

**Mayor's
2009 BUDGET MESSAGE**

Dear Citizens of Union Gap and Members of the City Council:

I am pleased to present the balanced preliminary budget for 2009 in the amount of \$26,493,204 to the City Council and the citizens of Union Gap.

The accounts of the City of Union Gap are organized based on funds, each of which is a separate accounting entity. Each fund has a separate set of single-entry accounts, which are comprised of cash, investments, revenues and expenditures, as appropriate. The City of Union Gap accounts for its resources in individual funds depending on their intended purpose. The following is a narrative budget summary of the funds used by the City of Union Gap:

Changes to the 2009 Budget include:

The expenditures for the Current Expense Fund will be broken down into departments. Each Department Director will be responsible for the bottom line of their department's budget.

Calculation of the charges for services from the Enterprise Funds to Current Expense has been changed in order to give a more accurate accounting of the actual costs. Over the last three years, these costs have been hyper inflated, creating a lower fund balance in the Enterprise Funds. This calculation should help deter water and sewer rate increases in the near future.

The Detention and Correction costs that are paid from various departments (Criminal Justice Fund \$50,000; Crime Prevention Assessment Fund \$3,000; and Current Expense \$225,000) are now the primary responsibility of the Municipal Court.

Public Works Trust Fund Loan payments in the amount of \$175,000, which were previously paid out of the Water Fund and Sewer Fund are now being paid out of the Infrastructure Reserve Fund.

\$200,000 is being transferred from the Municipal Capital Improvement Fund (REET) to help pay for costs associated with the Valley Mall Blvd. project, which is outlined in the city's 2009 Comprehensive Plan.

2009 Projects:

The major projects included in this budget are the completion of Valley Mall Boulevard Phase III, construction of Valley Mall Boulevard Phase IV, and capital improvements proposed in the Water and Sewer Systems. Funding for a majority of the projects is through grants, intergovernmental contributions, or Public Works Trust Fund loans.

Current Expense Fund No. 001:

2009 Budget: \$6,735,452

The Current Expense Fund is the primary operating fund of the City of Union Gap. The Current Expense Fund accounts for all financial resources except those required or elected to be accounted for in another fund.

The estimated 2009 Current Expense Fund Budget for revenues is: \$180,000 estimated beginning fund balance; \$5,416,114 taxes (*property, retail sales & use; business & occupation and gambling*); \$182,400 licenses and permits; \$229,530 intergovernmental; \$452,466 charges for services; \$197,600 fines and forfeits; and, \$155,372 miscellaneous revenues.

The current assessed valuation of the City of Union Gap, as determined by the Yakima County Assessor's Office, is \$542,635,059. The proposed 2009 property tax levy estimate is \$1,421,326 and the property tax rate, per \$1,000 of assessed value, is \$2.64185159.

The estimated budget for the retail sales and use taxes, for 2009, is \$2,892,120, which is the same as estimated in the 2008 budget. The revenue remains the same due to the unknown changes in retail sales tax revenue due to the new Streamline Sales Tax law, and due to the uncertainty of the national economy.

Special Revenue Funds:

These funds in the 100-199 series, account for revenues that are legally restricted or designated to finance particular activities of the City of Union Gap.

City Street Fund No. 101:

2009 Budget: \$736,524

The purpose of the City Street Fund is to account for the administration, repair and maintenance for all paved and graveled streets and alleys.

The estimated 2009 City Street Fund Budget for revenues is: \$20,000 estimated beginning fund balance; \$135,000 for fuel taxes; \$2,000 interest earnings; \$5,000 Plan Checking Fees; \$142,132 Property Tax portion (10%); and \$361,515 Local Retail Sales & Use Tax portion (10%), and \$35,877 SIED Assessment Principal and Interest.

The estimated 2009 City Street Fund Budget for expenditures is: \$321,494 wages and benefits; \$80,060 supplies; \$188,717 services; \$35,000 intergovernmental (*signal maintenance, street striping and bridge inspections*); \$17,856 for debt principal and interest payments; \$40,622 interfund services; \$15,000 interfund transfer to the Public Works Equipment Reserve Fund; \$15,000 Capital Outlay (*in-house road improvements*); and an estimated ending balance of \$22,775.

