes a robust capital improvement plan, which provides major capital improvement projects to the community. The City's Capital Improvement Funds include park development reserve, library and community center reserve, street development reserve, infrastructure reserve, municipal capital improvement (REET), Development Mitigation reserve, Valley Mall Blvd. improvement reserve and regional beltway connector reserve.

The following is a summary outlining capital improvement by program for 2022 and 2023:

	2022	2023
CAPITAL IMPROVEMENT FUNDS	Actual	Adopted
Park Development Reserve	57,710	41,500
Library & Community Center	10,654	2,349,870
Municipal Capital Improvement	38,006	776,054
Street Development Reserve	1,426,142	2,748,787
Infrastructure Reserve	278,514	232,211
Development Mitigation Reserve	0	21,100
Valley Mall Blvd. Impr. Reserve	81,378	1,294,841
Regional Beltway Connector	179,254	9,681,400
Total Expenditures	2,071,658	17,145,763
Interfund Transfers	0	320,772
Ending Fund Balances	4,105,978	3,413,867
Total Capital Improvement Budget	\$6,177,636	\$20,880,402

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 over 2,400 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 monitored regularly to ensure it meets State and Federal standards for health and safety.

The 2023 utility operating budgets total \$5,405,479. In addition to the operating budgets of these utilities, \$6,417,915 is available for utility construction improvements. These reserves are used to replace and repair utility infrastructure.

The breakdown for utility funds for 2022 and 2023 is on the following page:

	2022 Actual	2023 Adopted
UTILITY FUNDS		
Beginning Fund Balances		
Operating Revenues		
PW Equipment Reserve	5,359	0
PW Building Reserve	943	35
Water	1,668,524	1,585,881
Sewer	4,996,449	2,260,540
Garbage	1,562,042	1,630,782
Subtotal Operating Revenues	8,233,317	5,477,238
Operating Expenditures		
PW Building Reserve	0	0
PW Equipment Reserve	0	0
Water	976,039	1,909,757
Sewer	1,566,238	1,893,528
Garbage	1,503,050	1,602,194
Subtotal Operating Expenditures	4,045,327	5,405,479
Debt & Other Financing Sources		
Loan/Grant Proceeds	20,303	4,846,367
Other Financial Sources	419,000	1,086,283
Subtotal Debt/Other Fin Sources	439,303	5,932,650
Debt & Other Financing Uses		
Water, Sewer & Garbage Debt	458,070	464,306
Water, Sewer & Garbage Construction	2,915,681	6,417,915
Other Financial Uses	385,570	724,906
	3,759,321	7,607,127
Subtotal Debt/Other Fin Uses	4,198,624	13,539,777
Total Ending Fund Balances	7,867,749	\$5,676,015
Total Expenditures and Uses	\$15,672,397	\$18,688,621

UTILITY REVENUE BOND DEBT

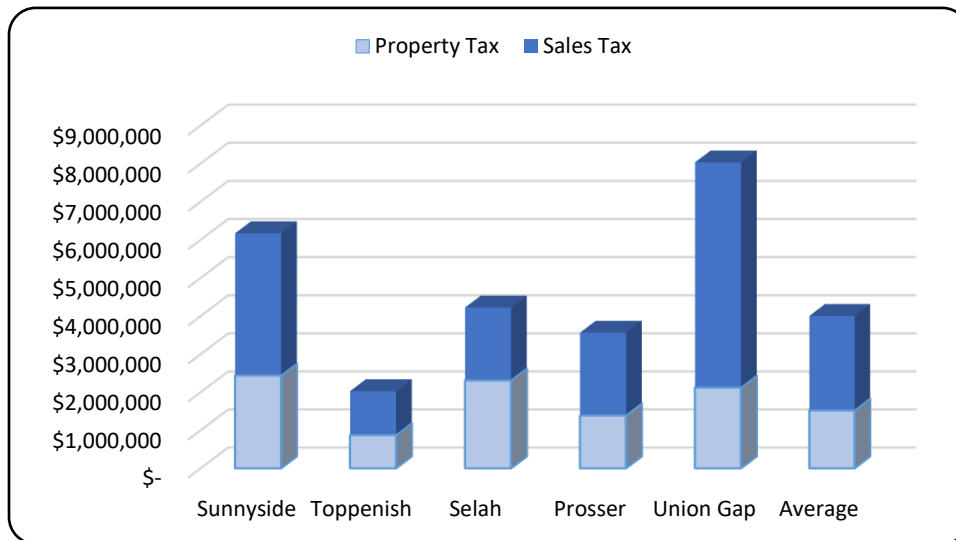
The City pays annual payments toward revenue bonds for utility projects. The table on the following page shows the amount of loans that are included in the Adopted 2023 Budget and includes the City's financial payments through 2026. The loans include:

- Water – 2004 Water System Improvements, Main Street Water Improvement, and Fullbright Reservoir Transmission Main Intertie;
- Sewer – 2005 Sewer System Improvements, Wastewater System Improvements and South Broadway Sewer Extension.

Utility Debt						
	2023	2024	2025	2026	2027	2028
Water	242,506	240,619	105,225	104,004	102,784	101,564
Sewer	189,096	188,657	188,218	148,702	99,673	99,673
Total	\$431,602	\$429,276	\$293,443	\$252,706	\$202,457	\$201,237

OTHER ISSUES AFFECTING THE BUDGET

The City's current financial position is better than other nearby cities in the valley. This graph shows that 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. The COVID-19 pandemic was a good example of how uncertain sales tax can be. We look toward other revenue sources, enabling us to provide the level of service our citizens have come to expect. Thus, we need to broaden and diversify our revenue base (e.g., underdeveloped/underutilized commercial areas; construction sales tax) as well as focus on controlling costs to maintain our fiscal security into the future.

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

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 that 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 focus in 2023.

GENERAL GOVERNMENT FUND REVENUES

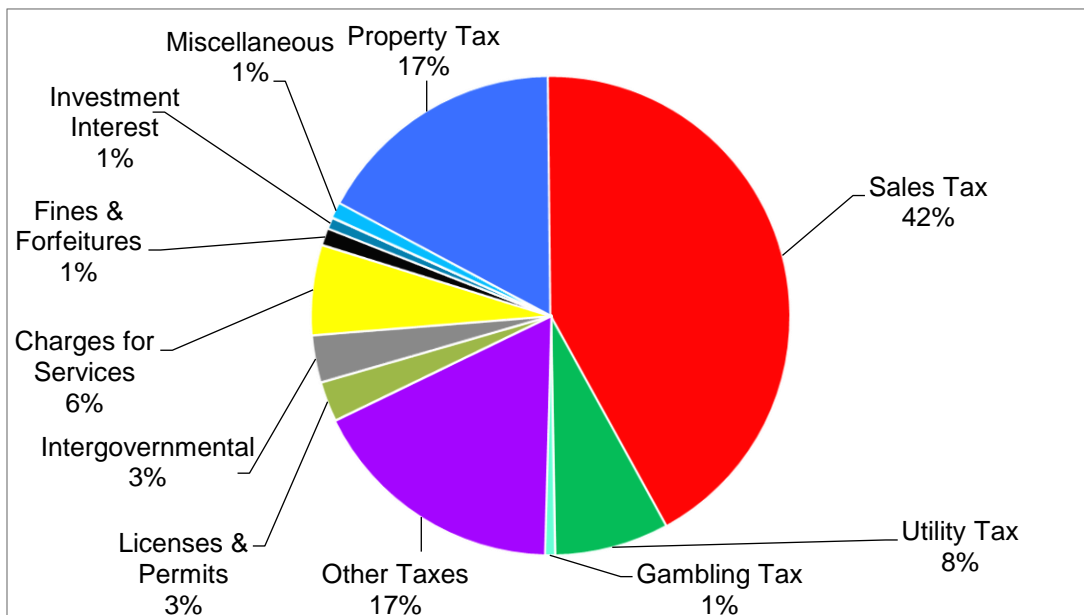
GENERAL GOVERNMENT FUNDS' REVENUES

This section explains and illustrates the estimates for revenue sources included in the General Government funds of the 2023 Adopted Annual Budget. Key funding sources listed 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	2020 Actual	2021 Actual	2022		2023 Adopted
			Adopted	Actual	
TOTAL SOURCES					
Beginning Fund Balance	\$8,696,792	\$4,290,601	\$10,460,025	\$10,253,401	\$11,977,802
Property Tax	1,938,366	2,080,679	2,172,241	2,122,947	2,231,501
Sales Tax	4,123,820	5,132,706	5,383,599	5,317,238	5,518,188
Utility Taxes	978,519	954,031	1,017,404	1,025,159	1,009,680
Gambling Taxes	41,341	46,918	56,093	78,909	89,015
Other Taxes	1,676,218	716,828	1,881,836	2,178,178	2,275,718
Licenses & Permits	170,636	157,576	226,240	162,679	353,372
Intergovernmental	507,009	977,423	325,475	1,029,591	419,438
Charges for Services	724,209	738,516	711,407	685,905	878,011
Fines & Forfeitures	172,962	143,103	129,057	141,254	154,373
Investment Interest	94,772	60,454	44,312	193,601	100,975
Miscellaneous	69,044	91,802	99,424	183,156	138,843
Total Operating Revenues	\$10,496,894	\$11,100,036	\$12,047,088	\$13,118,618	\$13,169,114
Other Financing Sources	434,471	338,995	363,721	375,822	215,000
TOTAL SOURCES	\$19,628,157	\$15,729,632	\$22,870,834	\$23,747,841	\$25,361,916

GENERAL GOVERNMENT FUND REVENUES

The chart below outlines the 2023 General Government Operating revenues:



PROPERTY TAX

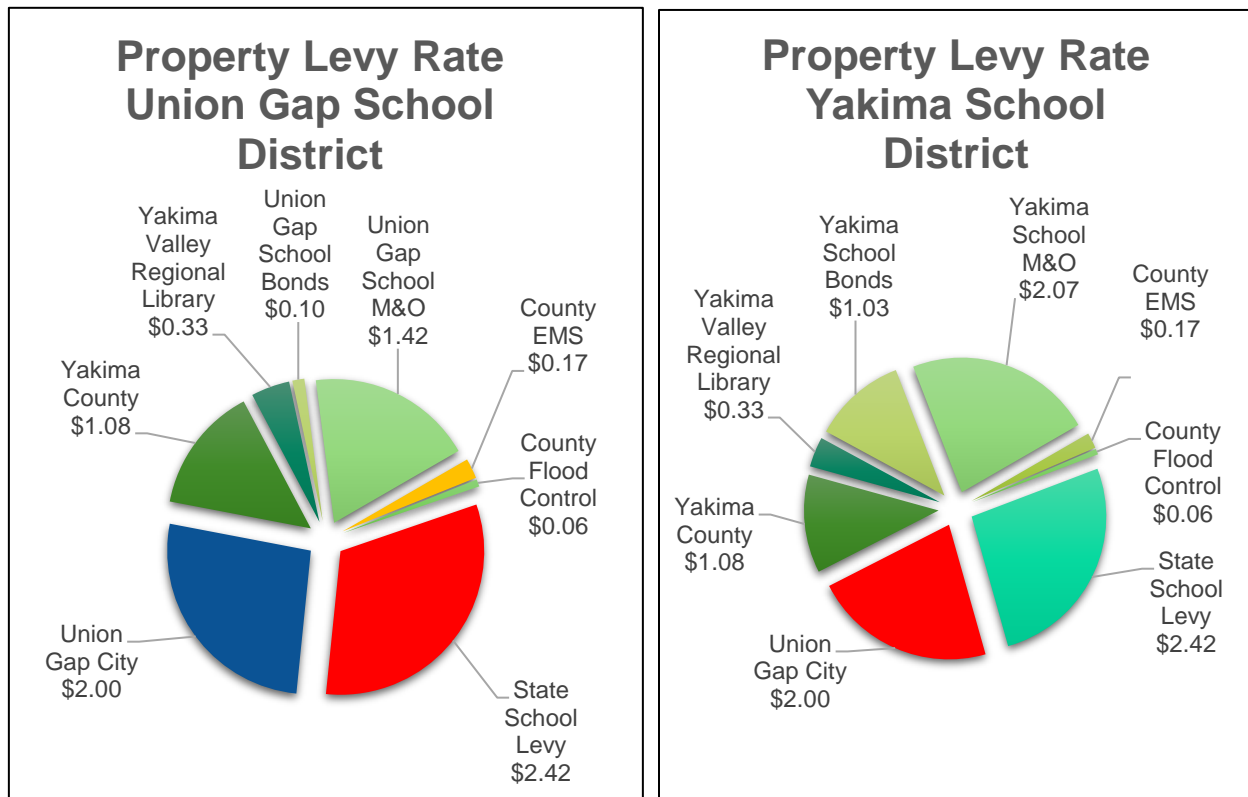
Property tax revenue for 2023 is \$2,231,501. This represents 17% of all Government Funds' operating revenues.

