

The Budget Committee for the City of Junction City, met at 6:30 p.m. on Thursday, June 4, 2020, in a virtual meeting format, via internet and phone.

PRESENT: Council Members: Chair, Bill DiMarco; Mayor, Mark Crenshaw; Councilors Sandie Thomas, Rob Stott, Andrea Ceniga, John Gambee, and Dale Rowe; **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; Police Chief, Bob Morris; Deputy Chief, Eric Markell; Public Works Director, Gary Kaping; Public Works Superintendent, Jeremy Tracer; HR/Admin Services Manager, Stephanie Moran; and City Recorder, Kitty Vodrup.

1. Call to Order

Chair DiMarco called the meeting to order at 6:35 p.m.

2. Approval of Minutes – May 28, 2020

MOTION: Committee Member Hukill made a motion to approve the May 28, 2020 Budget Committee minutes. The motion was seconded by Committee Member Ficek and passed by unanimous vote of the Committee.

3. Public Comment

None. The Committee consensus was to switch Items 4 and 5 and to have review of the Police budget first and then Follow-up from the City Council.

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

Chief Morris reviewed:

Police Department – Page 103

- Line 3 Coburg Dispatching Contract – Lost the Coburg contract, so would be \$50,000 less in resources; however, Line 5 U of O Dispatch Contract was \$375,000 and significantly higher than the \$221,000 that had been budgeted, so would more than compensate for the \$50,000 change.
- Line 37 IT Service Charges – Increased from \$14,100 to \$37,000, as City hired an inhouse IT staff person, and this was the Police Department's portion.
- Line 41 Vehicle and Equipment Maintenance Charges – Decreased from \$86,700 to \$56,700.
- Line 46 Investigations – Increased from \$5,000 to \$12,000, as actual costs were higher. Included professional standards or internal affairs investigations that needed to be done.

Committee Member Hukill asked how the crime rate was this year versus last year. Chief Morris responded that up to the point of COVID, citations had been up. He thought the crime rate would be consistent with where it had been but did not have the numbers.

Councilor Thomas asked if the \$12,000 would be for internal investigations. Chief Morris responded that it would include any needed internal investigations, but the bulk of it would be for general investigations and was budgeted to reflect actual costs

Councilor Thomas said that she thought internal investigations were done by outside agencies. Chief Morris responded that it depended on the type of investigation.

Committee Member Wells asked how many officers were in the current and proposed budgets. Chief Morris responded there were 9 officers in both budgets. The 9th position was currently vacant and would be filled by a current dispatcher, after that dispatch position was filled.

Councilor Thomas asked how many officers and dispatchers were on board right now. Chief Morris responded there were 8 officers and one officer working part time. There were 7 dispatchers.

Chief Morris continued:

- Line 55 Travel and Training – Increased by \$3,000, for anticipated training costs of one patrol officer, new dispatcher, and additional reserves.
- Line 57 Telephone – Increased from \$12,100 to \$21,000. 8 additional lines were added to accommodate increased call volume in dispatch center. Decreased number of cell phones, which help offset this cost.

Councilor Ceniga asked if reserves would be going to a different academy than Lane County. Chief Morris responded that they would be going to Marion County and there would be no cost difference.

Councilor Thomas asked about the wear and tear and gas costs of people going to the academy, in addition to the Chief and Deputy Chief driving patrol cars to their homes. Chief Morris responded that he and Deputy Chief rarely took cars home.

Chair DiMarco reminded everyone that the authority for operational decisions was delegated to the City Administrator and his staff and did not lie with the Budget Committee. He noted that if money were appropriated in a line item, it would be under the Council's authority and the City Administrator to spend it during the year.

Committee Member Sumner asked why reserves would be going to Marion County instead of Lane County. Administrator Knope responded that it was an internal decision based on what staff expected from a training aspect. It was not envisioned that there would be a significant increase to the department for fuel and tire costs.

