

The Budget Committee for the City of Junction City, met at 6:30 p.m. on Thursday, January 20, 2022, at City Hall, 680 Greenwood Street and in a virtual meeting format, via internet and phone.

**PRESENT: Council Members:** Chair, Councilor Ken Wells; Mayor, Beverly Ficek; Councilors Sandie Thomas, Andrea Ceniga, John Gambie, Karen Leach, and Sidney Washburne; **Citizen Members:** Jack Sumner, Sue Huntley, James Hukill, Darin Olson. Absent: Travis Ducker, Kara McDaniel, and Joshua Guth; **Staff:** City Administrator, Jason Knope; Finance Director, Mike Crocker; Public Works Director, Gary Kaping; Police Chief, Bob Morris; and City Recorder, Kitty Vodrup.

**1. Call to Order**

Chair Wells called the meeting to order at 6:30 p.m.

**2. Changes to the Agenda**

None.

**3. Approval of Minutes – May 13, 2021**

**MOTION:** Committee Member Hukill made a motion to approve the May 13, 2021 Budget Committee minutes. The motion was seconded by Councilor Leach and passed by unanimous vote of the Committee.

**4. Public Comment**

None.

**5. Year to Date Financial Overview**

Director Crocker provided a year to date financial overview and referred to the December 2021 Monthly Financial Report:

• Page 1 General Fund Summary

- Fiscal Year (FY) 21-22 Ending Fund Balance in the budget was \$3,079,700, but actual was \$3,414,330, so quite a gain there.
- Property taxes received year to date were \$2,733,600. Property taxes supported 8 departments. Last year that number was \$2,517,000. With all the building occurring in town, there were more property taxes coming in.
- The property taxes collected was 92.63% of budget so far. Last year that number was 87% and the year before that it was 93%.
- Franchise and Other Fees: 40.59% collected year to date, and last year at this time was 39%. This percentage was typical for franchise collections, as some payments were made once a year and received later in the year.
- Ending Fund Balance at December 31, 2021 was \$5,172,890. Last year that was \$4,076,000.

• Page 2 Key Indicators

- Revenue for utilities was very strong. Anything over 45% at this time of year that was within 5% of budget was generally considered to be good, so to see these at 50% or more was a very strong indicator.

- Page 3 Ending Fund Balances
  - The City had \$20,137,804 cash in the bank as of December 31, 2021. Last year that number was \$18,500,000, so continued to see that increase.
  - Reserve Summary: Of the \$1,653,000 of reserve transfers that were budgeted for this year, only had \$262,000 remaining to be transferred. Fund balances were strong in the operating funds, so Director Crocker felt very comfortable in making those transfers earlier in the year than he had in the past.
  
- Page 7 Court
  - Current Year to Date Ending Fund Balance was negative \$117,170. Last month, that number was negative \$145,000. Council had adopted some changes to address the Court budget and he would review those under Item 7 Court Forecast.
  
- Page 13 Non-Departmental
  - Ending Fund Balance as of December 31, 2021 was \$2,550,259. Last year that number was \$1,973,000, so that was an increase of nearly \$600,000.
  - Grant for ARPA Funds was listed in revenue. Those were federal dollars and the \$619,777 represented one of two payments the City would receive; those dollars had yet to be budgeted in appropriations. These were not the funds earmarked for Police and the Community Center.
  
- Page 16 Building
  - Building revenue was at 28% year to date. That was because building was very up and down, and we were not through the year yet. There had been years where revenue was low but then a big project would come in. He was not concerned about this from a finance standpoint, as Building had a very strong fund balance.
  
- Page 19 Police Department
  - Property taxes year to date were 2.1 million dollars, which was representative of the Police Department's 74% allocation.
  - Personnel Services were at 41.43%, which was 5% below budget.
  - Materials and Services were a little more than 50%, but that had to do with one-time payments that occurred early in the year, such as insurance.
  - Ending Fund Balance year to date was \$1,614,421.

Director Crocker continued:

- Received good news that the City's health insurance costs at January 1<sup>st</sup> were at a zero or negative increase, which was a bonus.
- A challenge was the minimum wage would be increasing by 75 cents (6%) on July 1st, and this was the 5<sup>th</sup> year of increases, per the Governor's Minimum Wage Schedule where the minimum wage would increase by certain amounts. This put pressure on other compensation schedules and what the City pays employees.
- Good news on PERS, as the return on investments had been positive in 2021, so that would help the rates that would be set for the next biennium on July 1, 2023.

Councilor Thomas asked about the Law Enforcement Contract for \$32,000. Director Crocker responded that was the City of Monroe contract, which was discontinued.

Committee Member Sumner asked about the Police Department revenue line items that were at different percentages, such as 0%, 16%, and 25%. Director Crocker responded that the U of O Dispatch Contract was a once a year payment that was received in March or April. The Monroe contract had been discontinued, so that line only included revenue received until contract was discontinued. Donations varied on when they would be received.

Committee Member Huntley asked about Line 28 Radio System on page 21 in the Police budget. Administrator Knope responded that was for LRIG, which was a once a year payment.

Committee Member Huntley asked about Line 33 Building Maintenance on page 21 in the Police budget and asked if this higher percentage was because of the age of the building and things that needed to be fixed. Administrator Knope responded yes.