The 2023 City of Union Gap total property tax levy rate is \$2.004 per \$1,000 of assessed property value and is comprised of the following:

Per \$1,000 Assessed Value	
General Levy	\$2.004
EMS Levy	0.0171
Total:	\$2.175

The base property tax rate for County EMS, County Flood Control, State School Levy, City of Union Gap and Yakima County is \$6.07 per \$1,000 of assessed property value. Added to this number are 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 \$7.58 per \$1,000 of assessed property value, where property owners in the Yakima School District will pay \$9.16 per \$1,000 of assessed property value.

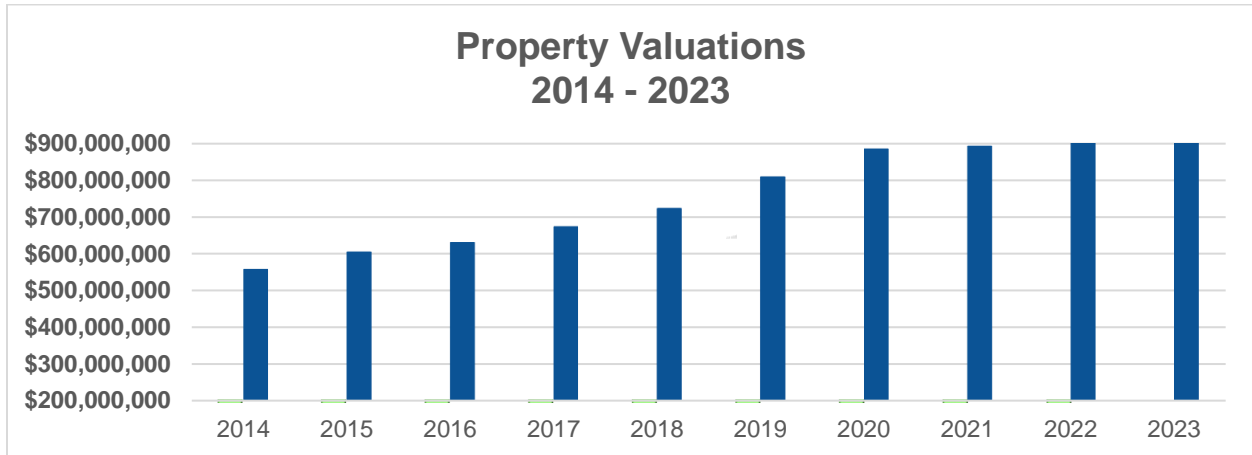
The following charts give example of the rates Union Gap property owners in the Union Gap school district and the Yakima School District pay:



\$7.58 PER \$1,000
OF ASSESSED VALUATION

\$9.16 PER \$1,000
OF ASSESSED VALUATION

The overall City property value for 2023 is \$1,093,391,604. The chart below shows the City's overall property valuation history over the past 10 years:



SALES TAX

The City's Sales Tax is 8.2% of which the City receives .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 | Public Safety Additional Sales Tax |
| Brokered Natural Gas Use Tax | Local Criminal Justice Tax |
| Hotel/Motel Tax | Transit Tax |
| Marijuana Sales Tax | |

LOCAL RETAIL SALES & USE TAX

2023 Local Sales & Use Tax revenues, which include marijuana sales tax revenue, has been budgeted at \$6,131,320 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 42% of the General Government operating revenues.

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



Below are the Retail Sales/State Revenues for 2019 through 2022. Note that these figures are all-inclusive, whether relating to the *General Government* or *Capital Funds*:

CITY OF UNION GAP RETAIL SALES/STATE REVENUES 2019 – 2022

City of Union Gap Retail Sales 2019 - 2022

	<u>2019 Actual</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>
Agriculture, Forestry, Fishing & Hunting	\$ 89,626	\$ 48,417	\$ 124,838	\$ 141,061.22
Mining	\$ 140,854	\$ 19,812	\$ 43,377	\$ 14,070.59
Utilities	\$ 255,986	\$ 479,391	\$ 142,802	\$ 209,397.70
Construction	\$ 65,629,784	\$ 54,121,897	\$ 36,150,857	\$ 65,824,678.20
Manufacturing	\$ 21,661,727	\$ 16,379,598	\$ 19,170,285	\$ 26,667,084.72
Wholesale Trade	\$ 55,533,933	\$ 57,737,123	\$ 64,234,958	\$ 73,065,821.84
Retail Trade	\$ 732,134,801	\$ 699,612,484	\$ 883,980,725	\$ 874,407,927.78
Transportation & Warehousing	\$ 2,934,221	\$ 3,641,245	\$ 5,878,819	\$ 9,060,802.51
Information	\$ 13,674,762	\$ 22,131,676	\$ 15,760,735	\$ 17,999,188.64
Finance & Insurance	\$ 762,695	\$ 1,104,770	\$ 1,305,744	\$ 1,210,805.05
Real Estate Rental & Leasing	\$ 7,746,570	\$ 7,151,970	\$ 9,691,956	\$ 9,229,447.30
Professional, Scientific & Technical Services	\$ 3,279,052	\$ 15,839,664	\$ 21,134,189	\$ 9,675,179.84
Management of Companies & Enterprises	\$ 2,181	\$ 13,369	\$ 44,868	\$ 59,736.48
Admin & Waste Management Services	\$ 6,395,372	\$ 6,735,958	\$ 7,839,356	\$ 8,203,108.42
Education Services	\$ 205,174	\$ 280,640	\$ 91,894	\$ 154,188.37
Health Care & Social Assistance	\$ 290,233	\$ 349,017	\$ 568,146	\$ 768,435.31
Arts, Entertainment & Recreation	\$ 1,088,939	\$ 856,887	\$ 1,037,148	\$ 3,349,988.22
Accommodation & Food Services	\$ 77,298,419	\$ 54,962,489	\$ 77,755,748	\$ 91,624,367.33
Other Services	\$ 21,529,325	\$ 18,990,718	\$ 20,667,913	\$ 23,747,651.75
Public Administration	\$ 1,215,263	\$ 2,388,553	\$ 500,306	\$ 268,470.55
Blank	\$ 1,872,934	\$ 2,024,240	\$ 1,923,292	\$ 2,442,670.59
Adjustments	\$ -	\$ -	\$ -	\$ -
Total Sales	\$ 1,013,741,852	\$ 964,869,915	\$ 1,168,047,956	\$ 1,218,124,082.41
City Sales Tax (.85%)	\$ 8,616,806	\$ 8,201,394	\$ 9,928,408	\$ 10,354,054.70
Criminal Justice Sales Tax (.40%)	\$ 4,054,967	\$ 3,859,480	\$ 4,672,192	\$ 4,872,496.33
Transit (.20%)	\$ 2,027,484	\$ 1,929,740	\$ 2,336,096	\$ 2,436,248.16
Total Sales Tax	\$ 14,699,257	\$ 13,990,614	\$ 16,936,695	\$ 17,662,799.19
Annual Growth (Decline)	6.13%	-4.82%	21.06%	4.29%

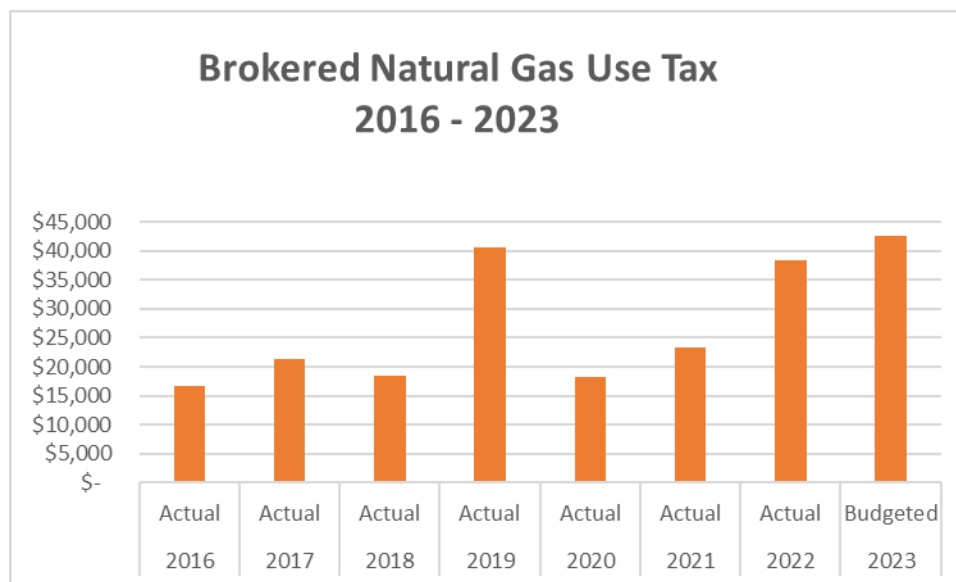
State Collected Revenues 2019 - 2022

	<u>2019 Actual</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>
Brokered Natural Gas	52,108.91	16,379.03	43,541.34	38,455.21
Criminal Justice	317,922.63	139,805.52	170,241.83	140,324.05
Deferred Property Taxes	-	-	3,774.52	-
Hotel/Motel - Lodging/Stadium	294,828.63	167,353.57	178,675.16	288,054.26
Liquor Sales	72,210.32	83,406.84	91,199.33	97,777.02
Leasehold Excise Tax	215.91	8,323.88	12,332.73	-
Local Real estate Excise Tax	54,572.37	23,708.00	-	-
Local Sales & Use	5,015,409.24	4,600,180.57	5,775,189.54	5,913,485.64
Marijuana Enforcement/Excise Tax	36,129.06	39,616.34	21,839.60	64,967.59
Motor Vehicle Tax	147,635.13	124,143.27	126,618.49	132,503.52
Streamlined Mitigation Sales & Use Tax	-	-	846.00	-
Tourism Promotion	146,249.81	107,815.46	139,775.51	134,468.38
Public Safety	-	178,808.02	170,804.85	237,188.73
Local Govt Assistance	-	20.73	28.44	-
State DOT Grants	2,157.72	-	-	-
Total Tax	6,139,439.73	5,489,561.23	6,734,867.34	7,047,224.40
Annual Growth (Decline)	(0.04)	(0.11)	0.23	0.05
Transit Total Tax	1,179,801.46	1,079,452.69	1,342,621.64	1,391,593.05
Annual Growth (Decline)	(0.07)	(0.09)	0.24	0.04
Population	6,161.00	6,161.00	6,568.00	6,530.00
Per Capita	1,188.00	1,066.23	1,229.82	1,292.32

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 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.

