

The Budget Committee for the City of Junction City, met at 6:30 p.m. on Thursday, January 31, 2019, in the Council Chambers of City Hall, 680 Greenwood Street, Junction City, Oregon.

PRESENT: Council Members: Council President/Chair, Bill DiMarco; Mayor Mark Crenshaw; Councilors Sandie Thomas, Rob Stott, Andrea Ceniga, John Gambee, and Dale Rowe; **Citizen Members:** Ms. Kara McDaniel, Mr. Jack Sumner, Mr. James Hukill, Mr. Ken Wells, Mr. Austin Lee, and Ms. Katy Brady; Excused Absence: Ms. Bev Ficek; **Staff:** City Administrator, Jason Knope; Finance Director, Mike Crocker; Police Chief, Bob Morris; Public Works Director, Gary Kaping; HR/Administrative Services Manager, Stephanie Moran; and City Recorder, Kitty Vodrup.

1. Call to Order

Chair DiMarco called the meeting to order and led the Pledge of Allegiance at 6:32 p.m.

2. Approval of Minutes – October 18, 2018

MOTION: Mayor Crenshaw made a motion to approve the October 18, 2018 Budget Committee minutes. The motion was seconded by Councilor Rowe and passed by unanimous vote of the Committee.

3. Departmental Updates

Public Works

Director Kaping reported:

- Water, Sewer, Garbage, and Streets were on track with where they should be in the current budget.

Community Services

Administrator Knope reported:

- With the retirement of the Parks Lead, the City hired another seasonal worker to help with summertime projects; however, the City realized that this did not cover the work needed for fall and winter and Public Works had graciously offered to cover these duties for this year.
- The Library Volunteer Program was solid, and Library Coordinator Freda Darling was doing a great job.
- Senior Center and Community Center were doing well. Administration Assistant Tere Andrews has been doing a great job temporarily filling in at the Senior Center, since the Community Services Director had left to pursue a job opportunity.
- HR Manager Stephanie Moran was pitching in to help with management duties in Community Services and would help fill that void going forward.
- The Community Services Committee would be reviewing bid results for a new pool shell. It was noted that \$140,000 had been budgeted from State Shared Revenue to fund needed infrastructure improvements at the pool.

Police Department

Chief Morris reported:

- JCPD (Junction City Police Department) would soon begin dispatching for University of Oregon Police Department on a trial basis. The intent would be to finalize a contract which could bring in \$221,000 per year.
- Chief Morris met with Lane Fire Authority and they intended to move forward with having JCPD provide dispatching services.
- Aside from not yet realizing all the budgeted contract revenue, the current budget looked good.
- Currently there was one officer vacancy, which a current dispatcher was slated for. There was also one Sergeant vacancy.

It was noted that there had been money set aside for radio systems on page 24, Line 187, but nothing had been spent. Chief Morris responded that this was for the Lane Regional Interoperability Group (LRIG) system. The Police Department (PD) moved from LRIG to a conventional system, because LRIG did not work inside buildings. Chief Morris was able to get LRIG to put a \$60,000 improvement on the north water tower at no cost to the City, which should soon fix that problem. Once everything was operational, the City would go back to LRIG.

Discussion on police contracts and the PD Beginning Fund Balance and Ending Fund Balance (EFB) occurred. It was noted that the School District hired their own School Resource Officer, so the City would not have the revenue nor the expenses for that position.

It was noted that even though some of the budgeted contract revenue had not yet been realized, there had been some vacancies in the department, so there would be savings in the budgeted personnel costs. At this point, it was anticipated that the PD EFB could be less than the \$150,000 that was budgeted, but with new contracts coming on board and personnel savings, the EFB would remain a positive number.

It was noted that the bucket system was very useful in tracking revenues and expenditures for each department and to allow savings realized to remain in that department.

Councilor Gambee asked if there was a place in the financials where they could see the monetary value of the donations that had been made, as he thought there was value in showing that the City was lowering costs while improving services. Administrator Knope responded that staff would look into this and see if there was a way to capture this information.

4. Potential Changes for FY 2019-20 Budget**A. PERS and Other Potential Liabilities**

Director Crocker distributed charts that included projected PERS Rates and PERS Contributions over a 20 year period through 2037. Review included:

- The data came from PERS and their actuaries on a biennium schedule.

- The projections were based on the current number of full time employees.
- 30% increases were projected for biennium years 2020 and 2022, which was expected; this would equate to an annual 18% rate increase from 2020 through 2022. Then there would be a leveling off for a number of years.
- For the Fiscal Year (FY) 19-20 budget, there would be an increase of \$120,000 in PERS Contributions.

