

The Budget Committee for the City of Junction City, met at 6:30 p.m. on Thursday, February 25, 2021, in a virtual meeting format, via internet and phone.

PRESENT: Council Members: Vice Chair, Sid Washburne; Mayor, Beverly Ficek; Councilors Sandie Thomas, Andrea Ceniga, John Gambee (joined at 6:36 p.m.), Ken Wells; **Citizen Members:** Sue Huntley, James Hukill, Jack Sumner, Kara McDaniel, Travis Ducker, Joshua Guth, and Darin Olson; **Staff:** City Administrator, Jason Knope; Finance Director, Mike Crocker; Public Works Director, Gary Kaping; and Planning Technician, Tere Andrews.

1. Call to Order

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

2. Changes to the Agenda

None.

3. Approval of Minutes – June 4, 2020

MOTION: Committee Member Hukill made a motion to approve the June 4, 2020 Budget Committee minutes. The motion was seconded by Mayor Ficek and passed by unanimous vote of the Committee.

4. Public Comment on Items not Listed on the Agenda

None.

5. Year to Date Financial Overview

Director Crocker provided an overview of the year to date financials:

- Financial report provided was 6 months year to date through December 2020.
- General Fund summary - Page 1:
 - Revenue
 - Property taxes were 87% received with \$2,517,558; would normally like to see 90% received by December 31st, but the City did receive another \$55,900 in January.
 - Interest was .75% for January.
 - Building permit revenue was at 52.8%.
 - Public Safety budgeted revenue was mostly the University of Oregon contract which would be received in April or May.
 - Expenditures
 - Personnel was at 44.94%, which was good.
 - Contingency had not been touched.
 - General Fund Ending Fund Balance was \$4,076,055 and included property taxes that would be used for the rest of the year.
 - Court would need to be looked at, as it had a negative Ending Fund Balance; the state took a share each month of around \$3,000.
- Key Indicators – Page 2
 - % of Budget to Date showed that Personnel Services costs were mostly in the 40% range, which was good, and Materials and Services costs were all within a reasonable range.
 - Revenue items at the bottom of page 2 showed:

- Water Fees were doing better than budget at 51%.
 - Sanitation Fees was at 44.43% and last year Sanitation finished at 100.23% of budget.
- Ending Fund Balances – Page 83
 - Director Crocker would be making changes to the formatting of this page.
 - Total reserves may be tracked over time to show progress and this was an important strength for the City.
 - Reserves in this report totaled \$4 million, not including System Development costs of \$6,593,000.
 - The utility funds still had \$471,000 in transfers to make this year.

Committee Member McDaniel asked about property taxes. Director Crocker responded that after the financial report, he had included a Revenue Handout. On page 2 of the Revenue handout, there was an estimate that property taxes received would be \$2,983,000, which was more than last year. He added that the City usually came within a few percentage points of the property tax projections.

Committee Member McDaniel added that she did not know if the pandemic would throw those numbers off, and some years the City was close to the percentage projections in good years. Director Crocker responded that if anything changed, it could be in the uncollectable line, but with all the growth in Junction City, he thought that would override the uncollectables year by year.

Councilor Wells expressed concerns that the City was only at 87% with property tax revenues received and that Director Crocker had mentioned they would like to see 90%. Councilor Wells added that a 10% gap could be significant. Director Crocker responded that the City did receive property taxes every month of the year, so taxes continued to trickle in which would inch up those last few percentage points until they got to June 30th; it was possible that by the end of the fiscal year, they could be at 98% or 99% collected.

Councilor Gambee asked what page number Director Crocker was looking at for these comments. Director Crocker responded that page 1 on the property taxes line, year to date received was 2.5 million, which was 87% of the budget.

Director Crocker asked Councilor Wells if his question had been answered. Councilor Wells responded that it had, and he hoped Director Crocker was right.

Councilor Ceniga referred to page 58 Sanitation Fund, Line 7 Recycling Revenue, which showed they had received way over the budgeted percentage for this time of year. She asked if the City had to pay to take items to be recycled. Director Kaping responded that the City did have to pay to take in recyclables. He noted that they started getting a little more money from cardboard than he had anticipated, so that was why the number received was over budget which was a good thing.

