

The Budget Committee for the City of Junction City, met at 6:30 p.m. on Thursday, February 16, 2023, at City Hall, 680 Greenwood Street and in a virtual meeting format, via internet and phone.

PRESENT: Council Members: Chair, Mayor Ken Wells; Councilors Sandie Thomas, Andrea Ceniga, Karen Leach, and Sidney Washburne; **Absent:** Councilor John Gambia; **Citizen Members:** Jack Sumner, Sue Huntley, James Hukill, Darin Olson, Kara McDaniel, and Joshua Guth; **Staff:** City Administrator, Jason Knope; Finance Director, Mike Crocker; Public Works Director, Gary Kaping; and Accountant, Liz Ellis.

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 5 and May 12, 2022

MOTION: Councilor Thomas made a motion to approve the May 5 and 12, 2022 Budget Committee minutes. The motion was seconded by Councilor Washburne and passed by unanimous vote of the Committee.

4. Public Comment for Items not Listed on the Agenda

None.

5. Year to Date Financial Overview

Director Crocker provided a year to date financial overview:

Insurance/Personnel

- As of January 1, 2023, medical rates went up 0.23% and dental went down by 3.4%.
- Health insurance makes up about 17% of the personnel budget at 1.1 million.
- Five years ago, the governor put in incremental increases to minimum wage of 5 to 7%. The challenge to the City had been competing with restaurants and other businesses to recruit people working in that range, but the City had a great year recruiting for the pool last year and had all positions filled. Council would look at compensation schedules in June.

Interest Rates

- Local Government Investment Pool (LGIP) was 3.75% on January 27th. Last year, that rate was .045%.
- At the end of January 2023, the City had 22.7 million dollars in the state pool and with the 3.75% interest, that would be a total annual interest amount of \$851,000. To put that in perspective, the entire budget for Community Services (Library, Community Center, Senior Center, Pool, and Parks) was \$851,000.

GFOA Award

The new budget coming up would be the 5th one that the City had applied for the GFOA (Government Finance Officers Association) budget award. The standards kept the budget at a certain quality level and improvements were made each year.

Monthly Financial Report as of January 2023

- Page 3 showed a total of \$23,128,985 in fund balance for the City as of January 31st, which included operating fund and capital fund balances. Last year that number was \$18,500,000.
- The City was seven months into the current budget year, which was 58.33% of the year. He reviewed each department to see where line items were at. Sometimes if things were pre-paid at the first of the year, such as insurance, the percentage amount would reflect a higher amount. Sometimes if there were higher expenditures than had been anticipated, then a budget adjustment might be needed.
- Budget law required that the totals in Personnel Services, Material and Services, and Transfers were not overspent and did not care about individual line items within those areas.
- The Court was on the first year of a five-year plan to incrementally reduce the negative fund balance each year and get to a healthy place. Staff thought the Beginning Fund Balance for this year in Court would be negative \$157,200, but it actually ended up being negative \$174,981 and most of that was due to lack of revenue. The current budget projected a Court Ending Fund Balance of negative \$97,200 but that number would likely be around negative \$120,000.
- Building Department was at 88% of revenue budgeted from building permit fees, as they did not receive any property taxes.
- Community Services budgets were steady and on track.
- Utility Funds were steady and were exactly on track, as had been budgeted.

6. Property Taxes and General Revenue

Accountant Liz Ellis reviewed information on the Property Taxes handout:

- Property tax assessed and market values had grown steadily since FY 98/99.
- The state of Oregon had a 3% cap on assessed value.
- The FY 22-23 showed a percentage increase of 4.29%, which had a growth factor of 1.29%.
- All of Lane County experienced 4.18% increases, so the City is growing faster than the entire county.
- The City was anticipating a 1.5% additional growth, on top of the 3%.
- The City collected an increase of \$238,000 in revenue from FY 21-22 to FY 22-23.
- General Revenue Sources:
 - Utility Franchises (Verizon, NW Natural Gas, EPUD, Pacific Power).
 - State Revenue
 - State Liquor and Cigarette Tax
 - Transient Room Tax – Funds set aside and must be used for specific purposes.

7. PERS Update

Director Crocker provided a PERS Update:

- 11 employees were in Tier 1 or Tier 2 (Hired prior to 2003). Majority of employees in OPSRP pool.
- PERS rates were set every two years (bienniums) and projected rates for the new biennium beginning July 1, 2023 (Biennium of 2023 to 2025):
 - Tiers 1 and 2 = 25.61%
 - OPSRP Police = 26.26%
 - OPSRP General = 21.47%

- Projected PERS increases were much better than had been projected a number of years ago (had projected increases at 30%).
- Packet included a projection from the state actuaries with estimates of what the City’s total contribution to PERS would be over the next 20 years.
- Unfunded liability that the City has with PERS was the amount of total benefits that PERS estimated they would pay out for existing and former Junction City employees and then less however much the City had already paid that was earning interest. The City’s unfunded liability in 2018 was about 5.3 million, which compared to other cities was not a lot. That amount would drop next year to 4.9 million and was probably due to the current economy and interest rates being higher.

8. Next Meeting Date

Thursday, April 13, 2023 at 6:30 p.m.

9. Other Business

Chair Wells asked if there was any other business.

Committee Member Olson noted that there were many Capital Project Funds and he would be interested in seeing what projects those funds would be used for.

Committee Member Sumner asked if the contractor that was going to do the road work on Rose Street was able to obtain asphalt for that project. Director Kaping responded not yet, as natural gas issues were causing delays.

Councilor Washburne noted citizens were trying to get signatures to have the City of Eugene place some bans on natural gas.

Councilor Leach expressed appreciation to Director Crocker, Administrator Knope, and the rest of staff for the presentations.

Committee Member Sumner expressed his concurrence with Councilor Leach’s comments and noted that having citizens on the Council Committees would assist those Committees with input on the annual budgets.

Mayor Wells thanked Committee Member Sumner for bringing that up and noted that the discussion of adding citizen members to the Council Committees would occur at the February 28, 2023 Council meeting and hopefully it would be approved.

10. Adjournment

As there was no further business, the meeting was adjourned at 7:28 p.m.

ATTEST:

APPROVED:

Kitty Vodrup, City Recorder

Ken Wells, Chair