Chief Morris continued:

- Line 58 Dues and Certifications – Increased by \$2,100, for anticipated costs.
- Line 77 Patrol Resources Law Enforcement Grants –\$5,000. For enhanced traffic enforcement.
- Line 128 Coburg Dispatching Contract – Eliminated, as Coburg terminated contract.

Councilor Thomas asked how much the body camera live feed was. Chief Morris responded that cost was included in the price of the contract purchase, so no extra or monthly fee.

Councilor Rowe asked why Lines 21 and 22 Overtime were roughly \$40,000 more than what was budgeted last year. Chief Morris responded that this was to more accurately reflect costs.

Councilor Rowe asked for confirmation that once the department had its full complement of officers and dispatchers, that overtime number would be reduced somewhat. Chief Morris responded that was his goal.

Committee Member Sumner asked why the dispatcher was not moved into patrol right now so they would not be spending overtime on the 9th officer vacancy. Chief Morris responded that there was no overtime for filling the 9th officer position, as he and Deputy Chief Markell were covering that. There was no one to cover dispatch that was non-represented, so moving the dispatcher to patrol right now would cost the City more money.

Councilor Thomas asked if the money for the vacant 9th officer position could help with overtime. Chief Morris responded that the 9th position was not generating overtime. They were using some of the salary of the 9th position to fund a part time officer without benefit costs. Administrator Knope added that if they took the money out of the 9th officer salary line and moved it to cover overtime costs, it would hamper the City's ability to fill that 9th officer position. He added that if needed, a supplemental budget could be done during the year to move money from the salary line into the overtime line.

Councilor Ceniga noted that Line 21 had overtime for officers, but there was overtime also on Lines 83 and 136. Chief Morris responded that page 103 was the summary of the entire department and those secondary lines were broken down by divisions, so the total of Lines 83 and 136 would equal Line 21.

Committee Member Wells asked if Line 135 Wages included the 6 dispatchers and the Dispatch/Records Supervisor. Chief Morris responded that it did for a total of 7 dispatchers.

Police Capital Projects Fund – Page 109

Chief Morris reviewed:

- Line 13 Equipment Acquisition - \$450,000.
- Line 6 Grant: USDA - \$450,000 placeholder. The department applied for this grant to replace the outdated portable radios; however, after the budget was prepared, they found out they would not be getting this grant. The department continued to apply for other grants, and the equipment acquisition line item would not be spent, unless additional grant dollars were received to fund that.

Councilor Rowe asked about lowering both the revenue and expenditure line items for this, as part of lowering items based on COVID. Administrator Knope responded that if they lowered too much, it would require that a supplemental budget be done if higher grant dollars were received. He added that this was a pass through, and no expenditures would be made, unless grant dollars were received.

Councilor Thomas asked if grants usually had to have a match. Administrator Knope responded that they did not, and grants varied from having no match to having various match percentage requirements. He added that the Chief would be applying for grants that did not require a match.

Councilor Ceniga asked about the Administrative Charges on Line 201, page 106 that had increased by about \$41,000. Administrator Knope responded that this was the Police Department's portion of the Finance Department and Administration Department costs. The Finance Department allocations were based on revenues/expenses for the department and Administration was based on the number of employees.

Councilor Thomas noted that Line 168 Jail Costs were \$38,800 and she thought they were not using the jail but contracting with Springfield. Chief Morris responded that the jail and court were currently closed because of COVID, but the Police Department did still operate the jail and only sent prisoners to Springfield who were excessively violent or had medical or psychiatric issues that staff was not equipped to handle. Administrator Knope added that Line 174 was the Contracted Jail Space with Springfield.

Mayor Crenshaw noted that page 110 had planned expenditures for reserve officers and asked Chief if they had someone lined up as a reserve officer. Chief Morris responded that they did have one reserve officer, who was the dispatcher that would be going full time into the patrol. There were three more in backgrounds, and the department just took two more applications.

Mayor Crenshaw responded that was excellent and thinking long term, he asked if reserves could be the answer to the overtime question. Chief Morris responded that they could help, but they would be unable to fill a shift because they lacked the qualifications of a regular patrol officer. Once the reserve worked hundreds of hours and had a certain level of proficiency, they would be allowed to work solo shifts, but that would be a long process.