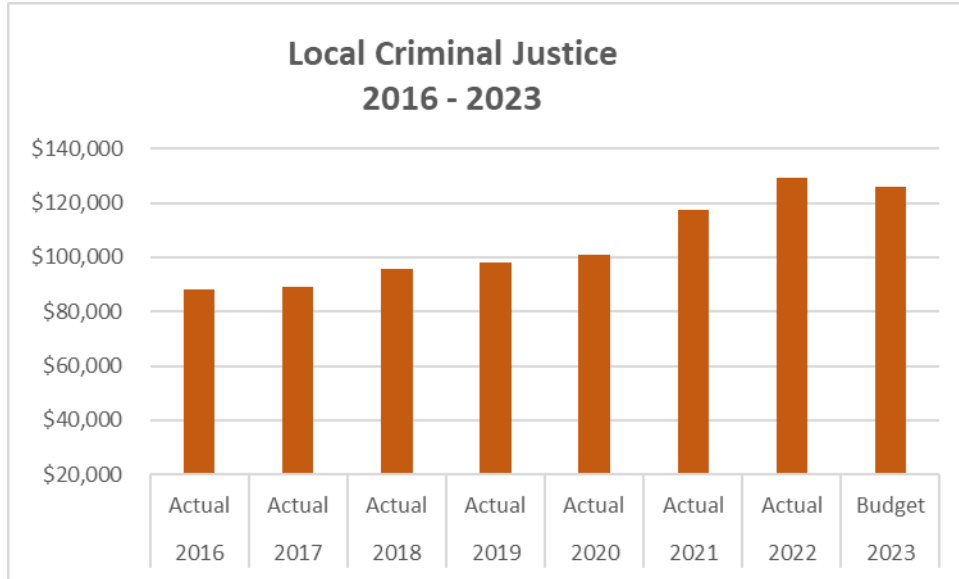
Below is the historical Public Safety Additional Sales Tax revenue shown graphically:



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 receives 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 for costs associated with the 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 8% of the total General Government Funds 2023 budgeted operating revenues. Below are the actual revenues for 2019 through 2022 along with the budgeted revenues for 2023:

Utility Tax Type	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budgeted
Electric	749,734	728,287	734,269	764,416	764,416
Gas	101,520	103,770	107,358	133,023	137,564
Telephone	114,472	128,273	89,071	89,264	107,700
Total Utility Tax	\$965,727	\$960,330	\$930,698	\$986,703	\$1,009,680

GAMBLING TAXES

Gambling tax revenues account for 1% of the total General Government Funds 2023 budgeted operating revenues. Below are the actual revenues for 2019 through 2022 and the budgeted revenues for 2023:

Gambling Tax Type	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budgeted
Punch Boards/Pull Tabs	37,118	23,923	27,191	41,694	41,060
Bingo & Raffles	37,832	17,418	19,727	37,216	45,955
Amusement Games	546	0	0	0	2,000
Total Gambling Tax	\$75,496	\$41,341	\$46,918	\$78,909	\$89,015

LICENSES & PERMITS

Licenses & Permits revenue account for 3% of the General Governmental Funds 2023 budgeted operating revenues. Below are the actual revenues for 2019 through 2022 and budgeted revenues for 2023:

Licenses & Permits	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budgeted
Amusement	912	662	261	1,029	53,000
Franchise Fees	0	30,533	30,875	28,818	28,818
General Business Licenses	27,525	30,750	41,004	36,229	52,000
Building, Structures & Equip	89,174	123,242	67,131	86,208	188,411
Building Permits - Manuf Homes	4,618	3,598	6,685	2,094	6,799
Building Permits - Mechanical	3,640	3,716	2,794	2,412	7,875
Building Permits - Plumbing	4,680	4,500	3,869	1,886	2,639
Animal Licenses	885	1,490	1,185	700	631
Fence Permit	215	349	242	322	822
Other Non-Bus Lic & Permits	1,764	1,102	1,747	1,525	4,852
Sign Permits	1,690	913	806	1,235	4,335
Total Licenses & Permits	\$135,102	\$200,855	\$156,597	\$162,459	\$350,182

INTERGOVERNMENTAL

Intergovernmental revenues include state and federal grants, criminal justice revenues, marijuana excise tax, and the City's share of the state's Motor Vehicle fuel tax. For 2023, intergovernmental revenues accounts for 3% of the General Governmental Funds 2023 budgeted operating revenues. Below are the actual revenues for 2019 through 2022 along with the budgeted revenues for 2023:

Intergovernmental Revenue	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budgeted
SLFRF - COVID-19 REIMB - CURRENT EXP	0	0	0	108,999	0
WA ST Office of Pub Defense-Grant	40,000	0	0	20,000	20,000
Traffic Safety Commission	2,147	284	0	0	0
Liquor Excise Tax	34,090	39,552	44,758	46,628	87,000
Liquor Board Profits	50,826	50,369	50,210	51,149	74,134
Multimodal Transportation Rev	8,632	8,554	8,578	0	18,687
Motor Veh Fuel Tax - City St	131,450	115,589	121,815	0	141,887
Crim Justice-High Crime	0	24,238	0	0	0
Crim Justice-Population	0	1,966	2,102	0	2,232
Crim Justice - Special Prog	6,724	7,035	7,486	0	7,920
DUI/Other Crim Justice Assist	869	912	1,047	0	538
Marajuana Excise Tax From State	36,129	39,616	50,613	0	57,773
Total Intergovernmental Revenue	\$310,867	\$288,115	\$286,608	\$226,776	\$410,171

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 6% of the General Governmental Funds 2023 budgeted operating revenues. Below are the actual revenues for 2019 through 2022 along with the budgeted revenues for 2023:

GENERAL GOVERNMENT FUND REVENUES

Charges for Services	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budgeted
Municipal Court - Adm Fees	6,041	2,763	3,364	2,033	6,594
District/Muni Court - Prosec Fees	319	751	568	1,248	2,850
Deferred Prosecution Fees	1,850	2,281	1,597	1,443	1,819
Admin Service Charge - Water	104,153	112,409	145,826	122,377	130,439
Admin Service Charge - Garbage	84,337	102,289	101,006	92,757	110,471
Admin Service Charge - Sewer	104,153	121,933	133,823	125,388	173,718
Admin Service Charge - Tourism	5,000	4,419	3,102	2,537	5,000
Admin Service Charge - TPA	5,000	1,798	1,897	2,537	5,000
Admin Service Charge - Street	0	93,495	87,532	76,325	82,160
Admin Service Charge - Transit	16,745	17,130	22,987	21,262	23,711
Court Duplication Services	1,455	1,307	2,204	1,680	2,618
Copies	85	408	77	1	1,200
LEAD Task Force Overtime Reimb	9,111	31,297	7,608	899	15,000
Law Enforcement Services	0	2,790	5,505	3,240	5,160
Fire Protection Services	25,348	13,823	12,453	10,924	11,177
Care & Custody of Prisoners	11,244	9,058	5,779	2,432	2,441
Pre-Trial Supervision Costs	12,251	12,769	10,104	7,458	7,494
Planning - Zoning	0	0	3,275	2,701	4,701
Plan Checking Fees	53,335	75,975	39,249	51,217	90,817
Planning - Subdivision Fees	2,164	483	2,545	6,262	7,817
Planning - Environmental	387	10,924	5,066	10,595	10,353
Other Fees & Charges	5,694	0	112	2,581	3,000
Tourism Promotion Assessment	160,239	105,999	137,775	134,341	172,847
Total Charges for Services	\$608,911	\$724,101	\$733,453	\$682,239	\$876,387

FINES & FORFEITURES

Fines & Forfeitures include Court infractions and penalties. Fines & Forfeitures revenues account for 1% of the General Governmental Funds 2023 budgeted operating revenues. On the next page are the actual revenues for 2019 through 2022 along with the budgeted revenues for 2023:

Fines & Forfeitures	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budgeted
Mandatory Ins Admin Cost	0	631	979	568	2,154
Traffic Infraction Penalties	106,233	99,556	113,972	93,564	109,254
Non-Traffic Infraction Pen.	1,757	1,839	2,666	1,186	759
Parking Infraction	328	125	508.34	275	200
Driving While Intoxicated Pen	3,433	3,209	3,861	4,473	6,696
Other Criminal Traffic Misdemeanor	11,893	11,539	9,858	10,799	13,493
Other Criminal Non-Traffic Fines	17,057	19,112	7,721	8,898	8,781
Investigative Assessment	4,612	3,670	1,527	1,453	1,625
Public Defense Cost	9,473	6,318	3,576	4,717	5,066
Law Enforcement Services	693	1472	126.32	3240	769
Miscellaneous Penalties	223	1,461	0	3,965	5,576
Total Fines & Forfeitures	\$155,702	\$148,932	\$144,794	\$133,139	\$154,373

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 2023 budgeted operating revenues. Below are the actual revenues for 2019 through 2022 along with the budgeted revenues for 2023:

Investment Interest & Miscellaneous	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budgeted
Investment Interest - Gov't Funds	200,542	94,772	37,792	100,975	100,975
5% Activities Bldg. to Senior Center	2,144	307	1,392	2,139	2,139
Contributions from Private Source	10,150	3,000	0	0	0
Forfeited Property	491	2,492	0	500	500
Housing Rehab - CDBG 2007	18,155	510	23,558	10,697	10,697
Judgements & Settlements	74,914	964	26	0	0
Other Misc Revenue	9,799	27,871	2,488	24,780	24,780
Park Rental Fees	94,292	17,783	66,830	90,619	90,619
Parking Fees	23,881	802	7,489	10,108	10108
Sale of Surplus Property	3,375	7,466	1,158	0	0
SIED Assessment Principal	33,818	7,826	0	0	0
Total Investment Interest & Misc	471,561	163,793	140,733	239,818	239,818

UTILITY FUND REVENUES

This section explains and illustrates the estimates for revenue sources included in the Utility funds of the 2023 Adopted Budget. Key funding sources are below by category. Utility Funds include the Water, Sewer/Storm Water, and Garbage Funds:

UTILITY FUNDS	2019	2020	2021	2022	2023
<u>TOTAL SOURCES</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Adopted</u>
Beginning Fund Balance	\$5,103,912	\$5,308,704	\$5,308,704	\$6,999,776	\$7,577,607
Intergovernmental	178,013	980,428	976,470	2,597,754	4,832,500
Charges for Services	4,354,492	4,662,575	4,662,575	5,418,268	5,463,284
Penalties	4,600	4,670	4,670	0	0
Miscellaneous	97,160	72,848	72,848	217,296	43,641
Total Operating Revenues	\$9,738,237	\$11,029,225	\$11,025,266	\$15,233,093	\$17,917,032
Other Financing Sources	358,489	92,812	92,812	439,303	307,283
TOTAL SOURCES	\$10,096,726	\$11,122,037	\$11,118,078	\$15,672,396	\$18,224,315

INTERGOVERNMENTAL

The 2023 budget for intergovernmental revenues includes a \$1,600,000 DWSRF Loan for the Main Street project and \$132,500 from the Department of Ecology for stormwater grants, and SIED grants/loans for the Regional Beltway (\$2,100,000) and the South Broadway Sewer Project (\$1,000,000).

CHARGES FOR SERVICE

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

PENALTIES

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

OTHER FINANCING SOURCES

These revenues include transfers from the utility funds for administrative service costs and capital contributions to the Public Works equipment and building reserve funds.

