

The Budget Committee for the City of Junction City, met at 6:30 p.m. on Thursday, May 28, 2020, in a virtual meeting format, via internet and phone.

**PRESENT: Council Members:** Chair, Bill DiMarco; Councilors Sandie Thomas, Rob Stott, John Gambia, and Dale Rowe. Excused Absence: Councilor Andrea Ceniga; Absent: Mayor Mark Crenshaw; **Citizen Members:** Vice Chair, Sid Washburne, Ms. Beverly Ficek; Mr. James Hukill, Mr. Jack Sumner, Mr. Ken Wells, Ms. Kara McDaniel, and Mr. Travis Ducker; **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 – January 16 and May 21, 2020**

**MOTION:** Committee Member Washburne made a motion to approve the January 16, 2020 Budget Committee minutes. The motion was seconded by Councilor Rowe and passed by unanimous vote of the Committee.

**MOTION:** Committee Member Hukill made a motion to approve the May 21, 2020 Budget Committee minutes. The motion was seconded by Committee Member Ficek and passed by unanimous vote of the Committee.

**3. Public Comment**

None.

**4. Review and Discussion of Proposed FY 20/21 Budget**

**Finance Department – Page 66**

Director Crocker reviewed:

- Finance was an internal services type fund, and costs were reflected in the admin charges that were charged to each of the operating departments.
- Smaller increase in Personnel Services for FY 20-21, compared to FY 19-20 where there had been a larger PERS rate increase.
- Additional \$10,000 transfer this year for a software upgrade.
- Minimum fund balance for Finance was \$40,000 and budgeted Ending Fund Balance was \$47,200.
- \$85,100 budgeted in Capital Outlay for the Finance software project.

Councilor Thomas said that she thought the City had recently approved software upgrades. Administrator Knope responded that the approval had been for hardware and some software but not the main Finance software, which covered all the departments.

**Court – Page 75**

Director Crocker reviewed:

- Largest source of revenue was from citations and did receive some property tax allocation.

- For the current year, had \$165,000 budgeted in court fines revenue. Court had been a little behind that pace and it was estimated that at the end of this fiscal year that number would be somewhere between \$108,000 and \$110,000.
- Property taxes would be a little better than budget, so would gain a little bit there.

Committee Member Hukill stated that they heard from Chief Morris earlier in the year that arrests and investigations were up, so he wondered why that was not reflected in court revenue.

Chair DiMarco noted that there had been some conversations about bringing forth some metrics that showed what was going on. Administrator Knope responded that was correct. Citations were up, but they did not see the corresponding revenue increase in court. There were a number of citations that were being reduced or removed, whether it was by the City Prosecutor or Judge, and staff was gathering information and trying to understand what was going on to be able to present a metric to Committees or Council.

Chair DiMarco shared that on a positive note, the Judge had voluntarily given up a significant amount of her pay during this time of pandemic closure. Administrator Knope responded that was correct.

Director Crocker continued:

- Court Materials and Services (M and S) was \$143,000, which was high for a department of this size; as a comparison, Finance was \$30,000. Reason for this was there were several professional services contracts for attorneys, etc.
- Line 28 Court Appointed Attorney Fee – Increased from \$9,500 to \$15,000.
- Line 33 It Services Charges – Increased, as there were ongoing IT costs with a recent court hardware/software upgrade.

In response to a question from Chair DiMarco on Court related contracts, Administrator Knope stated that staff was looking at creating a billing system that would charge for actual time spent on City court work instead of a flat rate of pay for court contracts like the City Prosecutor, Court Appointed Attorney, etc. These contracts were originally set when court was really busy, and staff would be taking these discussions to the Finance and Judiciary Committee.

Administrator Knope stated that one thing he wanted to point out was that Court was the last General Fund department that had not made significant strides in fitting within its bucket. In this upcoming fiscal year, the Court would be a front and center priority to get it to fit within its means.

### **Administration – Page 83**

Administrator Knope reviewed:

- Line 17 Total Personnel Services – Decreased by \$46,000, as part of HR/Admin Services Manager Moran's wages were moved to Community Services as she oversees that department.
- Line 24 IT Service Charges – Increased to reflect the full time, in house IT staff member.

- Line 34 Special Projects – Decreased from \$15,000 to \$10,000. In this current fiscal year, there were a couple of extra projects.