Park Development Reserve Fund No. 106:

2009 Budget: \$30,000

The purpose of the Park Development Reserve Fund is to set aside funds annually, from the Current Expense fund, for the purchase, development and maintenance of all the City parks and for the various recreational activities sponsored by the City of Union Gap.

The estimated 2009 Park Development Reserve Fund Budget for revenues is: \$2,000 interest and other earnings; \$3,000 rental income from Fullbright and Ahtanum Youth Parks, and \$25,000 transfer from Current Expense.

Convention Center Reserve Fund No. 107:

2009 Budget: \$535,000

The purpose of the Convention Center Reserve Fund is to account for the special excise tax of two percent (2%) on the sale of lodging collected by the hotels and motels in the City of Union Gap.

The estimated 2009 Convention Center Reserve Fund Budget for revenues is: \$350,000 Estimated beginning fund balance; \$175,000 for hotel/motel taxes; and \$10,000 interest income.

The estimated 2009 Convention Center Reserve Fund Budget for expenditures is: \$100,650 services (*Yakima Valley Visitors and Convention Bureau for the tourism and sports event promotion contract \$35,650; Tourism Promoter Contract \$65,000*); \$16,176 for the Sun Dome Bond debt payments; \$39,340 interfund transfer to Community Events Fund (*\$10,790 supplies; \$9,050 Services; \$2,000 Travel; and \$17,500 Advertising for Old Town Days, Holiday Parade, Float, Royalty, and Pageant*); \$31,272 interfund transfer to Park Fund (*Ag Museum Maint. & Operation Costs*) and \$347,562 estimated ending fund balance.

Contingency Fund No. 109:

2009 Budget: \$51,000

The purpose of the Contingency Fund is to finance expenditures unforeseen in the Current Expense Fund. The 2009 estimated beginning fund balance is \$50,000 and the interest earning is \$1,000, which leaves a \$51,000 2009 estimated ending fund balance.

Public Works Equipment Reserve Fund No. 112:

2009 Budget: \$474,875

The purpose of the Public Works Equipment Reserve Fund is to set aside funds annually, from the Water Fund, Sewer Fund, Garbage Fund, City Street Fund and/or the Current Expense Fund, to replace vehicles and equipment for the Public Works Department.

The estimated 2009 Public Works Equipment Reserve Fund for revenues is: \$95,000 interfund transfers (*Water Fund \$40,000; Sewer Fund \$40,000; and City Street Fund \$15,000*) \$10,000 interest earning; and, \$369,768 estimated Beginning Fund Balance.

Fire Truck Reserve Fund No. 113:

2009 Budget: \$333,875

The purpose of the Fire Truck Reserve Fund is to set aside funds annually, from the Current Expense fund, to replace vehicles and equipment for the Fire Department.

The estimated 2009 Fire Truck Reserve Budget for revenues is: \$7,000 interest earning; \$150 miscellaneous revenues; \$25,000 transfer from Current Expense; \$301,725 estimated beginning fund balance.

Police Vehicle Reserve Fund No. 115:

2009 Budget: \$0.00

The purpose of the Police Vehicle Reserve Fund is to set aside funds annually, from the Current Expense Fund, to replace vehicles for the Police Department. The City is currently leasing new vehicles for the Police Department, using money from the Current Expense Fund.

City Hall Building Reserve Fund No. 116:

2009 Budget: \$155,401

The purpose of the City Hall Building Reserve Fund is to set aside funds annually, from the Current Expense Fund, for the construction and/or remodel of the City Hall complex.

The estimated 2009 City Hall Building Reserve Fund Budget for revenues is: \$500 interest and other earnings; \$50,000 transfer from Current Expense; and \$104,901 estimated beginning fund balance.

Municipal Capital Improvement Fund No. 118:

2009 Budget: \$210,140

The purpose of the Municipal Capital Improvement Fund is to account for the one-quarter of one percent (*0.25%*) tax on the selling price for each sale of real property within the corporate limits of Union Gap. This revenue is to finance local capital improvements of infrastructure as listed in RCW 35.43.040.