Committee Member Sumner asked about the Police Association contract language on reserves filling regular officer shifts. Administrator Knope responded that there were limitations in the contract for reserves being able to fill in for patrol officers.

Chair DiMarco asked about the percentage reduction exercise that the other departments had done. Administrator Knope responded that like with the other departments, he had asked the Police Department to do a 3/5/10 percent reduction in overall expenses of the combination of Personnel Services and Materials and Services (M and S): 3% - \$110,000 reduction/reduce patrol by one; 5% - \$154,000 reduction/reduce 2 patrol positions; and 10% - \$309,000 reduction/ reduce 3 patrol positions. Administrator Knope added that if they were looking at reducing positions, they would need to put additional funding into overtime.

Committee Member Sumner asked why only patrol officers were in the reduction exercise and not dispatch or the Police Admin Assistant. Administrator Knope responded that the problem with reducing dispatch was making sure the City was able to fulfill the contract obligations.

Councilor Thomas noted that the U of O contract was \$375,000 and if they reduced a position like the PD Admin Assistant, they would not lose patrol. She added that the Police Department was getting 74% plus the \$375,000 and wondered if there was some way they could work with this extra funding. Administrator Knope responded that the Budget Committee did not pick specific staff reductions but could give a flat number or a percentage to cut and then staff would bring back different options. The exercises just gave everybody an understanding of the ballpark. He added that the money from the U of O was not extra, because they had to increase expenses in dispatch to cover those additional contracts. Whatever expenses for dispatch that were not covered by contract, the City paid that difference.

Chair DiMarco stated that a misconception was that the U of O contract was new money; however, the City had been getting the bulk of this amount for quite some time in the current year's budget, per the month to month contract. It increased to some degree, but would not be

brand new funding on July 1st. Councilor Thomas responded that made sense and like she had said before, maybe staff could swipe the City credit card a little less because if everybody worked on it, it might be helpful to the budget.

Councilor Ceniga stated that she did not want to see anybody lose their jobs right now, as times were tough, but she understood they had a budget they needed to stay on track on. She asked if it would help to not fill the 9th officer position. Administrator Knope responded that when they did the reduction exercise, it included the 9th officer, so not filling that position would create some savings.

Chair DiMarco noted that as Administrator Knope had said a few minutes ago, the Budget Committee's role was putting a goal out there and then staff would bring back options and make the operational decisions. If they talked about a hiring freeze, they might want to talk about that in general or a percentage reduction across the board, before they started going back into each individual department and making those operational decisions for staff.

5. Follow-up from City Council

Utility Ratepayer Assistance Program

Administrator Knope stated that the Council had directed the Public Works Committee to discuss the possibility of developing a Utility Ratepayer Assistance Program. Staff felt that there was a need to make sure funds were earmarked in the budget if the Council chose to create the program. If the program was not created, the money would be returned to the funds that they came from.

Director Kaping added that they recommended creating the Utility Ratepayer Assistance Fund and transferring the following into it: \$40,000 from the Sewer Capital Fund; \$10,000 from the Water Capital Fund; and \$10,000 from the Sanitation Capital Fund. This would not negatively affect the budget and would just lower the Ending Fund Balance in these funds, which would not take away from any projects that were planned.

MOTION: Committee Member Hukill made a motion to create the Utility Ratepayer Assistance Fund and fund it from the Sewer Capital Fund in the amount of \$40,000, Water Capital Fund in the amount of \$10,000, and Sanitation Capital Fund in the amount of \$10,000. The motion was seconded by Committee Member Ficek and passed by unanimous vote of the Committee.

Correction in Internal Services Fund

Administrator Knope noted that there was an error that needed to be corrected on page 220, Line 68 Professional Services; it should be \$21,000 instead of \$1,000. This would reduce the Ending Fund Balance, but it would still be above the minimum fund requirements.