Committee Member Hukill noted that the Admin Services charge on Line 2 had gone up more than \$100,000. Administrator Knope responded that was for an additional transfer in the capital reserve fund to replace the City's failing phone system. The corresponding transfer of \$156,000 could be seen on Line 49. By doing this project through administration, it provided a good method for each department to pay their share of the phone system. In the Fiscal Year 21/22 budget, this would go down by \$65,000, which was more in line with where it should be.

Committee Member Sumner asked why Line 45 Legal Counsel was double. Administrator Knope responded that was due to legal counsel being at Council and other meetings. It had been the Council's direction to have legal counsel at each regular session and at some work sessions.

Committee Member Sumner asked if that line item included coverage for any legal battles the City might have. Administrator Knope responded that it did not, and those costs were covered under Non-Departmental.

#### **Administration Capital Projects – Page 85**

Administrator Knope reviewed:

- Line 50 Computer and Network - \$66,000. Final piece of the computer system upgrades and other projects scheduled as part of the CEP.
- Line 51 Building Projects – \$30,000. Part of Administration's cost share for the new records storage room and computer server room.
- Line 52 Capital Projects - \$65,000. For the replacement of the phone system in the upcoming fiscal year.

#### **General Fund Non-Departmental – Page 86**

Administrator Knope reviewed:

- Line 52 Legal Counsel – Increased from \$25,000 to \$70,000. This was the line for litigation costs that Committee Member Sumner had asked about. Extra was put in here for ongoing litigation and an extra cushion for unforeseen costs.
- Line 54 Planning Services Charges – Increased by \$23,000. This was paid to Public Works as part of their internal billing for running the Planning Department, which included the Planning Technician and Receptionist wages.

Chair DiMarco asked what was anticipated in the legal line item this coming year. Administrator Knope responded the Street Tree at 6<sup>th</sup> and Kalmia and the Szerlip suit.

Committee Member Wells asked why nothing was budgeted on Lines 44 and 45 for Lane Council of Government Dues and League of Oregon Cities. Administrator Knope responded those were moved to Administration, page 83, Lines 27 and 28, so that all departments, including the Enterprise Funds, were paying their share of dues.

**Internal Services Fund – Page 219**

Administrator Knope reviewed:

- The Internal Services Fund took care of building maintenance, IT and IS services, and vehicle and equipment maintenance scheduling.
- Used to have an in-house mechanic, but that person became the Maintenance Coordinator when the person in that position retired. Instead of hiring a Mechanic, hired an in-house IT staff member. Contracting out most of vehicle maintenance and going well.
- Normal cost increases in personnel and vehicle and equipment maintenance.
- Having in-house IT had saved money on external contract costs with Feynman Group.
- Line 64 Administrative Charges – Increased.
- Line 87 Transfers – Increased from \$2,500 to \$5,000 to save for departmental needs like workstations, etc. for the 2 FTEs.

In response to a question from Chair DiMarco on why Internal Services was created, Administrator Knope stated that it was created so that all departments could pay their fair share of expenses related to building maintenance, IT and IS, and vehicle and equipment maintenance. Prior to this fund, Public Works was subsidizing much of this type of work for the General Fund departments.

**Internal Services Capital Projects Fund – Page 221**

Administrator Knope reviewed:

- Line 7 CEP Projects – Looking to replace smaller equipment.
- Line 8 Software Upgrades – Internal Services portion of upgrade.

**Capital Projects Fund – Page 224**

Administrator Knope reviewed:

- Each department had their own section for Capital Projects and were also listed here.

**State Revenue Sharing – Page 226**

Administrator Knope reviewed:

- Line 7 Projects To Be Determine by Council - \$10,000.
- Line 11 Pool Projects – \$80,000. Carry over for pool projects that were originally authorized by Council.
- Line 12 Software Purchases – Part of software upgrade that Director Crocker referred to.
- Line 16 Transfer to Community Center Fund - \$15,000. For Summer Camp scholarships.
- Anticipating a \$4,800 Unappropriated Ending Fund Balance.

Committee Member Sumner asked about the difference between the Adopted FY 19-20 amount and the proposed 20-21 amount on Line 1. Administrator Knope responded that the largest expenditure this year was for the tasers and body camera upgrades, which used most of Line 7. Additionally, the Council chose to accelerate the timetable for the Water Quality Project and used \$75,000 for Water Quality Improvements.