Below is the average monthly utility billing, using an average water consumption of 1,400 cu. ft.:

AVERAGE MONTHLY BILL ASSUMING AVERAGE WATER CONSUMPTION FOR A RESIDENTIAL CUSTOMER AMOUNTS INCLUDE BASE RATE AND AVERAGE CONSUMPTION*

	2019	2020	2021	2022	2023
Water *	\$33.23	\$35.58	\$38.03	\$39.27	\$40.38
Sewer	\$46.27	\$48.59	\$51.02	\$53.57	\$56.25
Garbage	\$12.63	\$12.88	\$13.91	\$14.19	\$14.47
Total	\$92.13	\$97.05	\$102.96	\$107.03	\$111.10
Net Monthly Increase	\$4.24	\$4.92	\$5.91	\$4.07	\$4.07
Percentage Increase	6%	5%	6%	4%	4%

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

CAPITAL FUND REVENUES

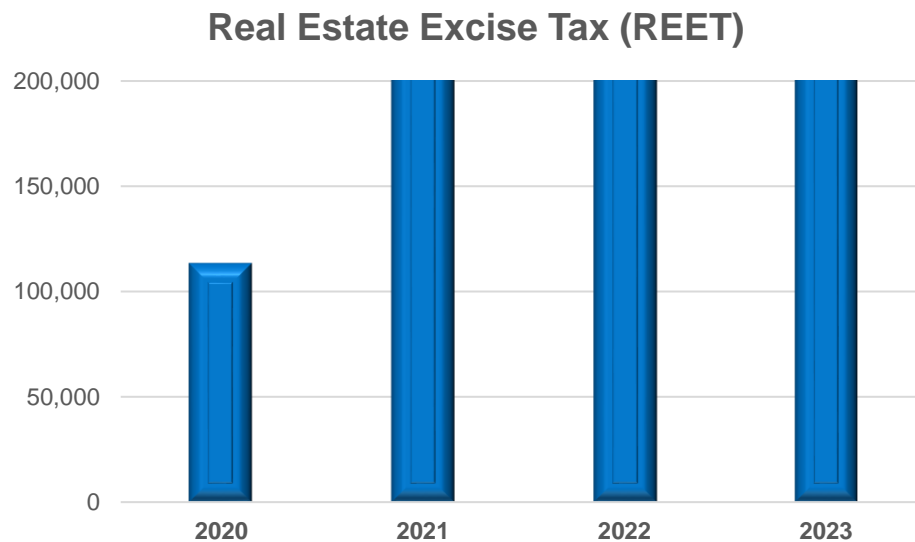
This section explains and illustrates the estimates for revenue sources included in the Capital funds of the 2023 Adopted Budget. Below are key funding sources by category. Capital Funds include the Park Development Reserve Fund, Municipal Capital Improvement Fund (REET), Street Development Reserve Fund, Infrastructure Reserve Fund, Development Mitigation Fund, Regional Beltway Connector Fund and the Library & Community Center Fund.

Intergovernmental revenues include State and Federal Grants totaling \$15,443,225, which are budgeted in the Street Development Reserve Fund, Infrastructure Reserve Fund, Regional Beltway Connector Fund and the Library and Community Center Fund to help finance the major street and Library and Community Center construction projects that are included in the 2023 budget.

CAPITAL FUNDS	2019	2020	2021	2022	2023
TOTAL SOURCES	Actual	Actual	Actual	Actual	Adopted
Beginning Fund Balance	\$1,607,326	\$1,901,089	\$1,138,160	\$2,786,289	\$3,400,945
Taxes	652,584	567,200	789,362	874,476	901,096
Intergovernmental	3,159,014	2,330,302	2,581,038	2,479,409	15,443,225
Charges for Services	0	0	0	0	9,500
Interest	36,436	11,026	1,783	37,461	7,864
Miscellaneous	9,292	47,897	7,500	0	0
Total Operating Revenues	\$3,857,326	\$2,956,425	\$4,517,844	\$3,391,346	\$19,762,630
Other Financing Sources	66,608	66,024	83,856	0	1,117,772
TOTAL SOURCES	\$5,531,260	\$4,923,538	\$4,601,700	\$6,177,635	\$20,880,402

REAL ESTATE EXCISE TAX (REET)

Real Estate Excise Tax (REET), is generated from property sales within the City. The table below shows the actual taxes received from 2020 through 2023:



INTERFUND TRANSFERS

Below are the interfund transfer breakdowns for all funds budgeted in 2023:

INTERFUND TRANSFERS DETAIL	2023 Budgeted
From General Fund:	
To Community Events - Holiday Parade	\$5,000
To Community Events - Old Town Days	\$10,000
To Fire Truck Reserve - Per Contractual Requirement	\$200,000
From Street Fund:	
To Public Works Equip Reserve - Equipment Replacement	\$2,000
To Public Works Building Reserve - Public Works Building Reserve	\$12,200
From Infrastructure Reserve Fund:	
To Street Development Reserve - S. 10th Ave Bridge - City Match	\$258,620
To Street Development Reserve - Shop Bridge	\$26,892
To Street Development Reserve - Ahtanum Rd Grind & Overlay - Construction	\$212,422
To Street Development Reserve - E Washington Grind & Overlay - Construction	\$32,000
To Street Development Reserve - Longfibre Resurfacing - Construction	\$35,260
From Transit Fund:	
To Public Works Equip Reserve - Equipment Replacement	\$2,000
To Public Works Building Reserve - Public Works Building Reserve	\$12,187
From Water Fund:	
To Water Improvement Reserve - Toward Water Projects	\$100,000
To Water Improvement Reserve - Public Works Equip Reserve	\$2,000
To Water Improvement Reserve - Public Works Building Reserve	\$12,200
From Garbage Fund:	
To Garbage Reserve Fund - Public Works Equip Reserve	\$2,000
To Garbage Reserve Fund - Public Works Building Reserve	\$12,200
From Sewer Fund:	
To Sewer Improvement Reserve - Toward Sewer Projects	\$100,000
To Sewer Improvement Reserve - Public Works Equip Reserve	\$20,000
To Sewer Improvement Reserve - Public Works Building Reserve	\$12,200
Total Interfund Transfers Out	\$1,069,181

2023 Adopted Budget Summary by Fund - Revenues & Expenditures

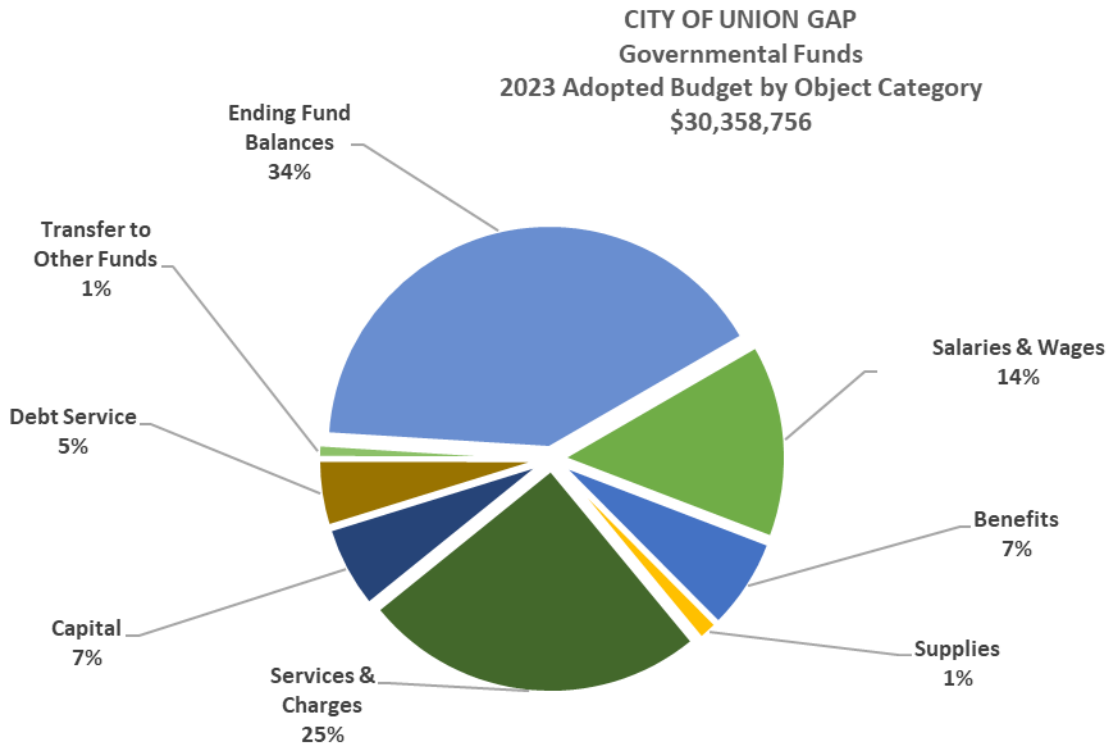
Fund	Beginning Fund Balance	Revenues & Other Sources	Expenditures & Other Uses	Ending Fund Balance
General Gov't Funds				
001 Current Expense	\$971,322	\$9,747,110	\$9,736,034	\$982,398
002 General Fund Reserve	523,493	54	0	\$523,547
101 Street	995,015	1,029,977	836,366	\$1,188,626
107 Convention Center Reserve	703,679	271,482	260,000	\$715,161
108 Tourism Promotion	297,727	178,681	183,553	\$292,855
109 Contingency	208,188	1,069	0	\$209,257
110 Craft Night Reserve	1,245	0	1,240	\$5
113 Fire Truck Reserve	702,101	201,459	725,000	\$178,560
114 Senior Activity	12,562	2,172	0	\$14,734
115 Police Vehicle Reserve	267,453	362	0	\$267,815
116 City Hall Building Reserve	667,784	3,438	0	\$671,222
120 City Hall Equipment Reserve	63,041	201	30,000	\$33,242
123 Criminal Justice	1,401,010	355,911	718,794	\$1,038,127
126 Crime Prevention Assessment	49,900	2,072	13,500	\$38,472
127 Commute Trip Reduction	3,079	4	100	\$2,983
128 Transit System	4,685,684	1,503,748	2,216,964	\$3,972,468
130 Community Policing	22,800	0	6,500	\$16,300
131 Drug Seizure Forfeiture	0	500	500	\$0
132 Community Events	8,800	15,000	20,000	\$3,800
133 Marijuana Excise Tax	161,913	58,656	55,000	\$165,569
170 Housing Rehabilitation	231,006	12,218	243,000	\$224
Total General Govt. Funds	\$11,977,802	\$13,384,114	\$15,046,551	\$10,315,365
Utility Funds				
112 PW Equipment Reserve	366,770	4,000	4,000	\$366,770
117 PW Building Reserve	\$65,344	\$24,387	\$0	\$89,731
401 Water	1,001,728	1,585,881	1,493,714	\$1,093,895
402 Garbage	302,336	1,630,782	1,617,992	\$315,126
403 Sewer/Stormwater	2,177,809	2,393,040	2,199,507	\$2,371,342
404 Water Improvement Reserve	1,596,710	1,743,117	2,489,315	\$850,512
405 Sewer Improvement Reserve	2,010,473	3,250,981	4,743,772	\$517,682
406 Garbage Reserve	56,437	14,520	0	\$70,957
Total Utility Funds	\$7,577,607	\$10,646,708	\$12,548,300	\$5,676,015
Capital Funds				
106 Park Development Reserve	\$421,577	\$1,058	\$41,500	\$381,135
111 Library & Community Center	\$0	\$2,378,475	\$2,349,870	\$28,605
118 Municipal Capital Improvement	1,322,714	294,460	776,054	\$841,120
121 Street Development Reserve	545,375	2,656,072	2,748,787	\$452,660
124 Infrastructure Reserve	642,214	613,132	552,983	\$702,363
125 Development Mitigation Reserve	15,403	9,577	21,100	\$3,880
304 Valley Mall Blvd. Impr. Reserve	246,670	1,048,171	1,294,841	\$0
305 Regional Beltway Connector	206,992	10,478,512	9,681,400	\$1,004,104
Total Capital Funds	\$3,400,945	\$17,479,457	\$17,466,535	\$3,413,867
Total 2023 Budget	\$22,956,354	\$41,510,279	\$45,061,386	\$19,405,247