Business Pandemic Impact Support Program

Administrator Knope stated that there was enough in the current fiscal year budget to complete the program, but not for next fiscal year. He requested that the Committee earmark funds to be used for next fiscal year. Currently funding was from the Community Development Revolving Loan Fund, page 228, Line 21 Economic Development Programs, which had \$15,000 for FY 20-21. He noted that the City had granted \$154,000 thus far and the program had opened up May 18th. He recommended \$75,000 to \$100,000 from the RLF and possibly earmarking some

in General Fund Non-Departmental contingency in case the Council wanted to extend the program further. It was noted that Lane County would be going into Phase 2 tomorrow, but that could last quite a while.

MOTION: Committee Member Hukill made a motion that Line 21 be increased by \$200,000 from the Ending Fund Balance to be \$215,000 in total. The motion was seconded by Mayor Crenshaw and passed by a vote of 10 to 4, with Gambee, Ceniga, Stott, Crenshaw, Ducker, Ficek, McDaniel, Hukill, Wells, DiMarco voting in favor and Rowe, Thomas, Sumner, and Washburne voting against.

6. Budget Deliberations

Chair DiMarco opened the floor to Budget Committee members on whether or not to approve the budget as presented with minor modifications before taking more sweeping suggestions.

Mayor Crenshaw stated that the Committee had gone through all of the line items and had an opportunity to make several adjustments. He thought they were there.

Committee Member Ficek stated that she felt the budget was acceptable as presented and modified.

Councilor Stott stated that he was ready to pass the budget as presented. He asked if there was a difference between a rainy day fund and contingency. Administrator Knope responded that they were basically the same thing, with rainy day funds being more specific and contingency more general.

Councilor Stott added that he would not be opposed to using some of the 2 ½ million in reserves the City had been saving and putting that into a rainy day fund, in case there were any shortfalls they needed to cover.

Chair DiMarco noted that he would see if they could get close to a consensus on the budget as presented and then they would return to minor modifications like that.

Councilor Gambee stated that people had asked good questions and he appreciated staff responding to those and preparing the budget. He thought they could all rest easy because they showed over the last year or so that they could adjust over the course of the year if needed. He was comfortable with the budget as it sat right now because he was aware of the process and if they found out in November that funds were dramatically different, they could make an adjustment at that time.

Committee Member Sumner asked how much longer the bucket system would be in effect and was it set up so that it could be modified? Administrator Knope responded that the bucket system did not have a sunset or expiration date. In accordance with fiscal policies, Council reviewed every five years along with the underlying allocations to see if there were any changes that needed to be made. He did not have the dates in front of him but thought the next review would be prior to starting the FY 2021-22 budget, which would begin in December or January.

Committee Member Sumner stated that he would like to see some of the money go into some of the more deserving departments. Departments should ask for what they needed and not for what they wanted. In this past year, they gave an additional \$200,000 to the PD, but they did not budget for that and it was done on the spur of the moment. Had that been the Library, what would have been the outcome. That's where he thought they lacked in controlling of the budget over the year and as a member of the Budget Committee, he thought they should give the other departments more of the contingency, if nothing else, and decrease the amount they put into the Public Safety Department.

Committee Member McDaniel thought Committee Member Sumner brought up some good points and she appreciated Councilor Gambee's point of view on how much effort and time went into this from staff. A lot of work had gone into this and they had made adjustments over the past couple of weeks. She appreciated where they were at and was anxious to hear Councilor Rowe's thoughts.

Councilor Rowe stated that at their first meeting, they discussed what their purpose was and agreed that they were going to tighten their belts and not going to increase the budget. It was also incumbent upon them to have a balanced budget and this was neither. He pointed out on page 39 Budget Summary of All Funds that the revenues for FY 19-20 were 12.9 million and were now 13.6 million, which was a 5% increase. The expenditures for FY 19-20 were 15.8 million and this year were 16.1 million, which was a 2% increase. He did not think the citizens wanted an increase in revenue or expenditures and thought they needed to rethink the budget and perhaps use the FY 19-20 numbers as a benchmark. He thought they needed to tighten and rethink the budget and for that reason he could not support this budget.