The estimated 2009 Municipal Capital Improvement Fund Budget for revenue is: \$100,000 taxes; \$10,000 interest earning; and, \$100,140 estimated beginning fund balance.

The estimated 2008 Municipal Capital Improvement Fund Budget for expenditures is: \$200,000 interfund transfer to the Streets Development Reserve Fund; and \$10,140 estimated ending fund balance.

City Hall Equipment Reserve Fund No. 120:

2009 Budget: \$61,500

The purpose of the City Hall Equipment Reserve Fund is to set aside funds annually, from the Current Expense Fund, for the replacement of equipment and computers for City Hall.

The estimated 2009 City Hall Equipment Reserve Fund Budget for revenues is: \$1500 interest earning; and \$60,000 estimated beginning fund balance.

The estimated 2009 City Hall Equipment Reserve Fund estimated ending fund balance is \$61,500.

Street Development Reserve Fund No. 121: 2009 Budget: \$5,747,750

The purpose of the Street Development Reserve Fund is to set aside funds annually, from the Current Expense Fund, for such costs as right-of-way acquisition, new street construction, street reconstruction, street overlays, seal coating, etc.

The estimated 2009 Street Development Reserve Fund Budget for revenues is: \$600,000 federal grants; \$4,800,000 state grants; \$74,000 Contributed Capital; and \$273,750 interfund transfer (Infrastructure Reserve Fund-124 \$23,750; Transit System Fund-128 \$50,000; Municipal Capital Improvement Fund-118 \$200,000).

The estimated 2009 Street Development Reserve Fund Budget for expenditures is \$5,474,000 for Valley Mall Blvd. Phase III & IV construction.

Criminal Justice Fund No. 123: 2009 Budget: \$260,900

The purpose of the Criminal Justice Fund is to account for the sales tax of point 3/10 percent (0.3%) which is collected as part of the total Union Gap sales tax of 8.1%. The State of Washington collects the tax and distributes the tax back to the City of Union Gap, based on population, to be used for criminal justice purposes such as law enforcement, municipal court, probation service, etc.

The estimated 2009 Criminal Justice Fund Budget for revenues is: \$147,000 tax; \$87,000 Local Criminal Justice; \$13,900 State money; \$13,000 interest and other earnings.

The estimated 2009 Criminal Justice Fund Budget for expenditures is: \$100,142 wages and benefits; \$30,000 supplies and fuel; \$4,250 services; \$50,000 Intergovernmental (Detention and Correction costs); \$76,130 Debt Service (*Lease payments for Police Vehicles*) and \$378 estimated ending fund balance.

Infrastructure Reserve Fund No. 124: 2009 Budget: \$1,367,625

The purpose of the Infrastructure Reserve Fund is to set aside 10% of the annual sales tax revenue for infrastructure costs.

The estimated 2009 Infrastructure Reserve Fund Budget for revenues is: \$361,515 estimated Sales Tax revenue; \$163,530 federal grant; \$527,580 SIED grant; \$15,000 interest earning; and \$300,000 estimated beginning fund balance.

The estimated 2009 Infrastructure Reserve Fund Budget for expenditures is: \$130,000 services (*transportation improvement plan \$50,000; street seal coat program \$80,000*); \$569,500 capital outlay (*Park to Park Pathway \$69,500; Valley Mall Blvd III SIED/Grant \$500,000*); \$364,128 Debt Service Costs; \$23,750 interfund transfer to Street Development Reserve Fund, and \$280,247 estimated ending fund balance.

Development Mitigation Reserve Fund No. 125: 2009 Budget: \$21,000

The purpose of the Development Mitigation Reserve Fund is to account for all funds received pursuant to private agreements with the City, which agreements allow a payment in lieu of a dedication of land or to mitigate a direct impact identified because of a proposed development, subdivision, or plat. The monies presently accumulated in the fund are for improvements at: Valley Mall Blvd. & Chestnut Street.

