

The Budget Committee for the City of Junction City, met at 6:30 p.m. on Thursday, April 15, 2021, at the Community Center, 175 W. 7<sup>th</sup> 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, Kara McDaniel, James Hukill, Travis Ducker, Darin Olson, and Joshua Guth; **Staff:** City Administrator, Jason Knope; Finance Director, Mike Crocker; Public Works Director, Gary Kaping; Police Chief, Bob Morris; Deputy Chief, Eric Markell; HR/Admin Services Manager, Stephanie Moran; and City Recorder, Kitty Vodrup.

### 1. Call to Order

Mayor Ficek called the meeting to order at 6:32 p.m. Mayor Ficek declared a potential conflict of interest because her daughter was an employee for Junction City as an Admin Aide IV.

### 2. Nominate Chair

Mayor Ficek opened the floor for Budget Committee Chair nominations.

**MOTION:** Committee Member Hukill nominated Councilor Wells to serve as Budget Committee chair. The motion was seconded by Councilor Leach and passed by unanimous vote of the Budget Committee.

Councilor Ceniga declared a potential conflict of interest because her brother-in-law was a Public Works employee. Chair Wells commenced with leading the meeting.

### 3. Public Comment

None. Chair Wells welcomed new members to the Budget Committee. He noted that there was a lot of material and facts and he encouraged everyone to ask questions; he added that there were no dumb questions.

### 4. Presentation of Budget Message

Administrator Knope presented the Budget Message and referred to the following highlights:

- This budget was flat, from a growth standpoint.
- Operating and Capital Expenditures budget had less than a 1% increase.
- Personnel Services had a 0.9% increase. Personnel Services made up over 60% of the budget, so having a flat increase was good to see.
- Materials and Services had a 0.5% decrease from the current budget.
- The City was not impacted on property taxes like one could have thought with COVID. At this point, the City was close to what had been projected a year ago for property tax estimates.
- Proposed a new General Fund reserve fund called the Budget Stabilization Fund or "Rainy Day" fund. Creation of this fund was approved at the last Council meeting.
- 50% of the franchise fees would now be going back to the Street Fund. This had been a goal set by the Budget Committee and Council several years ago. This made things in General Fund a little tighter, but staff had been able to come up with a viable budget without reducing any services.
- This budget planned for Community Services facilities like the pool to be open, so the City was prepared from a budgetary standpoint if the pool were able to open.
- Not a whole lot of changes this year.

Councilor Thomas asked what would happen to the pool funds if they were not able to open this year. Administrator Knope responded that the funds would remain in the pool bucket.

## 5. Overview Presentation

Director Crocker provided the following overview:

- Section 3, Page 27 Financial Trends.
  - Property tax collections were at 92% year to date through March; received \$67,000 in property taxes from Lane County last month.
  - Assessed versus Market Property Values. Both were increasing. Current assessed values were at 4.14%, so more than what the City was planning for.
- Section 3, Page 28 PERS Projected Rates and Contributions. The rates did not increase as had been forecasted by the state a few years ago, which was a big help to the budget.
- Section 3, Page 29. General Fund Balance and Reserve and Ending Fund Balances All Funds. The actual and budgeted reserves for all funds had been going up every year over the past eight years, so that was another healthy thing to see.
- Section 3, Page 39. Budget Summary of All Funds.
  - Property Taxes: Property tax revenue was increasing each year. Total projected to be received \$3,185,300.
  - Franchise Fees: Not an area of growth.
  - Intergovernmental Revenue: Decreased this year, because last year a grant was budgeted out of the Police Capital Projects Fund, but that grant was not received; there were no corresponding expenditures, so it was a wash.
  - Fines and Penalties (Court Fees): Trying to be more realistic and conservative in budgeting this line item and felt \$125,000 was a good number.
  - Investment Earnings: Interest rates had dropped to 0.6%, so would lose \$210,000 in interest revenue over last year.
  - Sales and Services: Included Utilities and System Development Charges (SDC). The SDCs were dependent on development, which went up and down from one year to the next.
- Section 3, Page 40. All Revenue by Source Pie Chart. Showed revenue sources as well as the explanation of those sources, which many people found to be very useful.
- Section 3, Page 41. Property Taxes Allocation. Showed the allocations to departments, as directed by the Council.
- Section 3, Pages 42 and 43. General Revenue. Showed revenue sources and allocations. 50% of franchise fees were going to streets, which totaled \$218,000. That was \$178,000 last year when it was at 40%.
- Section 3, Pages 52 and 53. Budget Summaries by Fund and Type. For the entire budget.
  - The appropriation for all funds was \$18,102,200. Current budget was \$18,047,000, so only a \$55,000 change.
  - 320 was the newly created Budget Stabilization Fund of \$180,000.
  - 319 Building Replacement Fund would have \$25,000 this year; transfers to this fund had not been done in a few years.

