

The Budget Committee for the City of Junction City, met at 6:30 p.m. on Thursday, April 28, 2016, 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, Randy Nelson, and Steven Hitchcock; (Absent: Councilor Herb Christensen); **Citizen Members:** Mr. Jack Sumner, Ms. Sue Huntley, Dr. Dale Rowe, Mr. Kenneth Wells, Mr. James Hukill, and Mr. Jason Thiesfeld (Excused Absence: Ms. Kara McDaniel). **Staff:** City Administrator, Jason Knope; Finance Director, Mike Crocker; Public Works Director, Gary Kaping; Community Services Director, Tom Boldon; Police Sergeant, Dan Miller; and City Recorder, Kitty Vodrup.

**1. Call to Order and Pledge of Allegiance**

Chair DiMarco called the meeting to order at 6:31 p.m. and asked Councilor Hitchcock to lead the Pledge of Allegiance.

**2. Public Comment**

None.

**3. Approval of Minutes – April 14<sup>th</sup> and 21<sup>st</sup>, 2016**

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

**4. Follow-up from April 21, 2016 Meeting and Discussion of Proposed FY 2016-17 Budget**

Administrator Knope presented two options for reducing General Fund expenditures being higher than revenues by \$681,400. The Budget Committee had requested that staff provide this information at the last meeting.

Option A

Reduction in Transfers	= \$352,300
Not filling Vacant Positions (2 officers, 1 dispatch, 1 receptionist, 1 road crew, some paid reserves)	= \$310,044
Reduction in PD Materials and Services	= <u>\$ 28,100</u>
Total	= \$690,444

Option B

Reductions based on property tax distribution percentages used:

PD	= \$416,624 (included 3 officers, 1 dispatch)
Court	= \$ 11,120
Planning	= \$ 11,500
Community Services	= \$125,531 (included 1 Full Time position & 2 seasonal positions)
Transfer Reductions	= <u>\$118,000</u>
	\$682,775

Discussion followed and included the following:

- More transfers would be taken out in Option A and existing personnel positions would be cut by Option B.
- Option A would be adding \$20,000 in Reserve Program wages, whereas Option B would only be adding \$4,000. The department goal was to continue to build the Reserve Program. There were currently 8 reserves and 3 on solo status.
- The HR Assistant position totaled \$89,000, with \$49,300 coming out of the General Fund.
- No funding was included in the General Fund for moving the Planning office down to Public Works, as bids had not yet been received and the Council had not yet made a decision.
- Option A would allow departments to take care of projects for the upcoming year, but not address future projects that were needed.
- In Option A, Department Heads picked their number one project dollar amount to be left in the budget.
- Department Heads favored Option A over Option B.
- It was noted that choosing Option A would balance expenditures and revenues, but would put the burden back on the Council to break the cycle of hitting reserve transfers each year in the budget.
- It was noted that there was \$100,000 in State Shared Revenue that the Council could use during the year to fund a special project, if desired.
- If revenue came in higher than expected within the year, departments could put that towards future projects. For example, if property taxes came in higher than budgeted, that increased amount would be distributed to everyone's bucket, based on the percentage table.
- If a department project was budgeted at \$30,000 but came in at \$22,000, the department would be able to keep that extra money for future projects.
- The Police Department would be receiving 74% of the property taxes, but needed funds from General Revenue to cover expenditures. The majority of General Revenue was made of up the \$500,000 in Franchise Fees.
- It was noted that the Council needed to work on gradually moving the Franchise Fees back into the Street Fund over the next few years, where they were originally intended.

- In order to restore reserve transfers for the future and free up Franchise Fees to be used for Street projects, the Council would need to look at options such as increasing revenues and/or cutting existing personnel.
- Future revenue options could include new fees, such as stormwater and/or parks. It was noted that a gas tax went before the voters in 2007 and failed.
- It was noted that Option A or B were just bandaids to balance this budget and did not provide long term, sustainable options for the budget going forward. Roads needed to be fixed, buildings maintained and personnel costs would continue to rise with COLAs and PERS.
- Council members noted that as soon as this budget was approved, it would be the Council's job to begin working on developing a sustainable budget.

**MOTION:** Committee Member Huntley made a motion that the Budget Committee start looking at Option A. The motion was seconded by Councilor K. Leach and passed by unanimous vote of the Committee.

A break was held.

Discussion continued and included:

- The Council still needed to decide on building a Planning office at Public Works. Typically funding for that would come out of the Building Reserve Fund, which currently had \$89,200; however, a large portion of that would be going towards departmental number one projects for this year. It was noted that Public Works had budgeted \$25,000 for their portion of remodel costs at the Public Works shop. The project range could be from \$50,000 to \$75,000 and bid costs should be received soon.
- Option A was \$9,000 over what was needed to balance expenditures and revenues.
- There would be approximately \$40,000 left in the Building Reserve Fund, after the number one projects were taken out. If the Planning office move was done, it would use a substantial chunk of the remaining amount.
- The Ending Fund Balance (EFB) had grown by \$150,000, due to unplanned vacancies, etc. The importance of keeping the EFB growing into the future was noted.
- It was asked if the \$150,000 could be placed in General Fund contingency, where the Council could use for a special project, such as a street or building project, if desired. It was noted that to use Contingency would require a budget transfer resolution, approved by the Council. It was added that Contingency was included as part of appropriations. If this Contingency was not spent, it would roll over into the Ending Fund Balance.

- If \$9,000 was put back into Police Reserve/Part Time in Option A, that would equate to about 400 additional reserve hours.

**MOTION:** Committee Member Rowe made a motion to accept Option A, changing the Police Reserve and Part Time reduction from \$12,000 to \$3,000. The motion was seconded by Committee Member Thiesfeld and passed by unanimous vote of the Committee.

**MOTION:** Chair DiMarco made a motion to move \$150,000 from the Ending Fund Balance into General Fund Contingency, Section 4, page 52, line item 80. The motion was seconded by Councilor J. Leach and passed by unanimous vote of the Committee.

**CONSENSUS:** The Committee consensus was to hold a Budget Committee meeting in October, like last year. Administrator Knope stated that staff would work on a date and send out to Committee members.

**MOTION:** Committee Member Thiesfeld made a motion to approve the property tax rate of \$6.0445 per \$1,000 of taxable value. The motion was seconded by Councilor Hitchcock and passed by unanimous vote of the Committee.

**MOTION:** Councilor Hitchcock made a motion to allocate all of the property tax money that the City receives in Fiscal Year 2016-17 to the General Fund. The motion was seconded by Councilor K. Leach and passed by unanimous vote of the Committee.

**MOTION:** Committee Member Rowe made a motion to approve the Fiscal Year 2016-17 budget and the total expenditures, as modified. The motion was seconded by Committee Member Wells and passed by unanimous vote of the Committee.

**5. Other Business**

None.

**6. Recess**

The meeting was adjourned at 8:34 p.m.

ATTEST:

APPROVED:

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Kitty Vodrup, City Recorder

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Bill DiMarco, Chair