

The Budget Committee for the City of Junction City, met at 6:30 p.m. on Thursday, April 25, 2019, in the Council Chambers of City Hall, 680 Greenwood Street, Junction City, Oregon.

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

**1. Call to Order**

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

**2. Approval of Minutes – April 18, 2019**

**MOTION:** Councilor Rowe made a motion to approve the April 18, 2019 Budget Committee minutes. The motion was seconded by Councilor Thomas and passed by unanimous vote of the Committee.

**3. Public Comment**

None.

**4. Follow-up from April 18, 2019 Meeting**

Administrator Knope distributed and reviewed the list of street maintenance and repair costs that had been prepared by Director Kaping last year:

- Street repair work was over \$1.2 million. Maintenance costs were \$1.3 million over a five year period or \$260,000 annually.
- It was noted that there was currently \$175,000 of dedicated resources for streets, of which \$130,000 was the current amount of franchise fees being moved to the Street Fund and \$45,000 was from the City's distribution of federal gas tax for 5,000 population.
- In two more years, 50% of franchise fees would total \$230,000.
- Electricity for street lights was over \$100,000 annually.
- There was \$400,000 to \$500,000 in the Streets Capital Projects Fund that would be used for upcoming street repair work downtown.
- It was noted that reviewing funding options, such as a gas tax or other assessments to address the backlog of street repair work would be a good topic to discuss at the Finance and Judiciary Committee.
- It was asked if property tax dollars could be used for streets and the answer was yes.
- It was suggested that the City look at implementing business licensing based on number of employees for better tracking of businesses, with revenue being designated for streets. It was noted that this could be a discussion for the Council to see if they would like to send to one of the Council Committees.
- It was noted that future considerations for street funding could include moving additional franchise dollars from General Fund to the Street Fund.
- Currently streets, storm water, and bike paths were funded out of the limited resources of the Street Fund. State and federal regulations were imposing stricter storm water quality standards and it was unknown what those potential costs could be in the future.

**5. Review and Discussion on Proposed FY 19/20 Budget**

Director Crocker reviewed the following in Section 4:

**Finance (Pages 65 – 66)**

- Line 2 Admin Charges: Finance – This was the revenue charged to the operating departments for their share of finance operations. Finance has two Full Time Equivalents (FTEs): Finance Director and Accountant.
- Line 22 IT Services Charges and Line 31 Building Maintenance Charges - Decreased based on need and current activity.
- Line 41 Transfer to Capital Projects Fund – \$23,500 of which \$20,000 was saving for a software purchase.
- Line 43 Contingency – Met required 2%.

**Finance Capital Projects Fund (Page 73)**

- Line 3 Transfer from Finance - \$23,500.
- Line 10 CEP Projects - \$2,000 for Finance Director computer.
- Line 11 Equipment Purchase – Nothing planned, but funds in case something came up. It was noted that there was a total of \$49,900 in the CEP; \$40,000 was savings to replace the Springbrook software and \$10,000 was for future capital projects.

**Court (Pages 71 – 72)**

- Line 1 Beginning Fund Balance – Negative \$52,700 but did anticipate more court activity; last month was record month for court revenue.
- Line 8 General Revenue – Decreased because of the increased amount of Franchise Fees going to Streets.
- Line 9 Property Taxes –2% allocation for court.
- Line 24 Prosecuting Attorney Fees - \$39,000.
- Line 28 Court Appointed Attorney Fees – Increased to \$9,500.
- Line 46 Judge Contract Services – Increased a bit.

It was asked what the impact would be to the \$8,700 on Line 8 General Revenue, if 100% of the franchise fees went into the Street Fund, as an example. Director Crocker responded that it would be reduced to around \$1,000. Administrator Knope added that the Police Department and Community Services would be impacted the most by that example, as they had the largest percentages of allocations at 74% for the PD and 22% for Community Services).

**Court Capital Projects Fund (Page 74)**

- Line 24 Transfer from Court - \$3,000.
- Line 31 Total Capital Outlay - \$5,000.

**General Fund Non-Departmental (Pages 83 – 84)**

- Line 5 Current Year Taxes – All the property taxes were recorded here and then were allocated out on Line 9 Allocated to Departments based on the property tax allocation table for the various departments.
- Line 10 Property Taxes Non-Allocated - \$112,600 was what was left over, after allocating property taxes to departments. Of that, \$67,000 was the 2% of taxes that Council

directed through fiscal policy be left for the General Fund contingency, which could be seen on Line 64.