**Health Insurance Fund – Page 227**

Administrator Knope reviewed:

- This fund was established by the AFSCME employees to help offset insurance premium increases.
- Some funds were allocated, in case they were needed.

Chair DiMarco noted that before the pandemic, they had in depth discussions about a state proposal where the City could place a chunk of reserves into a state fund that would save the City money on PERS premiums over 20 years. Administrator Knope confirmed that discussion was no longer on the table.

**Community Development Revolving Loan Fund – Page 228**

Administrator Knope reviewed:

- Line 21 Economic Development Programs - \$136,500. This number needed to be decreased to \$15,000, as the Council had authorized use of this line item for a Business Impact Support Program.
- Would be keeping around \$700,000 for loans.
- Line 22 Grant: Rural Tourism Marketing - \$61,800. Accumulated funds from annual room/hotel tax that the City received. Funds accumulated to do projects from the RTMP project list that the Community Development Committee was responsible for.
- \$400,000 in the Unappropriated Ending Fund Balance, which met fiscal policy and RLF program policies.

Councilor Rowe asked if this would be where a line item could be placed for the residential ratepayer assistance program. Administrator Knope responded that he would recommend creating a separate fund and then whatever funding source the Council wanted to use could transfer money into that fund.

Chair DiMarco asked for clarification that the \$400,000 Ending Fund Balance could not be tapped into for an anticipated disaster this fiscal year, unless allocated outside of the Ending Fund Balance. Administrator Knope responded that was correct.

Committee Member Sumner asked what Line 35 Ending Fund Balance would be. Administrator Knope responded it would be \$121,500 less.

Committee Member Sumner applauded the Council for using RLF Funds to assist the businesses in Junction City but asked why the businesses were not receiving federal and state dollars as part of the pandemic money from the government and were going to this third tier of assistance. Chair DiMarco responded that this was more of a political and philosophical question for the Council.

**Building Replacement Reserve Fund- Page 229**

Administrator Knope reviewed:

- Static fund that gained interest.
- Line 7 Capital Outlay Projects - \$50,000 placeholder. Nothing planned.

Councilor Thomas asked what the Building Replacement was going to be. Administrator Knope responded that at the time this was discussed in FY 14-15, it was anticipated to be the start of a reserve fund to replace City Hall.

**Closed Funds/Departments – Page 23**

Administrator Knope reviewed:

- These were funds that had been closed over the years and were required to stay on the books for a number of years.

Councilor Thomas asked about the Administration Vehicle and Reserve Fund. Administrator Knope responded Administration had not had a vehicle for many years. When this fund was closed, any remaining money went back into the General Fund.

Administrator Knope noted the 3/5/10 percentage cuts exercise would be:

Administration – 3% - absorb in M and S; 5% - M and S cuts; 10% - M and S cuts, decrease transfers to Capital Reserve and delay projects, and reduce staff hours.

Internal Services – 3% - absorb within M and S; 5% M and S cuts and start to reduce staff; 10% - M and S cuts and additional reduction in staff hours.

Committee Member Hukill asked if there was a tentative plan in place for which percentage might be in effect, if property taxes did not come in as expected. Chair DiMarco responded that he was unaware of a plan, but before this budget process was completed, Budget Committee, Council, and staff could discuss goals and parameters.

Chair DiMarco asked when hard data might be received on if there would be a shortfall in property taxes. Administrator Knope responded that the soonest they would know would be starting in November, when property taxes were beginning to be collected.

Chair DiMarco asked if there were provisions within the union and association contracts on fair warning and meeting a threshold for showing an actual shortfall. Administrator Knope responded that there were, and the City had to show an actual shortfall and not an anticipated one.

Chair DiMarco asked if staff would be willing to meet frequently to stay on top of watching the budget numbers. Administrator Knope responded absolutely.

**Community Center Fund – Page 116**

Manager Moran reviewed:

- Line 18 Property Taxes – Increased to \$147,800. This was due to having tax money realigned now that the Library was back in a positive position.
- Line 22 Wages – Normal increase, plus some of Manager Moran's time would be charged to the Community Center.
- Line 38 IT Charges – Community Center's portion of IT person that was on staff.
- Line 50 Building Maintenance Charges – For building maintenance needs.