Councilor Ceniga referred to page 24 Police Fund, Line 187 Building Maintenance. Administrator Knope responded that this was the Internal Services direct bill line item. So far this year, they had some unexpected maintenance on some gutters, downspouts, and HVAC.

6. Property Taxes and General Revenue

Director Crocker referred to the Revenue Handout, which included information on property taxes and general revenue:

- Schedule of Assessed Value by Tax Year with % Change, Page 1: This was not a part of the budget but showed the assessed values through the years and the percentage change.
- For Fiscal Year 20-21, the increase was 4.14%.
- 4% was what the City had used as a base for budgeting property taxes, which was conservative. In prior years, there had been some good years where the City had received more than that.
- The Oregon Department of Revenue in 2020 said that across the state the increase would be 4.5% on average; however, the City's increase for that year was 6.73%. He thought that building development certainly helped the City in this area.
- For next year's budget a 4% increase would be \$3,102,000.
- Pages 3 and 5 included charts of property tax and general revenue allocations. These charts were in the current year's budget and showed how the funds were divided up between the departments. There was more detail on these on page 13 of the financial statements.
- The total General Revenue was budgeted for \$180,000 this year, and the City had collected 43%; these revenues did not come in evenly through the year.

Committee Member McDaniel asked if the property tax projections for next year would include the development that was occurring off of Oaklea Drive. Director Crocker responded that the 4% was a blended estimate that included development and the regular growth in assessed value each year.

7. PERS Update

Director Crocker noted that the packet also included some a PERS Handout:

- PERS was the Public Employees Retirement System, and rates were based on a two-year biennium.
- On July 1, 2021, the City would have new rates, which were generated from a report that the state hired actuaries prepared.
- Page 1 of the PERS Handout, showed the current PERS dollar impacts: current 20-21 year was \$862,954, and the 21-22 new rates would go up by \$40,925 to \$903,879, based on the 20-21 costs.
- The nearly \$41,000 increase was a good number, as previous forecasted estimates had showed a much higher increase. An example of a past rate increase between 2017-2019 had been over \$100,000.
- Pages 2 through 4 showed the three different rate groups in Junction City and projections through 2027-2029: Tier 1 and Tier 2, OPSRP Police, and OPSRP General Services.
- On the Tier 1 and Tier 2 chart, this was the first time in a decade that the projections had decreased. The other significant thing was that projections had leveled off.
- There were about 10 employees in Tiers 1 and 2 and 33 employees in OPSRP General Services.
- The percentage increase did go up 1.5%, but that was not bad considering how high increases had been in the past. In addition, the earnings that PERS had received in the last year or two

were higher, which decreased the rates and the amount the City had to pay. Last year, PERS earnings came in at 7.66 percentage points and they had only planned on a 7.2.

Councilor Gambia asked if Director Crocker could review what the increase was compared to what had been expected. Director Crocker responded that PERS did estimates every year and estimated that their investments would earn 7.2%, but it actually came in at 7.66%; with the billions that PERS has to invest, this was a big help to the fund and helped Junction City.

Councilor Gambia noted that the actual was a half a percentage higher on the investment fund. He noted that Director Crocker had stated that in the past they had anticipated a \$100,000 increase on the PERS rates and asked if Director Crocker would put this into context on how that related to the overall budget and where this could be found in the budget. Director Crocker responded that there was a pension/PERS line item in each department personnel section, and that is where the \$40,000 increase would be seen.

Councilor Gambia stated that the increase was divided amongst the different departments. Director Crocker responded that was correct, but that line item would also take into account salary increases, such as with COLA, step, or other.

Councilor Gambia asked for clarification that the number on the graph gave them the idea of the PERS rate increase but did not include something like the COLA increases and was a general starting point. Director Crocker responded that was correct.

8. Next Meeting Date

Chair Washburne noted that the next Budget Committee meeting would be on April 15, 2021.

9. Other Business

Administrator Knope noted that he wanted to make the Committee aware that the City received a letter today from the Fire Department that they would be terminating their dispatching contract with the City at the end of this fiscal year. Staff was working on making accommodations for the \$50,000 reduction in revenue for next year's budget. At this point, it did not look like this would negatively impact Police Department operations.

10. Adjournment

As there was no further business, the meeting was adjourned at 7:17 p.m.

ATTEST:

APPROVED:

Kitty Vodrup, City Recorder

Sidney Washburne, Vice-Chair