- The other part of the \$112,600 was the 2% of property taxes that belonged to planning. This was appropriated in Line 54 Planning Services Charges, which had a total of \$64,500. The \$64,500 included the 2% of property taxes and 2% of General Revenue.
- Lines 13 – 18 were franchise fees received. It was noted that the Pacific Power Franchise revenue could be seen here and also in the Streets Reserve Fund.
- Line 24 General Revenue Non-Allocated - \$8,700, which was the other portion that belonged to planning; this was part of the \$64,500.
- Line 28 Investment Interest – Increased, as interest rates were increasing; up to 2.75% in the state pool. The City had around \$14 million in the state pool and received around \$30,000 per month, which was distributed across all the funds that had cash balances.
- Line 43 Professional Services- Increased from \$5,000 to \$25,000, in case outside planning services were needed.
- Line 30 Cell Tower Lease – It was noted that T-Mobile had sent the City a letter indicating that they might not be using the water tower in the future as they were closing 130,000 cell tower sites across the United States, due to their merger with Sprint.

Administrator Knope reviewed the following items in Section 4:

**Administration (Pages 80 to 81)**

- Line 17 Personnel Services – Overall decrease due to removing the Resource Development Coordinator position. Also reclassified the HR Assistant to an HR/Administrative Services Manager. It was noted that the \$88,000 from State Shared Revenue to pay the first year of the Resource Development Coordinator position would remain in State Shared Revenue.

(A break was held)

- Line 32 Special Projects – Increased from \$8,000 to \$15,000 to do a compensation survey for non-represented positions, as a project from the Finance and Judiciary Committee.
- Line 37 Telephone – Increased with realignment of admin charges but went down in other departments. Reduced citywide Verizon wireless lines from 72 to 34.
- Line 47 Transfer to Capital Projects Fund – \$20,000. As part of redoing administrative charges, the Admin Fund took over a number of citywide items, such as the phone system, computer systems, and some deferred maintenance projects. Transfers have been elevated and would be for a couple of years to build up reserves and take care of those projects.
- Line 39 Employee Wellness - \$2,500. First year funding to get the program off the ground.

**Administration Capital Projects Fund (Page 82)**

- Line 50 Computer and Network – \$60,000. For future computer systems work and saving funds for a software purchase to replace Springbrook.

**Community Center Fund (Pages 114 & 115)**

- Closed the Community Services Administration Fund, due to not refilling the Community Services Director or Coordinator positions. Putting front line positions back into the Community Center and Senior Center.
- Line 5 Transfer from CS Admin – \$16,000. One time transfer to various Community Services Departments, due to closing CS Admin Fund.
- Line 17 General Revenue and Line 18 Property Taxes – These previously went into the Community Services Admin Fund and were transferred out; now going directly into department funds.
- Lines 22 – 28 Personnel Services – Increased, due to adding a ¾ FTE Community Center Aide position.
- Line 32 Administrative Charges – Increased, due to adding more staffing to that department.

In response to questions, Administrator Knope stated that there was \$200,000 in savings by eliminating the Community Services Director and Coordinator positions. From that, the City was hiring the Community Center Aide, Senior Center Aide, adding some to parks, and increasing the Library Aide from .68 FTE to 1 FTE, with a net \$30,000 savings left over.

Also noted was that the Library went from a negative fund balance to being positive. All funds within Community Services either met or exceeded the minimum fund balances, according to fiscal policies set by the Council.

**Community Center – Community Services Capital Projects (Page 116)**

- Line 8 CEP Projects - \$34,000, which included funding for projects listed in Section 5 as well as an extra \$25,000 for replacing the roll up doors at the Community Center.

It was noted that an unfunded area was building improvement and maintenance, as the City had not transferred money to Building Reserves over the last number of years.

**Viking Sal Senior Fund (Pages 121 & 122)**

- Line 4 Transfer from CS Admin - \$7,000.
- Lines 15 General Revenue and Line 16 Property Taxes – The Senior Center's portion of the property tax and general revenue.
- Line 27 Total Personnel Services – Went from \$1,300 to \$66,800, which was the ¾ FTE Senior Center Aide.
- Line 31 Administrative Charges – Increased, due to having an additional staff member.
- Line 63 Transfer to Community Services Capital Fund – Increased, as there were some facility projects that needed to be addressed.

**Viking Sal Senior Center – Community Services Capital Projects Fund (Page 123)**

- CEP Projects - \$19,000 for repainting and other minor projects. Set aside an extra \$10,000 to address wall issues in kitchen.