- Line 53 Nutrition – New line item. Last year at the end of summer camp, the school was not sure they would be able to run their summer lunch program, so funding was put in this line item for the City to supplement the required breakfast, lunch, and snacks, if needed.
- Line 55 Telephone – Previously came out of the Community Center Administration Fund and since that fund was dissolved, the charges were now coming out of the Community Center. This amount also included cell phones.
- Line 58 Instructor Fees – Increased a bit, as added another fitness class to the Community Center.
- Line 67 Ending Fund Balance – Was growing.

**Viking Sal Senior Fund – Page 123**

Manager Moran reviewed:

- Line 15 Property Taxes – Increased to \$80,700. Community Services received a certain percentage of the property taxes that were allocated to the different divisions. Last year more was allocated to the Library, so now that the Library was in a better position, more taxes could be shifted back to the other divisions.
- Line 19 Wages – Normal increases, as well as some of Manager Moran's wages.
- Line 36 IT Services Charge – Viking Sal portion of IT staff member.
- Line 45 Printing and Publications – Increased. The Center ran an ad in the Scandi magazine and last year the charge was more than what had been allocated.
- Line 48 Building and Property Maintenance – Decreased. Work was done a few months ago on the Viking Sal, so lowered that amount.
- Line 51 Nutrition Program – Increased, due to popularity of the lunch program.
- Line 61 Transfer to Community Services Capital Project – Decreased to \$2,500, which was the normal transfer amount. Last year the Community Services Administration Fund was dissolved and all the divisions within the Community Services received extra one-time funds for capital projects.

**Library – Page 139**

Manager Moran reviewed:

- Line 1 Beginning Fund Balance – Library would begin this year with a positive fund balance.
- Line 11 Property Taxes – Reduced to \$133,600, which was closer to what they would normally receive.
- Line 15 Wages – Included part of Manager Moran's wages.
- Line 28 Books – Increased. Price of print went up each year, so added more money into the purchase of books. This included any magazines and newspapers.
- Line 31 Grant: Soroptimists – Increased to \$500. Was used for the Summer Reading program.
- Line 36 IT Service Charges – Increased not only to absorb some of the cost of the IT staff person, but the Library had 2 employee terminals and 8 to 10 public workstations.
- Line 46 Building Maintenance Charges – Increased to absorb some of the costs of the Building Maintenance position.
- Line 58 Transfer to Community Services Capital Projects – Had originally decreased from \$11,000 to \$8,000. Back in March, staff met with the Library Board, and the Board

had asked if \$2,800 of that \$8,000 could be put back into the line for books. So, staff increased the book line to \$15,000 and decreased Line 58 to \$5,200.

Administrator Knope noted that the 3/5/10 percentage cuts exercise would be:

Community Center – 3% -absorbed in M and S; 5% M and S cuts and start reducing staff hours; 10% - reduce staffing by 1/3 plus M and S cuts.

Viking Sal – 3% - absorbed in M and S; 5% M and S cuts and reduce staffing; 10% reduce staffing by 1/3 (30 hours to 20 hours) plus M and S cuts.

Pool – If pool did not open, would have a net savings in personnel services that would more than cover the 3/5/10.

Library – 3% - M and S cuts; 5% – M and S cuts; 10% - go from 1.0 FTE to .75 FTE (40 hours per week to 30 hours per week) plus M and S cuts.

Committee Member Sumner stated that he believed in the Library, Senior Center, and Community Center and that these departments should not be reduced, but that funds from another department like State Revenue Sharing should be used to allow these departments to continue at their current budgeted levels.

**5. Other Business**

Chair DiMarco set the agenda for next week’s meeting: Call to Order, Approval of Minutes; Public Comment; Follow up from the City Council; Review/Discussion Proposed FY 21-20 Budget – PD; and Deliberation.

Councilor Stott noted that Roseburg would soon be having in person Council meetings, and he asked about Junction City’s status. Administrator Knope responded that the problem was meeting the social distancing and other requirements, and the City did not have a space that would allow them to do that, especially with the size of the Budget Committee.

Councilor Thomas asked about using the High School gym. Administrator Knope responded he would need to check with them. Chair DiMarco added that to keep with the spirit of the guidelines, the City would want to use a space where they had control over the health standards and would probably want to maintain the option for people to call in.

**6. Recess**

As there was no further business, the meeting was recessed at 7:59 p.m.

ATTEST:

APPROVED:

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Kitty Vodrup, City Recorder

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Bill DiMarco, Chair