Councilor Ceniga stated that she partially supported this; however, she did have a bit of concern on staying within the balanced budget and within the City's guidelines, especially this year because they had been hit with a curve ball that none of them saw coming. She thought they needed to be careful going forward and agreed with Councilor Rowe and could not support it.

Committee Member Hukill stated that a lot of work had been put into this budget by the staff and he was hesitant to make any changes at this point, other than the changes they had already made.

Committee Member Wells stated that a lot of work had went into the budget, but he thought they needed to be realistic and did not think the revenue was going to meet the projections. He thought the Committee should propose that the City Administrator and Department Heads work together to reduce the 2020-21 proposed budget by 5 to 6%. He thought they could do that by two ways; Administrator Knope had asked all departments about the 3% decrease and other than police, all the other departments said they could do it. So, tighten the belts and as the Mayor stated, there was a lot of money in the reserve funds that could offset some decreases. He added that if they were off now and waited until December, the cuts they would have to make in six months to the budget would tear them apart. As the budget was now, he would vote no.

Councilor Thomas stated that she would vote no for the same reasons as Councilor Rowe and Committee Member Wells.

Committee Member Ducker stated that in light of a lot of responses he heard, when looking at the budget line item by line item, they kind of missed the big picture and he was glad they were bringing it to a close here. They maybe needed to tighten their belt a little bit and maybe review before this was approved. At this stage, he was leaning towards no, but needed to take a little deeper look as he was learning and taking a lot of this in.

Committee Member Washburne stated that he would vote no right now and thought they needed to tighten up a little bit more.

Chair DiMarco noted that he would not offer an opinion at this time. He asked staff about the budget timeline. Director Crocker responded that with the governor's extension, they were not required to adopt by month's end, but it was possible that they could make it on the June 23rd Council meeting, if the Budget Committee required an additional meeting.

Chair DiMarco asked Administrator Knope what he would need as far as direction, in hearing what people wanted. Administrator Knope responded that he would need something specific, such as Councilor Rowe's suggestion of using last year's numbers as a benchmark or a percentage. He would then also need the parameters for what that would include, such as would that be all departments or just General Fund, and would it include Personnel Services and/or Material and Services, etc. Depending on how complex the set of parameters, staff could maybe bring something back within two weeks.

Chair DiMarco asked for clarification that they would need to demonstrate an actual shortfall for the unions, for potential layoffs. Administrator Knope responded that was correct.

Chair DiMarco asked if staff would have a number to respond to Committee Member Well's concern that if they waited to make cuts in December that there would be more damage to the budget than waiting it out. Administrator Knope responded that he would not be able to wrap it in tonight to quantify that and it would be a little difficult to do so.

Chair DiMarco stated that if they were worried about a pending recession, it would kind of argue for having a bigger contingency and he would advise the Committee to think about that because if they put in a bigger contingency, then that would unbalance the budget according to the Rowe Doctrine. He noted that the reason cities were incorporated and collected money was to be able to deliver services; the idea was not to hang onto people's money but to make sure they got the services that they were expecting for paying taxes or utility bills. This was something for the Committee to keep in mind, as they moved forward with their decision. In addition, the City could not help people if they did not have money appropriated if a disaster happened halfway through the year.

Chair DiMarco noted that because of the hour and to give the schedule its due, he wanted to call the question on accepting the budget as presented with the modifications already made and perhaps a discussion on contingency. If there was a no vote on that, they would move forward with formulating direction for staff.

MOTION: Committee Member Ficek made a motion to approve the Fiscal Year 20-21 budget and the total expenditures as modified and corrected. The motion was seconded by Committee Member Hukill.