GENERAL GOVERNMENT FUNDS

Expenditure by Object Category

General Government Funds

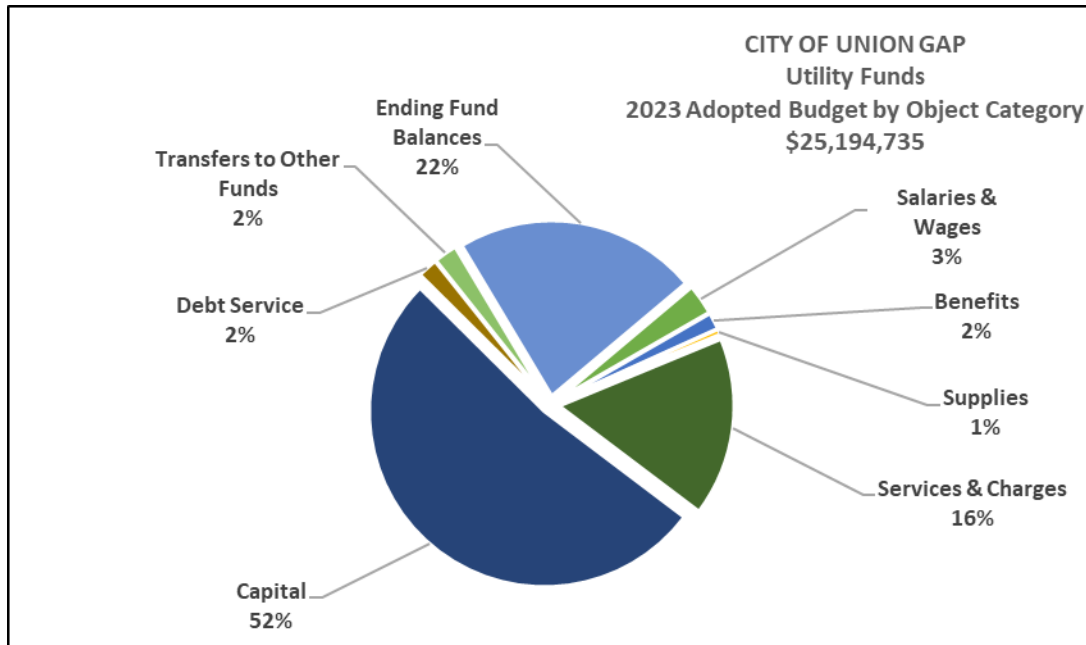
	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Adopted
Expenditures By Object Category:					
Salaries & Wages	\$3,071,061	\$3,058,521	\$3,122,241	\$3,304,838	\$3,588,367
Benefits	1,522,431	1,412,405	1,426,871	1,514,293	1,705,733
Supplies	286,706	168,849	221,068	268,399	369,415
Services & Charges	5,463,952	5,201,162	5,352,922	5,840,408	9,949,068
Subtotal Operating Expenditures	\$10,344,150	\$9,840,937	\$10,123,103	\$10,927,938	\$15,612,583
Other Financing Uses:					
Capital	1,342,010	254,590	287,687	226,275	2,250,449
Debt Service	8,777,711	480,711	445,543	433,088	1,466,501
Transfers to Other Funds	924,058	331,845	389,662	403,221	713,858
Subtotal Other Financing Uses	\$11,043,780	\$1,067,146	\$1,122,891	\$1,062,584	\$4,430,808
Total Expenditures & Other Uses	\$21,387,930	\$10,908,083	\$11,245,994	\$11,990,522	\$20,043,391
Ending Fund Balances	8,696,767	8,555,229	10,292,179	11,744,123	10,315,365
Total Expenditures, Other Uses & Fund Balances	\$30,084,697	\$19,463,311	\$21,538,173	\$23,734,645	\$30,358,756



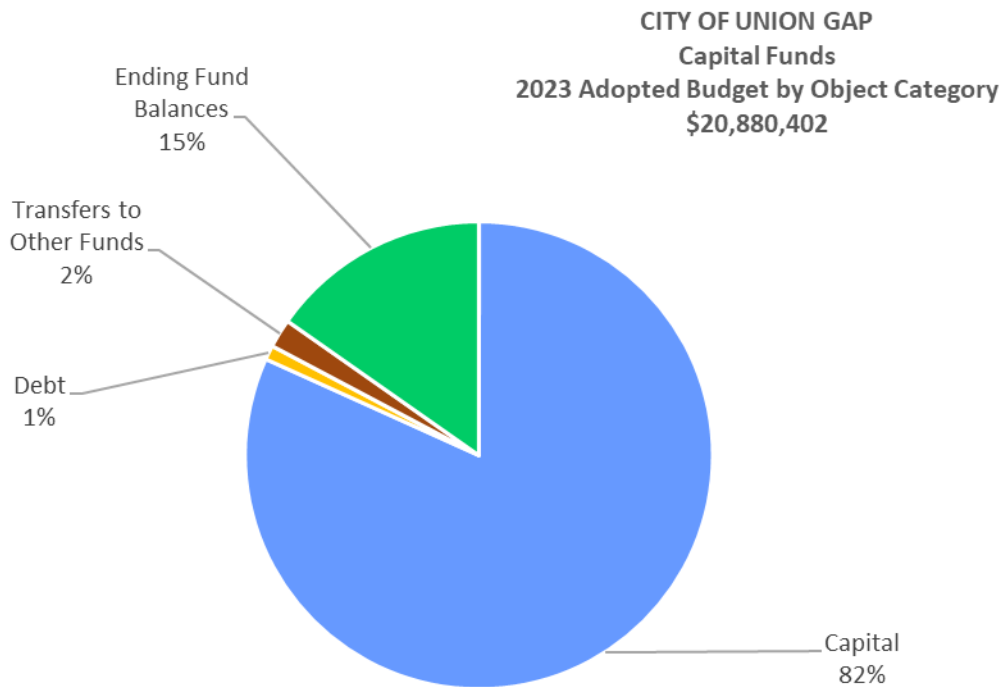
EXPENDITURES BY OBJECT CATEGORY

Expenditures By Object Category	UTILITY FUNDS				
	2019	2020	2021	2022	2023
	Actual	Actual	Actual	Actual	Adopted
Salaries & Wages	\$422,192	\$478,806	\$571,437	\$547,458	\$708,491
Benefits	236,075	262,015	304,842	277,094	390,635
Supplies	162,669	139,456	125,826	151,190	129,800
Services & Charges	2,686,690	2,769,875	2,923,202	3,069,585	4,176,553
Subtotal Operating Expenditures	\$3,507,626	\$3,650,152	\$3,925,307	\$4,045,327	\$5,405,479
Other Financing Uses:					
Capital	420,355	526,569	524,272	2,915,681	13,109,085
Debt Service	485,463	402,413	385,695	458,070	464,306
Transfers to Other Funds	370,000	0	670,081	385,570	539,850
Subtotal Other Financing Uses	\$1,275,818	\$928,981	\$1,580,048	\$3,759,320	\$14,113,241
Total Expenditures & Other Uses	\$4,783,444	\$4,579,134	\$5,505,355	\$7,804,647	\$19,518,720
Ending Fund Balances	5,308,691	6,538,656	6,983,393	7,867,749	5,676,015
Total Expenditures, Other Uses & Fund Balances	\$10,092,135	\$11,117,789	\$12,488,748	\$15,672,396	\$25,194,735

UTILITY FUNDS



Expenditures By Object Category:	Expenditure by Object Category				
	Capital Funds				
	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Adopted
Services & Charges	7,568	2,573	385	34,708	6,000
Subtotal Operating Expenditures	\$7,568	\$2,573	\$385	\$34,708	\$6,000
Other Financing Uses:					
Capital	3,455,607	3,514,022	1,615,631	1,849,138	16,951,952
Debt Service	268,827	243,443	213,151	187,812	187,811
Transfers to Other Funds	189,141	0	8,637	0	320,772
Subtotal Other Financing Uses	\$3,913,575	\$3,757,466	\$1,837,419	\$2,036,949	\$17,460,535
Total Expenditures & Other Uses	\$3,921,143	\$3,760,038	\$1,837,804	\$2,071,657	\$17,466,535
Ending Fund Balances	1,852,444	1,163,500	2,763,895	4,105,978	3,413,867
Total Expenditures, Other Uses & Fund Balances	\$5,773,587	\$4,923,538	\$4,601,700	\$6,177,635	\$20,880,402



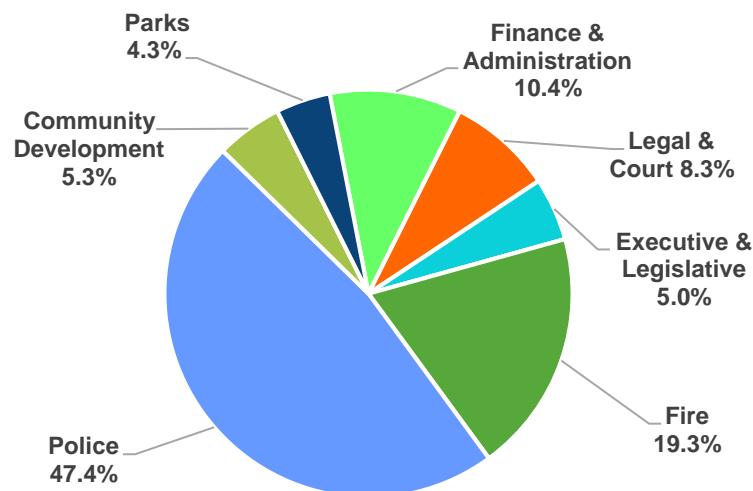
City of Union Gap
Summary of Budgeted Full-Time Equivalent (FTE) Positions
2017 – 2023

The following table illustrates the number of regular full-time equivalents (FTEs) that were employed by the City between 2017 and 2023:

City of Union Gap FTE's								Change	Average
Department	2017	2018	2019	2020	2021	2022	2023	2017 to 2023	Change
City Council	7	7	7	7	7	7	7	0.0%	0.0%
Exec/City Administrator/Manager	1	1	2	2	2	2	1.5	50.0%	7.1%
Clerk/Finance/Administrative	5	5	5	5	5	6	6.5	30.0%	4.3%
Police	20	21	21	20	20	20	21	5.0%	0.7%
Community Development	2.26	3.44	3.5	3.025	2.87	2.87	2.55	12.8%	1.8%
Parks Services	1.5	1.96	1.42	2.17	2.01	2.01	0.42	-72.0%	-10.3%
Janitor	1	1					0.1	-90.0%	-12.9%
Senior Center	0.5							-100.0%	-14.3%
Subtotal General Fund	38.26	40.4	39.92	39.195	38.88	39.88	39.07	2.1%	0.3%
Public Works - Utilities	7.22	6.9	7.36	6.21	7.04	7.04	9.38	29.9%	4.3%
Public Works - Transit	0.8	0.96	0.98	1.08	1	1	1.59	98.8%	14.1%
Public Works - Streets	4.14	4.51	4.37	4.27	4.3	4.3	3.04	-26.6%	-3.8%
Public Works - Stormwater	0.08	0.23	0.37	1.245	0.78	0.78	0.92	1050.0%	150.0%
Subtotal General Government	12.24	12.6	13.08	12.805	13.12	13.12	14.93	22.0%	3.1%
Total	50.5	53	53	52	52	53	54	6.9%	1.0%

2017 - Began Contracting Senior Center Services
 2018 - Created Animal Control/Code Enforcement position Police Dept.
 2019 - Created Deputy Clerk/Public Records/ AP Position
 2019 - Began Contracting Janitorial Services
 2019 - Eliminated Animal Control/Code Enforcement position
 2022 - Added Accounts Payable Position
 2023 - 1 new police officer and 1 new administration positions in the Police Dept.
 2023 - Created Superintendant, and 1 Lead, Positions in Public Works Dept.

2023 General Fund Budgeted Departmental Percentages



DEPARTMENTS AND PROGRAMS

Legislative Department City Council

THE DEPARTMENT

- 7 Council Members

CITY COUNCIL RESPONSIBILITIES

The City Council members are elected by the citizens to set policies, legislative agendas, 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.



