

The Budget Committee for the City of Junction City, met at 6:30 p.m. on Thursday, April 23, 2015, in the Council Chambers of City Hall, 680 Greenwood Street, Junction City, Oregon.

PRESENT: Council Members: Chair, Bill DiMarco; Mayor Michael Cahill; Councilors Karen Leach, Jim Leach, and Steven Hitchcock; (Excused Absence: Councilors Randy Nelson and Herb Christensen). **Citizen Members:** Mr. Jack Sumner, Ms. Sue Huntley, Dr. Dale Rowe, Mr. Jason Thiesfeld, Ms. Kara McDaniel, and Mr. Kenneth Wells; (Excused Absence: Ms. Shirley Smith); **Staff:** City Administrator Pro Tem, Jason Knope; Finance Director, Mike Crocker; Police Chief, Mark Chase; Acting Public Works Director, Gary Kaping; and Community Services Director, Tom Boldon.

1. Call to Order

Chair DiMarco called the meeting to order at 6:31 p.m.

2. Follow-up from April 16, 2015 Meeting

None.

3. Public Comment

None.

4. Approval of Budget Committee Meeting Minutes for April 16, 2015

MOTION: Councilor Hitchcock made a motion to approve the April 16, 2015 minutes. The motion was seconded by Mayor Cahill and passed by unanimous vote of the Committee.

5. Public Hearing on the Possible Uses of State Revenue Sharing

Chair DiMarco opened the public hearing.

Staff Report

Director Crocker reviewed that it was a state requirement to hold a public hearing on the possible uses of State Revenue Sharing before the Budget Committee and Council.

Public Testimony

None.

Mayor Cahill asked if further discussion would occur on State Revenue Sharing Fund. Chair DiMarco responded that the fund would be reviewed as part of the budget process and comments could also be received during that discussion.

Chair DiMarco closed the public hearing.

6. Budget Assumptions

Director Crocker distributed a document with assumptions that were used to prepare the Fiscal Year 15-16 budget and highlighted the following:

- Personnel Services: Budgeted for 2% Cost of Living Increases. AFSCME Contract has been signed and the Police Association Contract negotiation is in progress.
- Indirect Wages: With the new allocations, there are no longer indirect wage line items.

- PERS: Increase is averaged at 5.13%. This is a smaller increase from what was seen over the last few years.
- Medical Insurance: Increased by 7.8%. Last year was around 5%.
- Workers' Compensation: SAIF communicated that the City's rates would go down, and staff budgeted conservatively at a 0% increase.
- Insurance: General Liability increased by 8.1%; auto increased by 13.4%; property increased by 5%.

Director Crocker distributed and reviewed a precise budgeting analysis worksheet, which included examples of how other cities budget their General Fund in the areas of Ending Fund Balance, Expenditures (Personnel and Materials and Services), and Contingency. Precise budgeting is one of the items in the Long Range Financial Plan and the Finance and Judiciary Committee and Council had recommended that this worksheet being presented to the Budget Committee.

Chair DiMarco asked if staff would recommend that this be placed in the reference notebook. Director Crocker responded yes.

7. Review and Discussion of Proposed FY 15-16 Budget

Chair DiMarco shared that staff would begin by discussing the difference between the proposed FY 15-16 General Fund (GF) revenue and expenditures (Personnel, M and S, and transfers).

It was noted that each year GF expenditures are budgeted higher than revenues, but historically revenues have exceeded expenditures at the end of the fiscal year, due usually to position vacancies, increased revenue performance, etc. Budget Committee members have talked over the last few years about the possibility of adopting a budget where revenues equal expenditures and if there are savings at the end of the year, those savings could be designated for specific reserves or other items. In light of this, staff prepared a list of possible GF reduction discussion items, which would not eliminate current staff, services, or planned projects, in case the Committee wanted to make any changes.

Also noted was the adopted FY 14-15 budget included GF expenditures/transfers that were \$199,500 higher than revenues; however, it is estimated that the GF will make up that difference, plus an additional \$20,000 to \$30,000 by June 30, 2015.

Administrator Knope reviewed:

- (\$483,400) = Amount of difference that GF expenditures exceed revenues in the FY 15-16 proposed budget.

Chair DiMarco asked if staff was putting away as much as they wanted in reserves. Administrator Knope responded that they were not and the reserves were kept in the same range as last year; however, staff was working on identifying reserve needs as part of the Long Range Plan.

Committee Member Rowe stated that over the last six years he has said that what he and citizens of Junction City felt would be a “balanced budget” would be that expenditures are equal to revenues, even though the City’s budgets have met the definition of a balanced budget by the state budget law. He added that, in his mind, the proposed budget was not balanced.

