

The Budget Committee for the City of Junction City, met at 6:30 p.m. on Thursday, May 7, 2015, in the Council Chambers of City Hall, 680 Greenwood Street, Junction City, Oregon.

PRESENT: Council Members: Chair, Bill DiMarco; Councilors Karen Leach, Jim Leach, Randy Nelson, Steven Hitchcock, and Herb Christensen (Excused Absence: Mayor Michael Cahill); **Citizen Members:** Ms. Shirley Smith; Mr. Jack Sumner, Ms. Sue Huntley, Dr. Dale Rowe, Mr. Jason Thiesfeld, Ms. Kara McDaniel, and Mr. Kenneth Wells; **Staff:** City Administrator Pro Tem, Jason Knope; Finance Director, Mike Crocker; Police Chief, Mark Chase; Acting Public Works Director, Gary Kaping; Community Services Director, Tom Boldon; and City Recorder, Kitty Vodrup.

1. Call to Order

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

2. Public Comment

None.

3. Approval of Minutes from April 23, 2015 and April 30, 2015

MOTION: Committee Member Huntley made a motion to approve the April 23 and 30, 2015 Budget Committee minutes. The motion was seconded by Committee Member Sumner and passed by unanimous vote of the Committee.

4. Follow-up from April 30, 2015 Meeting

Staff distributed a Staffing Recruitment Plan document, which included Administrator Knope and Chief Chase's recommendations on open positions:

- Instead of filling vacant Police Officer position (11th officer) at senior level, fill at entry level. SAVINGS = (\$37,980)
- Hire Police Officer October 1, 2015 (3 month delay). SAVINGS = (\$20,000)
- Hire HR Specialist December 1, 2015 (6 month delay). SAVINGS = (\$27,943)
- Hire Dispatch Supervisor March 1, 2016 (9 month delay). SAVINGS = (\$107,888)

Net total savings above to General Fund in proposed budget = (\$145,868). Add that to the reduction work done at the previous meeting (\$251,000) and total savings = (\$105,000). *Expenditures/transfers are 105 K higher than revenue in the GF.*

It was asked if the School Resource Officer grant would be lost, if the City fell below 10 officers. Chief Chase responded that he was still trying to obtain that answer.

It was asked what step 3 would be for an entry level police officer. Staff responded that to go from Step 1 to Step 3 including benefits was approximately a \$12,000 per year increase. (\$80,000 to \$92,000); this does not include any incentive pay.

Chief Chase noted that a dispatcher resigned from the Road Crew Management, which would be an additional \$1,200 annual savings.

This brought the total GF savings in the proposed budget down to (\$104,000). The Committee consensus was to leave discussion open on the GF and continue with review of the rest of the budget.

5. Review and Discussion of Proposed FY 15-16 Budget

State Revenue Sharing – Section 4, pages 68 – 69. Administrator Knope reviewed:

- No new projects.
- Carry over from previous years under capital outlay: 20 K website upgrade and 10 K for parks projects.
- 35 K put into Projects to be Determined.
- 12 K transfer to Community Services Fund; this has been done over the last few years.

It was noted that Public Safety Committee had discussed officers using body cameras. Chief Chase responded that the system they were looking at was around \$10,000 and the department would be pursuing grants (many require matching funds).

Administrator Knope added that if the Committee wanted to fund the body cameras, he would suggest taking 10 K from the Website Upgrade and moving up to the Police Projects line item. The Committee consensus was in favor of this suggestion.

Street Fund – Section 4, pages 62 – 64. Administrator Knope reviewed:

- Primarily funded through state gas tax. In the past, some franchise fees went into the Street Fund.
- A new fund was created this year called the Street System Improvement Fund. The \$200,000 (State Funding distribution for cities over 5,000) that was previously in Line 5 in the Street Fund will be transferred to the new fund for capital projects.
- It was noted that the increase in electricity costs were due to new subdivision light poles.

Street Equipment Reserve Fund – Section 4, pages 126 – 127. Administrator Knope reviewed:

- Putting in more for reserve of future expenditures. Will eventually need to replace the street sweeper which is 11 years old.
- No anticipated vehicle or equipment purchases for FY 15-16.

Street System Development Fund – Section 4, pages 128 - 129. Administrator Knope reviewed:

- No anticipated projects for FY 15-16.
- These funds cannot be used for street maintenance, as SDC fees can only be used for new streets or projects that add capacity to existing streets.

Street System Improvement Fund – Section 4, pages 130 – 131. Administrator Knope reviewed:

- New fund and 200 K is being transferred from the Street Fund.
- This is the fund that will reflect the 94 K receipt of funds if the County Vehicle Tax passes, so funds are used for capital rather than operational.

- Carry over from other projects: Sidewalk Improvement Program, Street Refurbishment and Street Maintenance Program.
- Reserved for future expenditures = \$49,600.

Water Fund – Section 4, pages 72 – 75. Acting Director Kaping reviewed:

- New Administrative Charge, IT Service Charge, fuel, oil, tires, due to allocation changes.
- Additional FTE. This position will be split between water and sewer and is to address the additional operational needs of the treatment facilities.
- Ending Fund Balanced (EFB) in accordance with City's policy.

Water Equipment Reserve Fund – Section 4, pages 76 – 77. Acting Director Kaping reviewed:

- Water Meter Replacement resources increased, as the meters were at the end of their natural life.
- Most of the meters were a five year meter purchased 15 years ago. The funding does not replace all of them, but gives a good start.