Council Members Hodkinson, Murr, Wentz and Dailey sworn in January 2022

Legislative

Financial Summary:

	2019	2020	2021	2022	2023
Expenditures by Object	Actual	Actual	Actual	Actual	Budgeted
Salaries & Wages	50,400	50,400	50,400	50,400	50,400
Benefits	4,178	4,114	4,115	4,232	4,100
Supplies	697	4,746	687	1,116	500
Services & Charges	63,764	238,864	76,153	63,640	76,839
Debt Service	0	0	0	1980	9955
Total Expenditures	\$119,039	\$298,125	\$131,355	\$121,368	\$141,794

EXECUTIVE DEPARTMENT CITY MANAGER

THE DEPARTMENT

- City Manager
- 0.5 Executive Assistant/Deputy Clerk/Public Records Officer

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

Executive					
	2019	2020	2021	2022	2023
EXPENDITURES BY OBJECT	Actual	Actual	Actual	Actual	Budgeted
Salaries & Wages *	156,780	165,127	169,980	215,914	186,151
Benefits *	33,513	36,555	37,729	37,948	71,000
Supplies	1743	1082	1317	2276	1,000
Fuel	0	3	0	55	150
Professional Services	909	595	11,348	3,168	500
Civic Campus Janitorial	0	2,497	2,607	2,724	3,487
IT Services	0	0	2,641	2,740	3,134
Communication	1010	1,076	875	1,720	700
Travel	8,143	3,621	955	554	4,000
Oper Rentals & Leases	699	528	496	362	200
Insurance	4,000	5,733	6,287	14,603	22,711
Civic Campus Utilities - Executive	0	1,664	2,173	2,747	3,767
Repairs & Maintenance	471	1,223	41	107	500
Civic Campus Maintenance -Executive	0	0	1,316	1,718	4,850
Miscellaneous	9,759	4,113	3,623	77,191	2,000
Debt Service	0	0	23048	23,048	27,520
Machinery & Equipment	0	0	0	1,490	500
Total Expenditures	\$217,027	\$223,818	\$264,437	\$388,365	\$332,170

* The 2023 Budget now only includes the City Manager wages and benefits only. Previously, a portion of the Executive Assistant/Deputy Clerk/Public Records Officer's wages and benefits are included in the Executive budget, however, this position was transferred into the Finance and Administration department 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

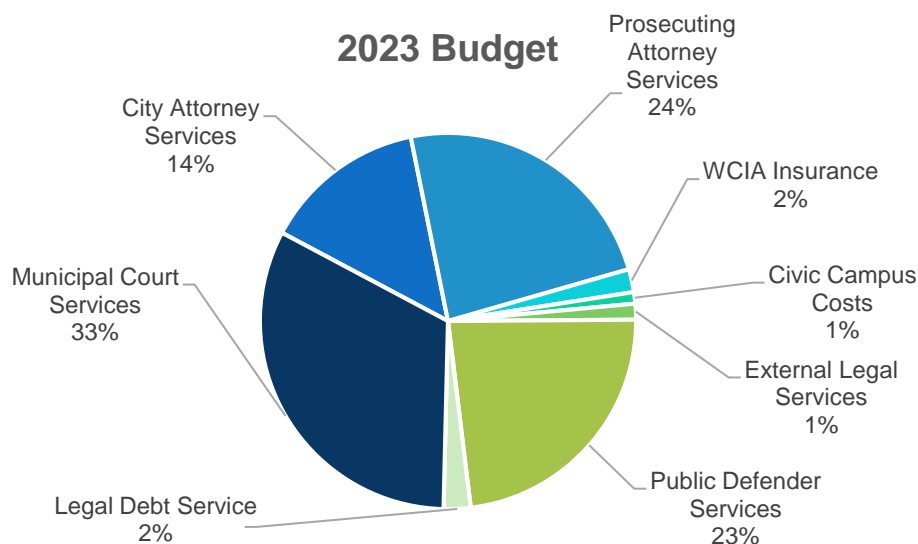
The City contracts legal services including:

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

Municipal Court and Legal Expenditures

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budgeted
Legal Supplies	0	0	0	3746	200
City Attorney Services	90,335	90,165	90,473	90,000	103,000
Prosecuting Attorney Services	174,000	174,000	174,000	174,000	174,000
Civic Campus Janitorial - Legal	0	1,516	1,516	1,653	1,200
WCIA Insurance	0	3,479	3,816	8,863	8,223
Civic Campus Utilities	0	1,010	1,319	1,667	1,297
Civic Campus Maintenance	0	742	798	1,392	1,669
External Legal Services	0	7,109	7,574	7,275	10,000
Public Defender Services	286,194	181,125	213,793	278,050	170,000
Legal Debt Service	0	0	13,988	13,988	9472
Municipal Court Services	241,195	236,541	253,970	244,807	244,807
Total	791,724	695,686	761,246	825,441	723,868

Below are the percentages of legal and court budgeted expenses in 2023:



FIRE PROTECTION SERVICES

In January of 2015, the City of Union Gap began contracting 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 Union Gap maintains ownership of the apparatus, equipment and fire station.

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 Life Safety Inspections – Commercial and Multi-Family Occupancies

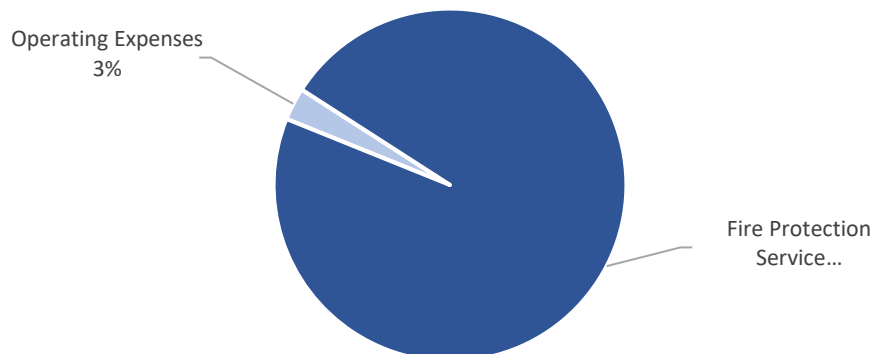
4. MAINTENANCE

- SCBA Repair and Annual Flow Testing
- Coordinates Repair and Maintenance for Fire Apparatus

5. MISCELLANEOUS SERVICES

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

2023 Budget



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

	FIRE DEPARTMENT				
	2019	2020	2021	2022	2023
	Actual	Actual	Actual	Actual	Budget
Operating Expenses	38,523	20,114	31,301	38,505	51,844
Fire Protection Service Contract	1,497,745	1,524,578	1,607,801	1,697,310	1,684,244
Total Fire Expenses	1,536,268	1,544,692	1,639,102	1,735,815	1,736,088
Capital Expenditures	615,170	1,409	0	0	0
Grand Total Fire Expenses	2,151,438	1,546,101	1,639,102	1,735,815	1,736,088

Annually the City of Union Gap transfers money from the general fund to the fire truck reserve fund for capital expenditures. This includes the purchase of fire apparatus and station improvements. This is necessary to keep the station, apparatus and equipment viable for future operations. In 2021 the City replaced the north approach, apron and parking lot for the fire station. In 2022 we purchased a new fire truck which should be in operation in late 2023 or early 2024. In 2023 well will be replacing the fire apparatus bay lighting, converting the lighting to LED lights which will reduce our energy costs.

The partnership with City of Yakima continues to be very successful. In 2021 a new contract was signed for the City of Yakima to continue to provide fire protection services through 2025. The agreement provides depth of service to both communities, which has led to a reduced insurance rating. *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 a 4 to a 3. This was due to improvements to apparatus, risk reduction programs and water supply.



PUBLIC WORKS AND COMMUNITY DEVELOPMENT 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
- Crew Leader – Sewer
- Operations Manager
- Maintenance Workers (10)

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 amended by the State of Washington.

The City contracts with Yakima Valley Conference of Governments (YVCOG) to assist 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.

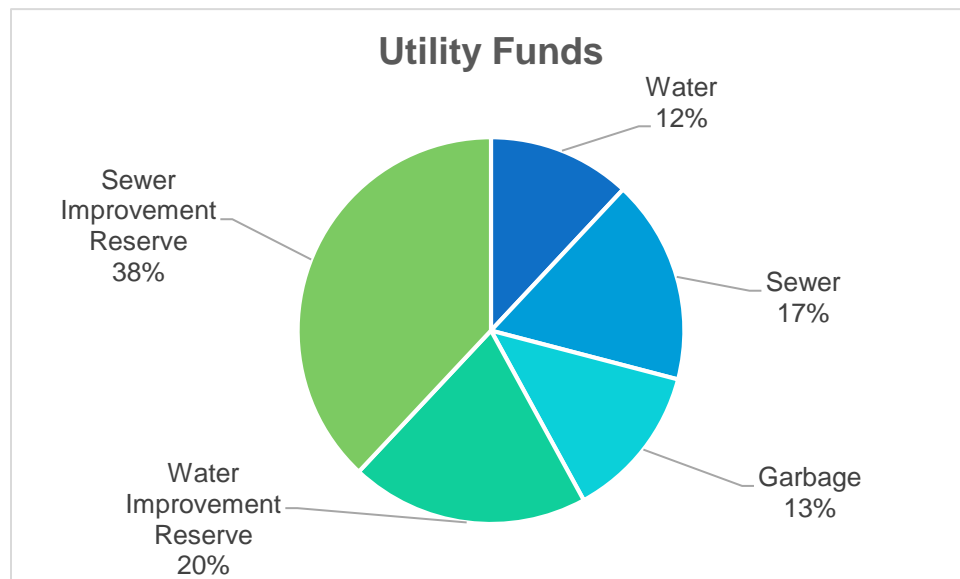
The Public Works and Community Development Department includes the following divisions:

Water
Sewer and Stormwater
Housing Rehabilitation
Garbage
Streets

Parks
Transit
Building and Planning
Property Management
Senior Citizen Center

UTILITY FUNDS

The following chart shows the percentage of 2023 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 87%. Garbage is next at 13%.



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

SOURCES AND USES OF FUND	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budgeted
REVENUES AND OTHER SOURCES:					
EST.BEG FUND BALANCE	899,550	880,920	970,674	1,132,826	1,001,728
Total Beginning Fund Balances	899,550	880,920	970,674	1,132,826	1,001,728
OPERATING REVENUES					
WATER REVENUES	1,209,160	1,370,998	1,502,388	1,524,255	1,499,171
WATER SVC INSTALLATION CHARGES	37,822	17,602	28,908	29,703	35,042
WATER PLAN CHECKING FEE	2,907	11,653	3,070	26,988	46,265
MISCELLANEOUS PENALTIES	4,600	4,180	40	0	0
INTEREST & OTHER EARNINGS	16,873	4,884	1,121	19,027	5,403
OTHER MISCELLANEOUS REVENUE	1,125	2,504	1,781	28,600	0
Total Operating Revenue	1,272,487	1,411,821	1,537,308	1,628,573	1,585,881
EXPENDITURES & OTHER USES					
OPERATING EXPENDITURES					
SALARIES & WAGES	157,870	205,342	274,506	288,720	353,723
OVERTIME	7,406	6,592	4,368	5,030	2,900
PERSONNEL BENEFITS	85,157	108,228	182,207	150,649	210,553
UNIFORMS & EQUIPMENT	2,279	2,420	2,315	2,535	2,100
SUPPLIES	90,335	106,239	86,293	99,611	85,500
FUEL	13,606	8,979	13,837	13,623	11,400
SMALL TOOLS & EQUIPMENT	1,713	1,150	2,645	5,208	1,900
PROFESSIONAL SERVICES	29,761	27,663	19,000	22,341	25,791
ADMIN SVC CHG TO C.E.	104,153	112,409	145,826	122,377	134,017
COMMUNICATION	10,657	7,160	6,501	6,346	9,000
TRAVEL	196	0	0	0	1,300
ADVERTISING	430	386	696	0	500
OPERATING RENTALS & LEASES	4,250	1,739	913	1,378	1000
INSURANCE	51,000	29,120	32,340	14,036	15,672
UTILITIES	85,007	101,481	120,531	125,753	120,361
REPAIRS & MAINTENANCE	11,389	9,486	19,372	16,703	13,040
MISCELLANEOUS	15,213	11,621	24,283	24,763	11,000
EXTERNAL TAXES	51,174	62,914	68,034	68,643	50,000
MACHINERY & EQUIPMENT	10,632	0	0	0	70,000
Total Operating Expenditures	735,784	807,647	1,003,667	967,718	1,119,757
Total Revenues	2,172,037	2,292,741	1,537,308	1,628,573	1,585,881
Other Decrease in Fund Resources					
PWTF LOAN PRINCIPAL	326,231	263,421	224,999	224,999	224,999
PWTF LOAN INTEREST	43,234	23,555	21,283	19,395	17,507
CIVIC CAMPUS USDA LOAN PRINCIPAL	0	0	5,908	5,908	7,664
CIVIC CAMPUS USDA LOAN INTEREST	0	0	7,480	7,480	9,587
TRANS OUT TO 404 WA DEVL RESV	140,000	0	201,194	175,000	100,000
TRANSFER-OUT 112 PW EQUIP RSV	20,000	0	20,000	15,000	2,000
TRANSFER-OUT 117 PW BLDG RSV	5,000	0	6,250	9,750	12,200
Total Other Decreases in Fund Resources	555,090	286,976	487,114	457,532	373,957