Crime Prevention Assessment Fund No. 126: 2009 Budget: \$7,500

The purpose of the Crime Prevention Assessment Fund is to account for payments by criminal defendants, upon conviction of each and any non-traffic crime committed in the City of Union Gap.

The estimated 2009 Crime Prevention Assessment Fund Budget for revenues is: \$3,700 investigative assessment; \$100 interest earning; and, \$3,700 estimated beginning fund balance.

The estimated 2009 Crime Prevention Assessment Fund Budget for expenditures is: 3,000 Intergovernmental; \$200 Services; and \$4,300 estimated ending fund balance.

Commute Trip Reduction Fund No. 127: 2009 Budget: \$3,209

The purpose of the Commute Trip Reduction Fund is to account for the revenues received from the State of Washington, as a grant to administer a commute trip reduction program for the employers in Union Gap that qualify. The City now contracts with Yakima Valley Conference of Governments to administer the program in Union Gap. The State of Washington directly appropriates the grant to YCOG. The program requires employers of 100 employees or more, who report to work between 7 a.m. and 9 a.m. to have a Commute Trip Reduction Program. These employers have specified goals to meet to reduce the number of trips their employees make to and from their work site. The City will not receive, directly; any further grant monies from the State. The City of Union Gap will use the Fund Balance to administer the program until the Fund Balance is exhausted.

Transit System Fund No. 128: 2009 Budget: \$798,482

The purpose of the Transit System Fund is to account for the sales tax of point 2/10 percent (0.2%) which is collected as part of the total Union Gap sales tax of 8.1%. The State of Washington collects the tax and distributes the tax back to the City of Union Gap, to be used for the Union Gap Transit System.

The estimated 2009 Transit System Fund Budget for revenues is: \$700,000 Public Transit Tax; and \$98,482 beginning fund balance.

The estimated 2009 Transit System Fund Budget for expenditures is: \$13,840 wages and benefits; \$9,600 supplies and fuel; \$317,700 services; \$50,000 Interfund Transfer (*St. Devl. Reserve Fund for bus pullouts/benches/trash containers/concrete*); and \$407,342 estimated ending fund balance.

Community Policing Fund No. 130: 2009 Budget: \$9,750

The purpose of the community Policing Fund is to purchase materials for crime prevention and block watch programs, National Night Out Against Crime activities, assist with the school safety patrol program, citizen's police academy, reserve police officer program, bicycle patrol, law enforcement explorers post, and the K-9 program. The sole source of revenue for the Community Policing Fund is from donations.

Community Events Fund No. 132: 2009 Budget: \$42,840

The purpose of the Community Events Fund is to pay for community events such as Old Town Days; Holiday Parade; Union Gap Float; Royalty; and Pageant. \$39,340 interfund transfer from the Convention Center Reserve Fund; and an estimated ending balance of \$3,500

Housing Rehabilitation Fund No. 170 2009 Budget: \$455,000

The purpose of the Housing Rehabilitation Fund is to utilize grant funding from the Dept. of Community Trade and Economic Development, for rehabilitation for residential housing in the

community. Revenues are received from grant money and loan payments from participating citizens.

Debt Service Funds:

These funds in the 200-299 series, account for the accumulation of resources to pay principle, interest and related costs on general long-term debt.

1993 General Obligation Bond Redemption Fund No. 213: 2009 Budget: \$100,878

The purpose of the 1993 General Obligation Bond Redemption Fund is to redeem the bonds used to finance the Police Station purchase, the Fire Station remodel, Fire Department equipment and property purchase of the South 3rd Avenue parcel. The bonds will mature every year from 1994 through 2013. The fund transfer for 2009 from the Current Expense Fund is \$100,650. The bonds mature from 1994 through 2013, with interest rates varying from 4.25% to 7%.

Capital Projects Funds:

These funds in the 300-399 series, account for financial resources, which are designated for the acquisition or construction of general government capital projects.

Utility Local Improvement District 98-2 Construction Fund No. 324:

The Utility Local Improvement District 98-2 Construction Fund controlled the monies needed to construct the Landon Avenue sewer line. The project is complete and the fund is closed.