Committee Member Huntley asked about Line 71 Travel and Training on page 22 of the Police budget. Chief Morris responded that was for Deputy Chief Markell and a few other staff members to do an extended training project for Uniform Crime Reporting/Coding. The department had been incorrectly reporting, so they had to go back retroactively for a couple of years to correct that and receive ongoing training to get staff up to date. This cost would not need to be paid in the future.

Chair Wells stated that there was a lot of information here, and it was nice to see that the City was in good shape for the first six months of the year. He added that this was a result of the hard work of staff and that was appreciated.

## **6. Property Taxes and General Revenue Allocations**

Director Crocker reviewed information on the Property Taxes handout:

- Page 1 Revenue: The FY 21-22 actual assessed value percentage increase was 5.15%, which was excellent news, as the budget had included a 4% increase. The five-year average for property assessed values are now 5.41%, which was good news.
- Page 2 Revenue: The actual percentage property tax collections were expected to increase 9.75% for FY 21-22. In Junction City, market value topped 1.1 billion dollars for FY 21-22.
- On November 9, 2021, Council approved a change to the property tax and general revenue allocations:
  - Reduce Police by 2%.
  - Reduce Community Services by 2%.
  - Increase Court by 2%.
  - Increase Planning by 2%.

Director Crocker noted that he expected the property tax and revenue dollar amount for Police to increase, due to the accumulative effect of the actual increases realized. There could be a decrease in the amount received for Community Services, but it would be small. These changes would help get Court where it needed to be to meet City fiscal policies.

Councilor Gambia asked about assessed value. Director Crocker and Administrator Knope explained the limitations put on property tax increases by Measures 5 and 50, which were passed in the 1990's.

## 7. Court Forecast

Director Crocker stated that on December 14, 2021, Council approved a plan to get court back on track with its budget:

- 2% increase to revenue allocations
- 20% reallocation of personnel costs to Administration
- \$5,000 reduction in Materials and Services
- \$500 reduction in Contingency

Director Crocker reviewed the Court Department Current and Forecasted Changes document:

- The FY 21-22 adopted budget showed an Ending Fund Balance of negative \$155,000. The 5-year projections without any changes, showed that number more than doubling in the negative.
- With the changes as approved by Council, the 5-year forecast showed the negative Ending Fund Balances improving each year and then becoming positive.

Director Crocker reviewed the Court Five Year Forecast Chart:

- More detailed view of change impacts and forecast.
- Forecast for FY 26-27 had a positive Ending Fund Balance of \$140,062.

Director Crocker stated that Court was the last department that they needed to look at to get on track with fiscal policies.

Councilor Gambia asked how long it took staff behind the scenes to develop a plan like this. Administrator Knope responded that for a smaller department like Court, staff spent over 200 hours. For the larger departments, it took many hours over months of work.

## 8. Next Meeting Date

Thursday, April 14, 2022. Budget Calendar and budget document would be distributed to Committee members, prior to that meeting.

## 9. Other Business

Committee Member Olson said it was nice to be able to tell citizens that the City of Junction City was doing well financially and to be able to come to a meeting like this where more money was coming in than going out.

Committee Member Sumner noted that there were federal funds available for infrastructure and asked if those could be used to fix streets and do water and sewer projects. Administrator Knope responded yes, and he and Director Kaping were working on this and would bring some things through the Public Works Committee. He added that staff was attending a webinar on this on January 21, 2022.

Director Kaping stated that he was having the City's engineer look at what funds would be available to the City. The criteria included that projects be shovel ready, and they were working

to get some street work and waterline projects drawn up so they could be ready to submit applications for any available funding.

Committee Member Sumner noted that the City was getting a lot of good work from good people on the water quality projects and he certainly appreciated that.

Councilor Washburne asked when the City would receive the money from Senator Manning. Administrator Knope responded that Department of Administrative Services (DAS) has released the application forms, and the City had finished that paperwork this week.

Committee Member Sumner noted that with redistricting, Senator Manning would no longer represent Junction City and asked if that funding could be given to another jurisdiction. Administrator Knope responded no, and the funds were allocated to Junction City per House Bill 5006.

Chair Wells stated that he was glad Administrator Knope mentioned the training, because staff was looking at every place they could to get additional funds for jobs that the citizens expected. Administrator Knope responded that was correct.

Councilor Thomas asked if there were funds available for the sewer project. Administrator Knope responded that the sewer project would not be shovel ready for 3 to 4 years and at that time a funding package would be put together.

Councilor Thomas asked if the City was saving money for the sewer project so there would not be as large of a debt in 3 or 4 years. Administrator Knope responded yes, and the City had been saving for many years in the Sewer Capital Fund and the Sewer System Development Charges Fund; this savings had been in place when he began employment with the City in 2006. Director Kaping added that there was 4.1 million dollars in the Sewer System Development Charges Fund.

Councilor Gambie stated that staff reporting that the City had been saving funds for the sewer project for many years made him and other citizens very happy. He added that this was a real credit to Administrator Knope, the department heads, and support staff and how the City was being managed. Administrator Knope noted that Mr. Sumner had been instrumental over many years in making sure the sewer surcharge was continually being saved and had been a huge champion for this cause, which was greatly appreciated.

**10. Adjournment**

As there was no further business, the meeting was adjourned at 7:22 p.m.

ATTEST:

APPROVED:

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Kitty Vodrup, City Recorder

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Ken Wells, Chair