Administrator Knope noted that there were some additions to the General Fund from last year’s budget, which increased expenditures; thus, increasing the amount that expenditures were higher than revenues. Those items were: Increasing the City Planner from ½ time to full time; adding a full time HR position; allocating appropriate General Fund personnel costs in the Internal Services Funds; and moving some expenditures from reserves funds to operating funds, as it was anticipated that they would be spent and not saved.

In response to a question on what the number would be if the budget was prepared in the same way as last year. Administrator Knope responded that it would probably be in the range of \$300,000 to \$350,000 instead of \$483,400, which would be a 10 to 15% increase.

It was asked how many cities budget like Junction City, where expenditures are higher than revenues in the GF. Director Crocker responded that he could bring back that information, if the Committee desired.

Committee Members thanked staff for being forthright with the proposed budget and not playing a shell game with the numbers.

It was asked what the Council directive was on contingency. Director Crocker responded that the current adopted Council policy was 2% of expenditures and in the proposed budget, that number was \$84,100. Administrator Knope noted that the current fiscal year’s contingency was \$65,800

The Committee consensus was that they were not comfortable with the \$483,400 gap and wanted to look at ways to reduce that number.

Possible General Fund Reduction Items Discussion

Administrator Knope reviewed that there were not a whole lot of staff requests in the budget, as staff knew that expenditures would be higher and they did not include items unless they were absolutely necessary or directed by the Council or Committee. He noted that there were some vacant positions that could be frozen for a year, without impacting service delivery/other commitments the City has or laying off current staff.

- Court Assistant = \$13,815
 - Could be covered by current personnel.
- Vacant Dispatch Supervisor = \$84,100.
 - If the dispatch position was frozen, that would leave 5 dispatchers. It is recommended that a 24/7 operation has 5.5 FTE. Other agencies operate with 5 and then configure their shifts differently, but they do not have dispatchers dealing with the jail.
 - Dispatch could be supervised by one of the Sergeants.

- A regular dispatch position is \$76,926 = savings of \$7,175.
- The dispatch position could be hired at .5 FTE or hiring could be delayed from 3 to 9 months into the FY 15-16 budget.

- Vacant Police Officer = \$117,980
 - The current FY 14-15 budget includes 11 officers, but the department has not experienced full staffing at that level. The 11 positions include the School Resource Officer, which is funded by a grant, city funding, and school funding.
 - There are currently 2 vacant police officer positions and holding off on hiring the 1 vacant position would amount to the department having 10 officers.
 - The vacant police officer position could be hired as an entry level, which would be \$79,500, compared to \$117,980; however, it was noted that would be a temporary fix as the salary would increase each year.

- Records Temporary Help = \$9,742
 - Could be covered by current personnel.

- Road Crew Coordinator = \$7,178
 - Could be covered by current personnel.

- HR Position = \$55,886 (\$55 K is the cost to the GF. Another part is funded by Enterprise Funds).
 - Could reduce to part time, or delay hiring from 3 to 9 months into the fiscal year.
 - Savings for the position at half time would be \$27,943.

- GF Materials and Services Reduction at 2% = \$16,000

- Transfers to Reserves - Done with the mindset that if revenues come in higher than expenditures, some of the reserves could be restored at the end of the year. None of the reductions impact currently planned projects or projects going forward. Any additional revenue received later in the year could be transferred to the reserves via a supplemental budget.
 - Transfer to Police Equipment Reserve = Reduce by \$50,000 and not purchase new vehicle this year.
 - Transfer to Park and Pool Equipment = Reduce by \$65,000
 - Transfer to Senior Center Fund = Reduce by \$10,000
 - Transfer to Community Services Fund = Reduce by \$10,000
 - Transfer to Building Replacement Reserve = Reduce by \$55,000
 - Transfer to Building Reserve = Reduce by \$5,000

Grand Total of all = Approximately \$500,000

The Budget Committee to think about these options and bring back other ideas for discussion at the next meeting. Staff will email the document of options to the Committee.

Also noted was that if reductions were made, the Committee could also provide their priority recommendations on where savings would go.

8. Other Business

Chair DiMarco asked if Thursday, April 30, 2015 at 6:30 p.m. worked for the next meeting. The Committee consensus was yes.

9. Recess

Chair DiMarco recessed the meeting at 8:39 p.m.

ATTEST:

APPROVED:

Kitty Vodrup, City Recorder

Bill DiMarco, Chair