Utility Local Improvement District 98-3 Construction Fund No. 325:

The Utility Local Improvement District 98-3 Construction Fund controlled the monies needed to construct the South 2nd Avenue sewer line. The revenue bond sale occurred in 2003. The project is complete and the fund is closed.

Enterprise Funds:

These funds in the 400-499 series, account for operations that provide goods or services to the general public and are supported primarily through user charges.

Water Fund No. 401:

2009 Budget: \$1,433,590

The purpose of the Water Fund is to account for the operations and maintenance of the City of Union Gap water system. The estimated 2009 Water Fund Budget for revenues is: \$931,590 water service receipts; \$500 sales of maps and publications; \$6,000 penalties; \$15,000 interest earning; \$15,000 meter installations; \$10,000 Plan Checking Fees; \$5,500 Miscellaneous Revenue; and \$300,000 estimated beginning fund balance;

The estimated 2009 Water Fund Budget for expenditures is: \$276,027 wages and benefits; \$70,800 supplies; \$186,730 services; \$45,000 intergovernmental; \$35,100 capital outlay (*water meter replacement program \$5,000; reservoir cleaning \$10,000; hydrant/water valve replacement program \$10,000; Tapping Machine \$5,500; 3000 Watt Generator \$1,200; Pipe Clamp \$1,800; Water Diffuser \$1,600; Utility Billing Equipment \$6,000; Portable Flow Meter \$4,000*) \$139,336 debt service and costs; \$84,096 interfund transfers (*interfund payment for services \$44,096; and, Public Works Equipment Reserve Fund \$40,000*); and \$530,481 estimated ending balance.

Garbage Fund No. 402:

2009 Budget: \$786,000

The purpose of the Garbage Fund is to account for the operations for refuse and recycling collection in the City of Union Gap.

The estimated 2009 Garbage Fund Budget for revenues is: \$785,000 garbage/recycling receipts; and \$1,000 interest earning.

The estimated 2009 Garbage Fund Budget for expenditures is: \$7,180 supplies; \$703,100 services; \$40,200 intergovernmental; and, \$28,938 interfund transfer (*Interfund payment for service \$28,938*); and \$6,582 estimated ending fund balance.

Sewer Fund No. 403:

2009 Budget: \$2,219,220

The purpose of the Sewer Fund is to account for the operations and maintenance of the City of Union Gap's sewer transmission system and the wholesale costs associated with sewer treatment provided by the City of Yakima Regional Sewer Treatment Plant.

The estimated 2009 Sewer Fund Budget for revenues is: \$1,411,370 sewer receipts; \$20,000 Dept of Ecology grant; \$100 sale of maps and publications; \$1,000 sewer installation charges; \$1,000 plan checking fees; \$750 contributions and donations; \$35,000 interest earning; and, \$750,000 estimated beginning fund balance.

The estimated 2008 Sewer Fund Budget for expenditures is: \$223,347 wages and benefits: \$62,700 supplies; \$137,430 services; \$708,000 intergovernmental; \$56,200 capital outlay (*Lift Station #3 Improvements \$20,000; telemetry equipment \$10,000; 3000 Watt Generator \$1,200; Power Snake \$2,800; Truck Tool Box \$2,200; In-House Installation/Improvements \$20,000*); \$74,910 interfund transfers (*Public Works Equipment Reserve Fund \$40,000; interfund payment for services \$34,910*); \$125,654 Debt Service and Costs; and \$830,979 estimated ending fund balance.

Water/Sewer Improvement Reserve Fund No. 404:

2009 Budget: \$3,478,300

The purpose of the Water/Sewer Improvement Reserve Fund is to hold monies in reserve to finance capital improvements to the water system and/or the sewer system. A project can be funded 100% or by grants or low interest loans, with the City providing matching funds.

The estimated 2009 Water/Sewer Improvement Reserve Fund Budget for revenues is: \$70,000 interest earning; \$300 utility service fees; \$100,000 water and sewer infrastructure fees; \$1,408,000 intergovernmental loan; and, \$1,900,000 estimated beginning fund balance.