ENDING CASH AND INVESTMENTS					
Total Ending Cash and Investments	880,920	1,198,118	1,017,203	1,336,149	1,093,895

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	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budgeted
REVENUES AND OTHER SOURCES					
Total Beginning Fund Balances	1,419,074	1,448,392	1,742,201	1,899,318	1,596,710
OPERATING REVENUES					
DWSRF-MAIN ST WA IMPR-DM13-952-138	0	0	0	0	1,600,000
INTEREST & OTHER EARNINGS	27,437	7,949	1,560	29,278	10,621
INFRASTRUCTURE FEE - WATER	-38,695	74,443	53,053	10,672	18,296
TOTAL OPERATING REVENUE	-11,258	82,392	54,613	39,951	1,628,917
EXPENDITURES & OTHER USES					
OPERATING EXPENDITURES					
PROF SVC-CLEAN RESERVOIR	0	0	0	0	30,000
MISCELLANEOUS-WATER RIGHTS	505	9,001	19,430	14,203	778,000
S. BROADWAY WA/SE COLLECTION SYSTEM	0	6,188	556	0	0
PROF SERVICES-GOODMAN APTS-WA INSPECT	0	0	0	0	52,000
EXTERNAL TAXES	-593	839	310	187	0
TOTAL OPERATING EXPENDITURES	-88	16,027	20,296	14,390	860,000
OTHER REVENUE RESOURCES					
TRANS FROM 401 WATER	140,000	0	201,194	175,000	100,000
TRANSFER-IN FROM 401 FOR 112 PW EQUIP RSV	0	0	20,000	15,000	2,000
TRANSFER-OUT FROM 401 FOR 117 PW BLDG RSV	0	0	6,250	9,750	12,200
TOTAL OTHER REVENUE SOURCES	140,000	0	227,444	199,750	114,200
OTHER DECREASES IN FUND RESOURCES					
CONSTRUCTION PROJECTS					
WATER TELEMTRY SYSTEM	99,511	0	0	0	0
DOH SANITARY SURVEY	0	0	0	0	7,500
SERVICE METER IMPROVEMENT - CONST	0	0	0	0	1,600,000
JOHNSON HILL RESERVOIR REPAIRS	0	0	0	23,523	21,815
TOTAL OTHER DECREASES IN FUND RESOURCES	99,511	0	0	23,523	1,629,315
ENDING CASH AND INVESTMENTS	1,448,393	1,514,757	2,003,962	2,101,105	850,512

The City owns and maintains four (4) active wells in various locations within the City. These wells produce between 400 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 2019 - 2022:

Top 10 Commercial Water Users

2019	2020	2021	2022
Columbia Valley Fruit	Columbia Valley Fruit	Columbia Valley Fruit	Union Gap Property
Union Gap Property	Costco Wholesale	Splash Express	Columbia Valley Fruit
Costco	Macro Plastics, Inc.	Winco Foods Store #111	Costco Wholesale
Splash Express	Splash Express	Costco Wholesale	International Paper
Best West Ahtanum Inn	WINCO Foods Store #111	Best West Ahtanum Inn	Best West Ahtanum Inn
Macro Plastics, Inc	Apple King, LLC	Macro Plastics	Macro Plastics
Super 8 Yakima	International Paper	Quality Inn Yakima	Winco Foods Store #111
PEXCO Aerospace	Best West Ahtanum Inn	Paragon Films, INC	Splash Express
WINCO Foods Store #111	Quality Inn Yakima	International Paper	Quality Inn Yakima
Magic Metals	Union Gap Property	Super 8 Yakima	Super 8 Yakima

GOALS AND OBJECTIVES

The following goals and objectives of the Water Division of the Public Works and Community Development Department address, in part:

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 consulting firms, 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 City Consultants to review the water rates annually to ensure stable revenues.

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 City Consultants 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 wastewater generated in Union Gap and serves City of Yakima customers. Union Gap shares 57% capacity of this lift station.

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 is an enterprise fund that receives 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. The chart on the following page lists some of the top sewer-related capital improvements, as outlined in the City's Comprehensive Plan:

Improvement Description	Estimated Cost	Funding Source
South Broadway Sewer Phase 1	\$2,100,000	Grant/Loan
South Broadway Sewer Phase 2	\$2,100,000	Grant/Loan
South Broadway Sewer Phase 3	\$2,000,000	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:

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 works with City Consultants to review the sewer rates annually to ensure stable revenues.

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 City Consultants to find grants and low-interest loans to complete infrastructure projects.

STORMWATER

What is stormwater? Stormwater is rain and snowmelt 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 untreated, 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	Pollute shellfish beds
Contribute to flooding and drought	Contaminate the groundwater you drink
Contaminate swimming areas	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 \$3,000,000 in stormwater grants since 2011 and hopes to receive additional grant funds in 2023.

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, and 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) and Yakima Waste Systems, Inc. to provide garbage and recycling service to residents, businesses and industrial facilities in Union Gap. BDI and Yakima Waste Systems 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 uses BDI to provide the following programs to residential customers:

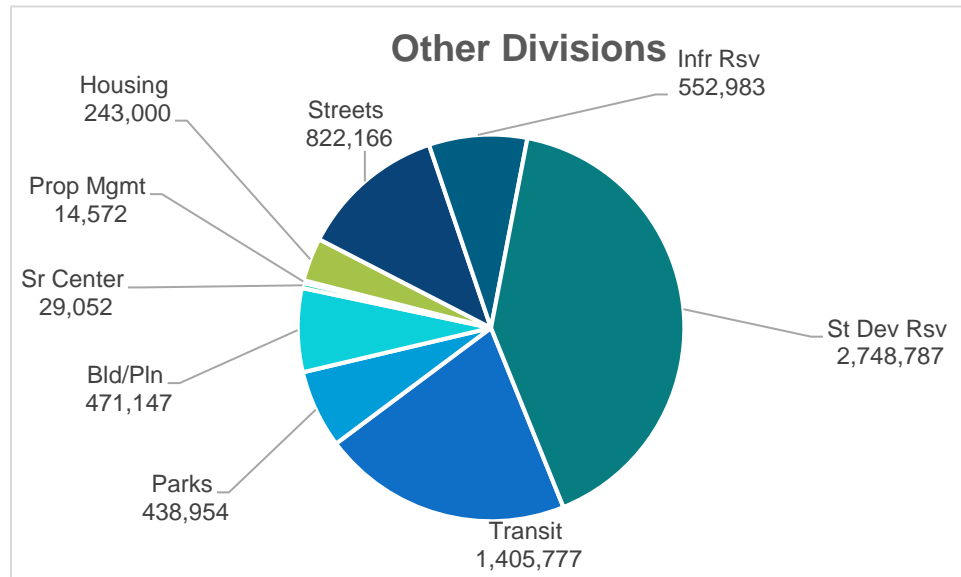
- *Yard Waste Pick-up Program*
- Collects yard waste, without additional charge from each residential unit. The yard waste pick up program runs from May 1 through December 1st. Yard waste is collected at least 2 times per month; up to 4, 40-pound bags of residential yard waste generated by the same residence in which garbage collection is occurring.
- *Annual "Spring Clean Up"*. - This event is held each year, on the second Saturday of May 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 (1) Christmas tree per residence at no additional charge.

Other Divisions

The chart on the following page shows the percentage of 2023 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.

Infrastructure reserve makes up the majority of expenditures at 45%. Transit, streets and parks are next with 24%, 17% and 7% respectively, followed by building & planning, property management, housing rehab, and senior citizen center.



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 2 (W. Franklin St. to S. City Limits.)	2025	City, TIB and STP
Downtown Future Initiatives (sidewalk modifications and other improvements TBD)	2024	City and STP
Regional Beltway Connector Stage 2 A (Longfibre Road to Fullbright Park)	2023	City and INFRA



Main Street Reconstruction 2020



Rock Avenue Construction 2020

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 2023 budget:

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 consulting firms, the City recently updated the City's Comprehensive plan, which include projects, which will involve Main Street Revitalization. The Main Street Reconstruction Phase 2 and the Regional Beltway Connector projects, which are estimated to begin in 2023 and 2026 respectively, will help tie in with the Main Street Revitalization project.

GOAL: ECONOMIC DEVELOPMENT

Strategy #2 – Develop Longfibre Road/Regional Beltway Phase 2-stage 2A

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 fully funding the project.

- Funding for this project has been obtained and the estimated construction starting time is 2023.

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.

The Park Division maintains four (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.



Fullbright Park Shelter



Cahalan Park - Skate Park

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.

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:

GOAL: IMAGE

Strategy #1 – Revitalize Main Street

Action Step #4 – 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 continue to review as necessary

Action Step #1 – 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 November 17, 2021.

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, which includes janitorial services, utility payments, and facility improvements.

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. *The meals* are provided through their *Senior Nutrition Program*. They also provide opportunities for seniors to socialize with other seniors through games, puzzles, bingo and light exercise. *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.”

POLICE DEPARTMENT

THE DEPARTMENT

The Police Department is authorized 21 employees as follows:

- Police Chief
- Lieutenant
- Administrative Secretary
- Sergeants (4)
- Detectives (3)
- Police Officers (8)
- Police Clerks (3)



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 of our citizens.

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 to protect the peace within the City of Union Gap.

GOALS AND OBJECTIVES

The department continues to work on goals and objectives that when achieved, provide the greatest impact to maintaining peace and safety within the community.

STRATEGY # 1 – REDUCE RESIDENTIAL BLIGHT

Action Step #1	Review current practices.	Status On-going
Action Step #2	Streamline current practices and shorten response timeline.	Status Work in progress
Action Step #3	Coordinate police patrol practices with blight problem areas.	Status On-going
Action Step #4	Hire Police Officer for dedicated nuisance code enforcement	Status Work in progress

OUTCOME/OBJECTIVE

The City of Union Gap residents will experience safer, more attractive residential neighborhoods.

STRATEGY # 2 – ENHANCE YOUTH ACTIVITIES TO REDUCE GANG INVOLVEMENT.