Water System Improvement Fund – Section 4, pages 78 – 79. Administrator Knope reviewed:

- Line 15, System Improvement \$215,000 reflects 3 different projects: 1. Removal of the old Water Tower, 2. Drill a new production well at 11th and Elm, and 3. Drill a couple new test wells for future production wells.
- It was noted that the water tower removal costs were still trying to be determined and could range from 80 K to 180 K. The plan was to distribute any unused funding into this fund to accumulate the necessary funds for that project.
- Line 22 – Continue to make the loan payments to the Sewer System Improvement Fund.

In response to how many filters the City is using in the Water Treatment Plant, Administrator Knope responded that they were currently using four and had the ability to add two more. It was the intent that the Reserve for Future Expenditures would grow each year to purchase the two filters in the future (each filter is around 20 K). Administrator Knope added that there was additional filtering capacity within the existing four filters, as they were not yet running at full capacity. The existing capacity will be used, when a new well is brought on line.

Water System Development Fund – Section 4, pages 80 to 81. Administrator Knope reviewed:

- Revenue from Water System Development Charges.
- Line 7 has 140 K in Water System Expansion – if the City is able to bring on a production well or test well that is capacity building, they would be eligible to use part of these funds. Adding an additional filter would be SDC eligible as well.

Sewer Fund – Section 4, pages 82 – 85. Acting Director Kaping reviewed:

- New Administrative Charge, IT Service Charge, fuel, oil, tires, due to allocation changes.
- Increase in electricity, due to blower at lagoon.
- Increase in chemicals, due to Bacta-Pur and dechlorination.
- Other half of new FTE in this fund.

- EFB in accordance with City's policy.

In response to a question on if rates would be increased, Administrator Knope responded that there were no anticipated rate increases at this time. Staff is anticipating bringing a rate study for water, sewer, and sanitation in the future, as it has been a number of years since a study was done.

Sewer Ratepayer Assistance Fund – Section 4, pages 86 – 87. Acting Director Kaping reviewed:

- No anticipated changes.

Sewer Equipment Reserve Fund – Section 4, pages 88 - 89. Acting Director Kaping reviewed:

- Pump station maintenance will be done.

Sewer System Improvement Fund – Section 4, pages 90 – 91. Acting Director Kaping reviewed:

- Line 11 – System Maintenance Projects – anticipate doing 200 K worth of I and I (Inflow and Infiltration) pipe replacement work in FY 15-16.

Sewer System Development Fund – Section 4, pages 92 – 93. Acting Director Kaping reviewed:

- No significant changes.

Sanitation Fund – Section 4, pages 94 – 96. Acting Director Kaping reviewed:

- New Administrative Charge, IT Service Charge, fuel, oil, tires, due to allocation changes.
- EFB has been gradually growing and this year includes one time transfers to the Sanitation Equipment Reserve (line 64) and Sanitation System Improvement (line 66) Funds to put away for future anticipated needs.

Sanitation Equipment Reserve Fund – Section 4, pages 97 – 98. Acting Director Kaping reviewed:

- Put more money into Reserve for Future expenditures, as they know some bigger items will be coming up.

Sanitation System Improvement Fund – Section 4, pages 99 – 100. Acting Director Kaping reviewed:

- Put more money into Equipment Acquisition, as there are many dumpsters that are at the end of their life cycle.

Chair DiMarco asked if the Committee would like to continue discussions on the budget or schedule another meeting next Thursday. The Committee consensus was to end at 8:30 p.m. and schedule another meeting on Thursday, May 14, 2015 at 6:30 p.m.

Discussion was held on transferring the 200 K from the Street Fund to the Street Improvement Fund and if that left a deficit of expenditures being higher than revenues in the Street Fund. It was noted that the transfer was moving funds that were intended for capital projects to the correct fund, and Committee members were in favor of doing that. It was

noted that the \$10,000 GF transfer to Viking Sal and the \$10,000 GF transfer to the Community Center were still in the (\$104,000).

Chair DiMarco reviewed the motions needed for approving the budget. Committee Member Huntley asked about Committee input on which reserves future savings would go to.

Administrator Knope responded that it might be best for the Budget Committee to approve a motion with a prioritized list for where savings would go, which would be a recommendation to the Council. This could be done on a percentage basis or whatever the Committee felt comfortable with.

Committee Member Rowe asked for a straw poll on if the Committee was comfortable with the 104 K deficit. Councilor Christensen seconded.

In response to a question on the number of police officers, Administrator Knope stated that there were currently 3 officer vacancies and that there were 8 current officers. As currently proposed, on July 1 there would be 10 officer positions and three months later, the City would recruit for the 11th officer. The 11 officers includes the School Resource Officer.

The straw poll was taken, with 7 in favor and 4 against. After further discussion, the Committee consensus was to have one last discussion on the GF and tie up any loose ends on the budget at the next meeting.

Councilor J. Leach reminded the Committee that even though they were having some savings by hiring vacant positions later in the year, at this time next year those would be full time positions and the \$104,000 would be much higher. He added that he did not see position vacancies as savings.

Chair DiMarco noted that it would take structural changes and new sources of revenue to proactively plan for the future. He stated that the Budget Committee and staff were doing a good job, and the current Executive Team was open to having the Budget Committee meet during the year.

6. Other Business

None.

7. Recess

MOTION: Councilor Christensen made a motion to recess the meeting. The motion was seconded by Councilor Nelson and passed by unanimous vote of the Committee.

Chair DiMarco recessed the meeting at 8:27 p.m.

ATTEST:

APPROVED:

Kitty Vodrup, City Recorder

Bill DiMarco, Chair