The estimated 2009 Water/Sewer Improvement Reserve Fund Budget for expenditures is: \$358,000 services; \$2,211,000 capital outlay (*Valley Mall Blvd. sewer line improvement \$175,000; Valley Mall Blvd. Extension water line \$150,000; 12" Force Sewer Flow Meters \$66,000; VMB IV Water \$400,000; Inflow and Infiltration Repair \$1,420,000*); and, \$909,300 estimated ending fund balance.

1998/2003 Water/Sewer Bond Redemption Fund No. 431:

2009 Budget: \$437,500

The purpose of the 1998 Water/Sewer Bond Redemption Fund is to accumulate the assessment payments and interfund transfer from the Water Fund to pay the annual principal and interest payment for the revenue bonds redemption. The capital projects finance with the 1998/2003 Water/Sewer Revenue Bonds were: 16" transmission main, Cornell Avenue sewer line, South 1st Avenue sewer line, South 3rd Avenue sewer line, Landon Avenue sewer line and South 2nd Avenue sewer line. The bonds mature from 1999 through 2015, with the interest rates varying from 2.0% to 5.45%

Agency and Trust Funds:

These funds in the 621-699 series, account for assets held by the City as an agent for individuals, private organization, other governments and/or other funds. The funds are for suspense, clearing, or custodial purposes. These funds for the City of Union Gap are as follows: Deferred Compensation (622); Payroll

Clearing (631); Claims Clearing (632); Petty Cash (635); Advance Travel Expense (636); Fiscal Agency clearing (637); Municipal Court Clearing/Trust (639).

PERSONNEL

The **Executive Department** has eight and one-half (3.5) FTE positions, which includes the Mayor, Executive Assistant, part-time Senior Citizen Coordinator, and the Janitor.

The **Legal Department** has one (1) FTE position, includes a Legal Secretary.

The **Municipal Court** has 2 (2) FTE positions, which includes a Court Clerk and a Deputy Court Clerk.

The **City Treasurer/Municipal Financial Services Department** has four (4) FTE positions: City Treasurer, Deputy City Treasurer, Finance Tech/Accounts Payable Clerk, and the Finance Tech/Utility Clerk.

The **City Clerk/Municipal Records Services Department** has four (4) FTE positions: City Clerk, Clerk/Receptionist, Clerk/Cashier and Administrative Secretary-Legal.

The **Fire Department** has nine (9) FTE positions: Chief, three Captains, four firefighters and one secretary. The Fire Department averages approximately twenty volunteer firefighters.

The **Police Department** has twenty-three (23) FTE positions: Chief, administrative assistant, thirteen officers, four sergeants, and four clerks and a Community Service Officer.

The **Public Works Department** has fourteen and one-half (13.5) FTE positions: Director, Working Foreman, secretary, Parks Working Foreman, nine maintenance, one part-time Graffiti worker, plus seasonal workers.

The **Building Planning Department** has two (2) FTE positions: Development Coordinator, and Administrative Secretary.

GENERAL INFORMATION

The City of Union Gap became a municipality in 1869, and was granted its Territorial Charter rights in 1883, under the name of Yakima City. It was the first municipality in Yakima County and was originally settled by the Goodwin Wagon Train. On November 8, 1894, an election was held on the question of reorganization, with sixty-nine voting for reorganization and twelve voting against. The name of the City was changed from Yakima City to Union Gap in 1917, when Yakima City moved north to the railroad station. Residents at the time wished to remain in their present location and decided to change the name of the City.

On April 21, 1998, the City filed with the Washington State Secretary of State, Ordinance No. 2091, an ordinance adopting for the Town of Union Gap the classification of non-charter code city pursuant to the Optional Municipal Code of the State of Washington, Chapter 35A.02 RCW.

The City of Union Gap consists of large areas of prime commercial and industrial land, with residential areas clustered throughout. The current assessed valuation of the City, as determined by the Yakima County Assessor's Office, is \$542,635,059.

Respectfully Submitted,

Jim Lemon