**Swimming Pool (Pages 129- 130)**

- Line 11 Transfer from CS Admin – \$30,000 one time transfer.
- Line 12 General Revenue - Decreased, partially due to more franchise fees going to streets.

- Line 55 Transfer to Community Services Capital Projects – Increased by \$30,000. Saving for deferred maintenance projects.

**Pool – Community Services Capital Projects Fund (Page 131)**

- Line 43 CEP Projects - \$40,000. Projects listed in Section 5.
- Line 44 Equipment Purchases – \$10,000
- Line 45 Building Projects – \$20,000. Staff would be working with the Community Services Committee to address some of the deferred projects; no specific projects at this time.
- The funding to finish up the pool shell and mechanical room came from State Revenue Sharing. The pool shell was completed, and staff would wait until the pool season was over to refurbish the mechanical room.

**Library (Pages 137 & 138)**

- Line 8 Transfer from CS Admin – \$7,100, which was a one time transfer.
- Line 10 General Revenue and Line 11 Property Taxes – Property taxes were significantly more than last year, as a large amount of the Community Services allocations was put in the Library to assist with reducing the negative \$63,700 Beginning Fund Balance.
- Lines 15 – 21 Personnel Services – Increased, due to increasing Library Aide from .68 FTE to 1 FTE.
- Line 45 Library Programs – New line item, to expand Library programs.
- Line 79 Unappropriated Ending Fund Balance – \$22,100, which meet the minimum requirement of fiscal policy; therefore, Library was out of the red and into the black.

**Library – Community Services Capital Projects Fund (Page 139)**

- Line 84 CEP Projects - \$30,000, which included upgrading computers.

**Internal Services (Page 211)**

- Maintenance Coordinator had retired, and the Utility Mechanic was transitioning to the Maintenance Coordinator position.
- The Utility Mechanic position would not be filled, and the City would be hiring an IT position to deal with the tremendous backlog of IT work. The City would continue to contract out vehicle maintenance and evaluate if doing this was cost effective going forward.
- Lines 36 – 47 Building Maintenance – Not a lot of changes, as little resources.
- Lines 54 – 61 IT Services – Slight increase, but nothing specific for growth here.
- Lines 80 Travel and Training – Increased for IT staff training requirements.
- Line 81 License and Certification Fee – Increased for IT staff certifications.
- Line 89 Transfer to Capital Projects – Decreased to \$2,500.

**Internal Services Capital Projects Fund (Page 214)**

- Line 7 CEP Projects - \$10,000.

**State Revenue Sharing Fund (Page 218)**

- Line 3 Receipts – \$66,100; City's portion of State Revenue Sharing.

- Line 7 Projects to be Determined – \$210,000. Line item for the Council to authorize projects throughout the year.
- Line 11 Pool Projects – \$80,000 for Mechanical Room refurbishment.
- Line 15 Transfer to Community Center Fund – \$15,000. Funding for Community Center Spring Break and Summer Camp scholarships.

**Health Insurance Fund (Page 219)**

- This was a fund that was established through the employees to help offset some of the health insurance costs. No City contributions and fund referenced in AFSCME Union contract.

**Community Development Revolving Loan Fund (Page 220)**

- Line 6 Grant Rural Tourism Marketing Promotion – City’s portion of the room tax.
- Line 7 Interfund Loan – Water Capital Projects – Repayment from Water Fund for the 11<sup>th</sup> and Elm Well Interfund loan; 10 year loan that began in 2015.
- Line 24 Economic Development Programs – Program not defined, but half the interest generated by the Fund was put into this line item, per Council direction.
- Line 25 Grant: Rural Tourism Marketing Program – This was the expenditure line for RTMP grant dollars received; funds not spent accrued each year.

**Building Replacement Reserve Fund (Page 221)**

- A number of years ago, the City put \$70,000 to establish this fund, but not much had been put in since then. The fund continued to generate interest and there were currently no planned expenditures.

Discussion occurred on placing some money into an appropriations line item, so the Council could fund a project, if desired.

**CONSENSUS:** The Committee consensus was to add an appropriations line item for Projects to be Determined in the amount of \$50,000.

**6. Other Business**

The Committee consensus was to hold the next meeting on Thursday, May 2, 2019 at 6:30 p.m.

**7. Recess**

The meeting was recessed at 8:36 p.m.

ATTEST:

APPROVED:

---

Kitty Vodrup, City Recorder

---

Bill DiMarco, Chair