It was noted that the modifications to the budget included:

- Correction to Internal Services Fund that Administrator Knope had reviewed
- Funding the Utility Ratepayers Assistance Program
- Removal of \$50,000 Coburg Contract
- Additional funding to the Economic Development Line item

Mayor Crenshaw noted that the fears that the City would not have cash flows rolling in in November did not mean that those debts would not be owed; the City would still be able to recover those taxes when they were actually collected. So, given the fact that they did have 2.6 million in the Ending Fund Balance after this year, gave them the ability to absorb the timeframe for when those taxes could be collected.

Committee Member Washburne stated that he thought they were counting the eggs before the chicken's hatch because what happened if people started losing their homes; the City would not get that money back.

Councilor Rowe asked what the total deficit number would be, given the modifications that had been made.

Chair DiMarco noted that they had not yet had the contingency discussion.

Director Crocker responded that fiscal policies said that the budget had to be balanced for all operating funds. If they looked at the Budget Summaries Schedule on pages 52 and 53, all the funds were listed. The funds could be calculated to see whether they were in balance or not.

Councilor Rowe stated that what he was asking was if by taking the \$50,000 out from the loss of Coburg, adding \$60,000 seed money, and correcting the mistake Administrator Knope referred to, what was that dollar amount? The Ending Fund Balance as presented was a 2 ½ million difference and asked what that would be with the new figures.

Administrator Knope responded that the Internal Services change did not impact the General Fund Ending Fund Balance. The funding for the Ratepayers Assistance program was coming out the Enterprise Capital Funds, so that also did not impact the Ending Fund Balance for any operating department. It would just be an additional \$50,000 above and beyond where it was now.

Councilor Rowe noted that on page 39, the Beginning Fund Balance for 20-21 was 15.8 million and the Ending Fund Balance was 13.2 million. Director Crocker responded that that represented all funds, not just operating funds.

Administrator Knope stated that they had never used Capital Funds in the deficit calculation in the time he had been here. It had always been on the operating funds.

Chair DiMarco stated that he thought they were missing the point on the 2 ½ million and noted that the Council policy which was adopted from the Rowe Doctrine was to have revenues equal expenditures in the year. He asked Administrator Knope how much they were over or under on that and not including capital funds.

Administrator Knope responded that for revenues it would be \$13,597,100 and expenditures, which the Committee had always defined as Personnel Services and Materials and Services, was a little over \$12 million (\$16,180,200 minus \$3,789,300).

Chair DiMarco added that this was according to the Council Balanced Budget Policy adopted several years ago.

Councilor Rowe expressed appreciation for the clarification.

Committee Member Sumner asked what the page and line numbers would be to see a balanced budget. Administrator Knope responded that for the General Fund (GF), page 86, Line 2 was the Beginning Fund Balance, which was inclusive of all departmental buckets. The Unappropriated Ending Fund Balance was on page 87, Line 82. He added that there was just a little over a \$51,000 deficit in GF, based on the overall GF.

Chair DiMarco asked if the budget was considered balanced, per past budgets that Councilor Rowe had considered to be balanced. Administrator Knope responded that in accordance with what had been done in the past, this budget was unbalanced by about \$51,000.

Chair DiMarco proceeded to take a roll call vote.

VOTE: The motion passed by a vote of 8 to 6, with Stott, Crenshaw, Gambie, DiMarco, Ducker, Ficek, McDaniel, Hukill voting in favor and Thomas, Ceniga, Rowe, Washburne, Wells, and Sumner voting against.

MOTION: Committee Member Ficek made a motion to approve the property tax rate of \$6.0445 per \$1,000 of taxable value. The motion was seconded by Councilor Stott and passed by unanimous vote of the Committee.

Chair DiMarco noted that one thing he did not want to forget was there was some sentiment for talking about a bigger contingency. He asked if there was any opportunity at the Council level to make that adjustment within legal parameters. Administrator Knope responded that the Council could make that adjustment at their level if they wished to.

Chair DiMarco asked if the Committee would like to express opinions on that for the Council. There were no Committee comments made.

7. Adjournment

As there was no further business, the meeting was adjourned at 8:58 p.m.

ATTEST:

APPROVED:

Kitty Vodrup, City Recorder

Sidney Washburne, Vice-Chair