Action Step #1	Strengthen existing city-operated youth programs and recreation opportunities for Union Gap youth.	Status On-going
Action Step #2	Continue to participate/organize National Night Out.	Status On-going

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 # 3- ENHANCE POLICE DEPARTMENT OPERATIONS

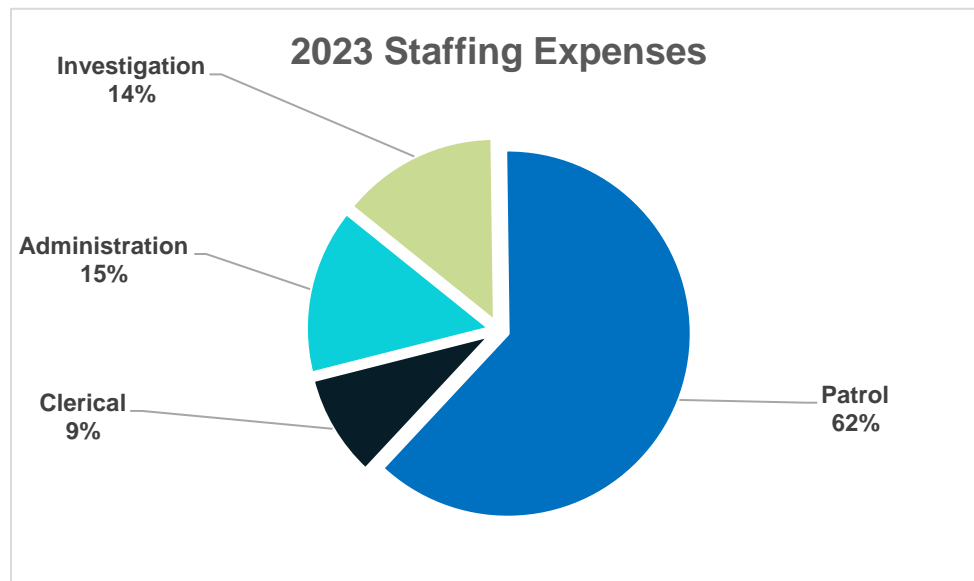
Action Step #1	Update Policy manual.	<u>Status</u> On-going
Action Step #2	Obtain WASPC Accreditation.	<u>Status</u> On-going

OUTCOME/OBJECTIVE

The Police Department will be recognized as providing superior police services, based on best-held practices, to our citizens in order to promote a safe and peaceful community.

STAFFING EXPENSES

This chart shows the 2023 budgeted staffing expenses for each division within the Police Department. Patrol is the largest division at 62% and twelve (12) full-time employees, followed by the administration at 15% and three (3) full-time employees. Investigations at 14% and three (3) full-time employees, then Clerical 9% at three (3) full-time employees.



Below are 5-year itemized staffing and operation expenditures, including the 2023 budgeted expenditures, for the Police Department:

	POLICE DEPARTMENT				
	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budget
Salaries & Benefits	2,684,371	2,642,873	2,500,142	2,819,582	3,137,350
Supplies & Equipment	109,124	88,583	66,779	101,048	103,650
Professional Services	35,843	772,618	475,345	789,350	837,548
PD Admin Insurance	0	0	72,814	196,005	230,756
Communication	24,042	27,717	24,012	21,300	36,000
Travel	11,780	8,812	1,330	8,775	6,100
Advertising	666	0	0	798	5,000
Operating Rentals/ Leases	9,816	5,812	4,852	5,404	5,000
Utilities	0	0	22,194	34,882	35,697
Repairs & Maintenance	28,920	26,708	41,296	39,722	81,451
Miscellaneous	15,256	9,510	8,225	19,248	13,000
Capital Expenditures	0	0	767	146,360	0
Total	2,919,819	3,582,632	3,217,756	4,182,474	4,491,552

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
- Grants Management
- Purchasing
- Public Disclosure
- Validations

RECORDS/ SERVICES DIVISION

This division is staffed by three police clerks. They are responsible for several critical functions within the department.

- Reception
- Data entry
- Records Management
- Court Order Entry
- Warrant Entry
- 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 assist the Investigations Division as needed. When not responding to calls for service or emergencies patrol officers will also conduct the following activities:

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



FINANCE AND ADMINISTRATION DEPARTMENT

THE DEPARTMENT

The Finance and Administration Department consists of 6.5 employees as follows:

- Director of Finance and Administration
- Deputy Clerk/Treasurer
- Accounts Payable
- Executive Assistant/Deputy Clerk/Public Records Officer*
- Finance Technician 1 – Utilities
- Finance Technician 2
- Clerk/Receptionist

*Although this position is part of the Finance and Administration Department, it is paid 50% in Clerk & 50% in Executive, since a portion of the duties include Executive Assistant.

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 complies 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

GOAL: COMMUNICATION

The department utilizes the city website, newsletter, news releases and tourism promoter insights, to enhance communication with the community. The City also has a strong Lodging Tax Advisory Committee (LTAC) and tourism promoters that do a great job of marketing City tourism and relaying information through magazines, newspapers, brochures and social media.

GOAL: ECONOMIC DEVELOPMENT

The department helps other departments within the City by providing financial and clerical support for economic development. This support includes budgeting, monitoring, reporting and remittance services.

GOAL: INFRASTRUCTURE

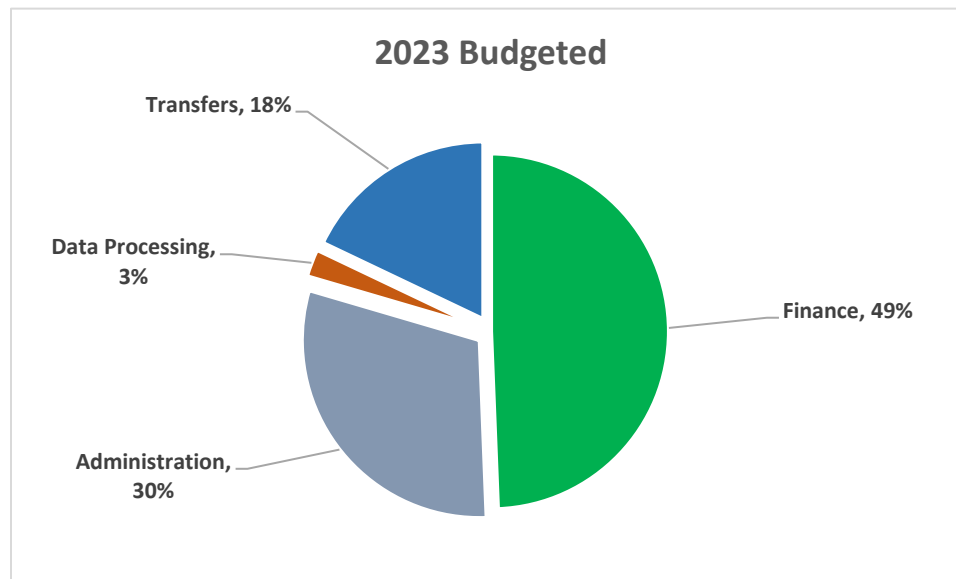
The department works with HLA Engineering and the Director of Public Works and Community Development, to provide current and historic statistical information for water and sewer utilities. The department also provides utility billing services such as monthly meter read input, billing, customer service and reporting.

GOAL: SERVICE EFFICIENCY

The department strives to create a healthy and positive working environment for city employees by providing employee incentive programs such as employee birthday celebrations, employee recognition for years of service, and including short articles in the City newsletter about new employees.

The department is in charge of the City's Wellness Program, a strong employee program that promotes physical, emotion and mental well-being of employees. The City has received 12 Well City Awards since its inception. By receiving this award, the City save 2% on annual medical premiums.

The chart below shows the percentage of 2023 budgeted expenditures for each division within the Finance and Administration Department. The data processing pays for IT services and transfers refer to transfers from Current Expense to other funds. The 2023 budgeted transfers include transfers to various reserve funds, such as police vehicle reserve, fire truck reserve, city hall building reserve, community events and park development reserve:



The chart on the following page shows the finance maintenance and operations expenses from 2019 through 2023:

FINANCE - 4.25 FTE	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budget
SALARIES & WAGES	247,660	260,940	286,978	339,075	313,721
OVERTIME	1,747	12,898	1,208	3,119	2,000
PERSONNEL BENEFITS	124,707	131,464	133,717	163,290	149,150
SUPPLIES	3,662	2,827	5,441	7,112	3,250
PROFESSIONAL SERVICES	18,654	42,112	1,656	612	0
AUDIT COSTS	0	0	13,956	15,161	43,000
CIVIC CAMPUS JANITORIAL	0	0	3,637	3,800	5,433
IT SERVICES	0	0	9,394	9,745	10,109
COMMUNICATIONS	2,573	1,975	1,833	3,750	2,000
TRAVEL	1,172	16	463	448	2,000
ADVERTISING	228	0	0	284	500
OPERATING RENTALS & LEASE	3,298	3,253	3,368	3,145	2,000
INSURANCE	12,000	7,997	8,770	20,369	35,133
CIVIC CAMPUS UTILITIES	-	2320.44	3042	3,831	5,870
REPAIRS & MAINTENANCE	103	1705.8	0	7	500
CIVIC CAMPUS MAINTENANCE	-	0	1835	2,481	7,556
MISCELLANEOUS	2,525	4764.69	5969	6,255	5,000
ELECTION COSTS	6,418	11102	4140	9,690	5,000
MACHINERY & EQUIPMENT	0	0	0	0	0
	424,747	483,375	485,407	592,173	592,222

Below are the administration (clerk) maintenance and operations expenses from 2019 through 2023:

ADMIN (CLERK) - 2.25 FTE	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budget
SALARIES & WAGES	124,146	109,289	122,315	124,947	179,471
OVERTIME	608	7,509	278	1,254	1,250
PERSONNEL BENEFITS	55,011	45,753	46,163	46,637	71,258
SUPPLIES	3,156	2,229	5,068	4,335	2,000
FUEL	(13)	86.95	86	91.65	0
PROFESSIONAL SERVICES	434	316	226	584	1,500
CIVIC CAMPUS JANITORIAL	0	3,132	3,270	3,417	2,654
IT SERVICES	0	0	4,474	4,641	4,815
COMMUNICATIONS	2,243	2,728	2,383	1,629	1,500
TRAVEL	1,726	0	100	421	3,000
ADVERTISING	0	0	0	284	500
OPERATING RENTALS & LEASE	5,695	4,383	4,804	4,829	2,000
INSURANCE	0	7,191	7,886	18,598	18,348
CIVIC CAMPUS UTILITIES	0	2,087	2,737	3,445	2,867
CIVIC CAMPUS MAINTENANCE	0	0	1,650	2,226	3,691
REPAIRS & MAINTENANCE	103	1533.89	0	10.64	0
MISCELLANEOUS	2,366	1239	2630	2096.72	3,000
MACHINERY & EQUIPMENT	0	0	1,433	0	0
CIVIC CAMPUS DEBT	0	0	61,057	61,056	63,827
	195,475	187,477	266,560	280,503	361,681

IT 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 provides ongoing training and assistance in the updating and maintenance of the Union Gap website.

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

DATA PROCESSING

Data processing for City Hall is included in the Finance and Administration budget. This includes costs for new computer machinery and equipment.

Expenditures for data processing from 2019 through 2023 are shown below:

Data Processing – IT Services					
	2019	2020	2021	2022	2023
	Actual	Actual	Actual	Actual	Budget
SUPPLIES	19	35.31	0	0	0
NEXTREQUEST SUPPORT	7,504	8,403	8,697	10,027	10,000
BIAS ANNUAL SUPPORT	15,600	16,907	17,546	18,939	19,886
IT SERVICES	0	0	1,087	1,388	0
COMMUNICATION	203	400	0	0	0
MISCELLANEOUS	1,325	904	898	889	500
	24,651	26,649	28,228	31,243	30,386

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. The Director of Finance and Administration acts as the primary WCIA delegate. WCIA provides liability programs that include auto, general and Police liability as well as errors or omissions, employment practices, employee benefit and stopgap liability insurance.

Department staff updates 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.

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 ensuring 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 Civil Service 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, Police Department and Public Works and Community Development, using the City's public record software - NextRequest. NextRequest has given the City the capability of accepting public records online, storing 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.

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 provides ideas, incentives and annual events to help employees remain 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.



Well City 12 Years running

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 percentage of 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.

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 creditworthiness 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.

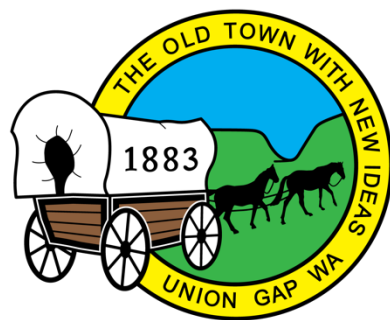
TAX. Compulsory charge levied by a government to finance services performed for the common benefit.

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.



uniongapwa.gov