Committee Member Sumner asked what the Budget Stabilization Fund would be used for. Director Crocker responded it could be used as an emergency fund or for when there were recessionary ups and downs. Example: Another pandemic impact reduced revenue and the Council could use part of that fund to keep a department going.

Committee Member Sumner noted that each fund had their own reserve and asked why they would create another reserve fund to back those up. Administrator Knope responded that the reserve funds for the departments were only able to be used for Capital Expenditure projects and could not be used to offset something like loss of revenue. He continued that the Budget Stabilization Fund would give the Council and Budget Committee an option for scenarios like Director Crocker had mentioned.

Committee Member Sumner shared a hypothetical situation where Community Services did not have enough funds to operate and asked about back up funds to cover Materials and Services (M and S). Administrator Knope responded that each department did have a few thousand dollars in contingency, but if the loss of revenue would greatly impact or close services, the Council could use some of the Budget Stabilization Funds to offset that loss.

Committee Member Sumner noted that the Police Department (PD) had lost some dispatch contracts and asked how that would affect the department. Administrator Knope responded that the loss in revenue was around \$100,000, but impacts were offset by gains received with the University of Oregon contract and other savings; the PD would still maintain the same number of officers and dispatchers.

Committee Member Olson asked if the Budget Stabilization Fund was one the Council could get their hands on quickly without going through a lot of hoops. Director Crocker responded the Council did have the ability to access that fund, subject to Oregon Budget Law.

Director Crocker continued:

- Section 3, Page 54. Budget Summaries Matrix All Appropriations. Summary of all the appropriations by fund and by department.

Committee Member Sumner asked about sewer funding. Administrator Knope responded that the City would be moving forward with the Sewer Plant Upgrade Project this year, so that was why money was coming out of the Sewer System Development Fund. Committee Member Sumner asked how much of the 50-year-old sewer pipes in the ground would be replaced. Administrator Knope responded that Director Kaping could share more on the project at the next meeting.

- Section 3, Page 56. Budget Summaries – Current Debt Obligations. The City had no outside debt. There were two inter-fund loans for water projects; one began at around 1 million dollars and was down to around \$240,000.

## **6. Overview of Proposed Budget Document and Assumptions**

Director Crocker reviewed the following:

- Section 4, Page 84. Administrator Department. This page provided an example of things that were being added to this year's budget: FY 20-21 Accomplishments, FY 21-22 Objectives, and Performance Measures. It was a trend in best practices to include these in the budget, and this new information could be seen across many of the departments.

Councilor Leach asked about the HR performance measures for new hires. Administrator Knope responded that was for new hires to fill vacancies and was not for new positions.

Director Crocker continued:

- This would be the third budget submitted to GFOA (Government Finance Officers Association) for review. The City had received a GFOA budget award for the last two years.
- This budget was online and searchable.
- This budget did consider various impacts of the pandemic and Department Heads would talk about any impacts to their department.
- Section 6, Page 278. Positions and Salary Ranges. This was the go-to place for the list of positions. The 21-22 column showed the FTEs (Full Time Equivalent) budgeted for each position. No changes in FTEs in the 21-22 budget.
- Insurance Impacts, per CIS (City County Insurance) estimates:
  - Medical and Dental: CIS said 0%, but City was budgeting a 1% increase.
  - General Liability and Auto: 12% increase.
  - Property: 8% increase.
- Director Crocker would be happy to answer any questions from Budget Committee members at any time.

Councilor Leach asked about PERS. Director Crocker responded that the rates were much lower than had been forecasted, which was good news.

**7. Future Meeting Dates**

- The Committee consensus was to hold Budget Committee meetings on upcoming Thursdays.
- Next meeting would be held on Thursday, April 22, 2021 at 6:30 p.m. Would begin review of Public Works:
    - Building Department - Pages 95 to 101.
    - Parks, Water, Sewer, Sanitation, Streets, Public Works Administration – Pages 155 – 225.
  - Meeting after that would include review of Community Services Departments, General Fund Departments, and if there was time, review of Police Department. If needed, Police Department review could occur at the following meeting.

**8. Other Business**

Committee Member Olson expressed appreciation to everyone who had been involved with past budgets to get the City in a good financial place. He added that there were many small towns in American who were not as financially stable as Junction City.

**9. Recess**

As there was no further business, the meeting was recessed at 7:21 p.m.

ATTEST:

APPROVED:

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Kitty Vodrup, City Recorder

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Ken Wells, Chair