Franchise Fees

Administrator Knope stated that an additional 10% of Franchise Fees received would be moved from the General Fund - General Revenue to the Street Fund in the FY 19-20 budget. This would be the third year of transferring an additional 10% for a total of 30%; the target goal was to transfer an additional 10% per year from Franchise Fees to the Street Fund over a five year period for a total of 50%. At the end of the five years, there would be a little over \$200,000 going back into the Street Fund annually.

B. Utility Rate Study and Other Changes to Public Works

Utility Rate Study

Director Kaping reviewed:

- In July 2018, the City hired a firm to do a Water, Sewer, and Sanitation rate study. The study has been completed and recommended:
 - 6 ½% rate increase in water for four years and then a monetary percentage after that.
 - 5% rate increase for sewer for five years.
 - 2 ½% one time increase in sanitation.
 - Total increase for the first year would equate to a \$2.00 increase for the average utility customer.
 - The average customer increase over five years would be \$9.95 for water and \$12.44 for Sewer.
- The rate study projections included having dedicated revenue sources to begin working on a backlog of water and sewer maintenance, such as Fire Hydrant Maintenance and Water System Distribution Maintenance, as well as a variety of programs in the Water and Sewer Master Plans.
- When looking at Sewer rates, the City wanted to be able to set aside funding to protect the City's borrowing ability for the Wastewater Treatment Plant, which was intended to be a 15 million dollar project in the next couple of years. The City was looking at setting aside additional funding to build up the City's cash reserves, so the City would not have to borrow as much.

Building and Planning Department

Director Kaping and Administrator Knope reviewed:

- Building and Planning would be split into separate funds in the upcoming budget, due to state reporting requirements with the City now having its own Building Official program. The City needed to show that permit dollars were clearly funding permit related activities and not other governmental activities.

- The Building Department budget looked good and had enough incoming revenue to cover all expenses; therefore, it was 100% self-funded.
- Initial estimates for the Planning Department budget showed a \$70,000 shortfall to make the fund balance, even with all of the 2% General Revenue that was currently allocated to both Building and Planning being allocated only to Planning. Staff would be discussing options to address this shortfall at the February 7th Finance and Judiciary Committee meeting. One of the options was to roll back from a full time Planner to a Planning Technician and have higher level and larger planning projects contracted out.
- The City currently provided Building Inspection services for the City of Coburg and there could be other possibilities for contracts out there in the future; however, revenue received would go into the Building Department.

In response to the status of hiring the Resource Coordinator/Grant Writer position, Administrator Knope stated that the City had not received qualified applicants and was not currently advertising. Revenue for the first year of funding for that position was budgeted in State Shared Revenue and would remain there for now.

Compensation Schedule for Non-Represented

Chair DiMarco noted that the Finance and Judiciary Committee would be talking about the compensation schedule for non-represented employees at the February 7th meeting, to see if any adjustments might need to be made. This schedule had not received the same level of pay increases and COLAs (Cost of Living Adjustment) as the represented schedules. An example of consequences of this was the compression issue and disparity of pay between a Sergeant's salary and a patrol officer and being able to retain qualified Sergeants.

C. Program Delivery Improvements

Administrator Knope stated that the City was looking to improve service delivery. He reviewed the following:

Internal Services

- Internal Services was responsible for Building Maintenance, Vehicle Maintenance, and Computer Systems Maintenance for the City.
- Delivery Improvements:
 - Create a full time I.T. position to handle needed in house I.T. work. The City spent quite a bit per year contracting I.T. Work.
 - Move the current Utility Mechanic to the Maintenance Coordinator Position (the current Maintenance Coordinator would be retiring) and contract out vehicle maintenance; the Utility Mechanic position would become vacant. No change in personnel costs for the division.

Parks

- Look at creating a Parks and Open Spaces Division within Public Works, similar to the City of Eugene. The division would handle stormwater, groundskeeping, and parks maintenance. Discussions would be held at the Public Works Committee and Community Services Committee.

Community Services

- The Community Services Director left the City for another job a few months ago and the current Community Center Coordinator would soon be leaving. This provided an opportunity to examine and improve service delivery within Community Services:
- Change the Library Aide position from a .68 part time position to a full time position.
- Add a ¾ time Senior Center Aide and a ¾ time Community Center Aide.
- Current City Administration staff would provide the management level functions for the department.

5. Other Business

Mayor Crenshaw noted that they were ahead on next year's budget with some of the conversation that had occurred at this meeting.

Chair DiMarco added that it was a great discussion and he expressed appreciation to everyone.

Councilor Rowe stated that four or five years ago, the Budget Committee would not have heard any of this information until the first meeting in April and would have been completely overwhelmed and unable to tackle the tasks. He thanked staff for the information and transparency. He added that they had some work to do but knew where the challenges were.

Chair DiMarco noted that the next Budget Committee meeting would be April 11, 2019.

6. Adjournment

The meeting was adjourned at 8:30 p.m.

ATTEST:

APPROVED:

Kitty Vodrup, City Recorder

Bill DiMarco, Chair