

The City Council for the City of Junction City, met in regular session at 6:30 p.m. on Tuesday, June 23, 2020, in a virtual meeting format via internet and phone.

**PRESENT:** Mayor, Mark Crenshaw; Councilors Sandie Thomas, Robert Stott, Andrea Ceniga, John Gambee, Dale Rowe and Bill DiMarco; City Administrator, Jason Knope; City Attorney, Carrie Connelly; Police Chief, Bob Morris; Public Works Director, Gary Kaping; Finance Director, Mike Crocker; HR/Admin Services Manager, Stephanie Moran; and City Recorder, Kitty Vodrup.

**1. Call to Order and Pledge of Allegiance**

Mayor Crenshaw called the meeting to order at 6:32 p.m., led the Pledge of Allegiance, and took a roll call for attendance.

**2. Changes to the Agenda**

None.

**3. Public Hearing – Fiscal Year 2020-21 Budget**

A. Public Hearing

Mayor Crenshaw opened the public hearing for the Fiscal Year 2020-21 Budget.

**Staff Report**

Director Crocker stated that this was the public hearing for the adoption of the Junction City 2020-21 approved budget. The budget hearing notice was included as Attachment B and published as required on June 16<sup>th</sup> in the Register Guard and on the City's website. Also included was the approved budget as Attachment C and a summary of the approved budget changes as Attachment A. There were four changes: Utility Assistance Fund, small change to Professional Services in the Internal Services Fund, an increase to the Economic Development Program to the amount of \$215,000, and a reduction of resources in the Police Dispatch Division of \$50,000 for the Coburg Dispatch IGA (Intergovernmental Agreement). The resolution was included in the packet.

**Public Testimony**

Mr. Jack Sumner, 1061 Quince Drive, Junction City, asked why they had not used the budget facilities and the bucket system to make the amount of money for each department smaller. He noted that they had discussed in the Budget Committee meetings but had not done any of that. He added that they were not putting any more money into reserves in case something happened to the funds coming in due to the COVID-19 pandemic.

Mr. Ken Wells, 554 SW Pine Street, Junction City, stated that he currently served as a member of both the Planning Commission and the Budget Committee. On June 4<sup>th</sup>, the Budget Committee voted 8 to 6 to approve the proposed Fiscal Year 2020-21 budget with minor changes, and few if any changes were made in the budget that were related to the economic effect from the COVID-19 pandemic which had or would have an effect on Junction City. He personally felt this oversight would negatively affect the current budget and all future budgets. As defined on the City of Junction City website, the purpose of the Budget Committee was as follows: "The Budget Committee has several purposes. It conducts public meetings to hear the budget message and reviews the budget proposed by the budget officer. One of its most important purposes is to listen to comments and questions from interested citizens. It considers this public input as it deliberates on the budget. It can revise the proposed budget to reflect changes it wants to make in the local government's fiscal policy. When it is satisfied, the Committee approves the budget and then it goes before the City Council for adoption." He continued that in his opinion, the Budget Committee was not given the opportunity to deliberate alternatives to the proposed budget, including but not limited to, use of the reserve funds and reduction of overall expenses. As a result, only minor changes were made to the proposed budget. As a member of the Budget Committee, he was disappointed, as they let down the citizens of Junction City and they did not complete the job they deserved and expected from this Budget Committee. He continued that hopefully tonight, the City Council would do the right thing and not approve Resolution No. 1. Instead, direct staff to make specific changes to the resolution and bring a revised resolution back for Council review; the decision rested with the City Council.

Mr. Sidney Washburne, 520 Timothy Street, Junction City, stated that he felt they needed to go back to the drawing board on this budget. He had looked at the budget because he also was on the Budget Committee. They did not know how the tax revenue was going to come out after this Coronavirus. If they looked at every other city around, Eugene had cut their budget and Springfield was cutting theirs; everybody was cutting theirs and they were bigger cities. He felt they were putting the cart before the horse right now and they needed to sit down and think about what they wanted to do for the people of Junction City.

#### **Questions or Comments from Council**

Councilor Rowe thanked Mr. Washburne and Mr. Wells for their testimony and said he would kind of echo their comments. He thanked City staff, the financial officers, and the Budget Committee for their hard work on this, but the fact of the matter was this budget was not representative of the current economic situation. This budget was prepared before the onset of COVID, back when everything was rosy, the economy was good, and the financial future was promising, but now they had significant challenges ahead. Post COVID, they had economic forecasts that varied from moderate to dire consequences. They had been warned to prepare for reductions in tax revenues and to plan accordingly. But instead, they stuck to the pre-COVID budget and planned for a 5% increase in total revenue, including a 9% increase in property taxes. He asked the Council if this was good budgeting. He noted that he recently conducted an informal poll on social media and the answers he received from the citizens of Junction City, the voters, were clear: 1. Tighten their belt and reduce spending and 2. Use the City's reserves prudently to allow them to keep vital community services open like the Library and Community Center. He asked the Council if this budget did that and noted that instead of reducing expenditures, they had budgeted for an increase in spending of 2%. He asked the Council if that was good budgeting. He continued that when they examined the post COVID world, it was clear that their financial picture was very, very different than it was six months ago. To ignore that fact, was not responsible planning. The City Council's job was to adopt a fair and fiscally sound budget and one that reflected the economic conditions of the day. He asked the Council if this budget was a true projection of the upcoming year and stated that he thought not. He continued that he could not support this budget as proposed and hoped that the Council would join him in rejecting this budget and ask staff to return a budget that had a reduction in the proposed revenue and spending and a budget that reflected the challenging economic conditions of the day and the desires of the constituents.

Councilor Ceniga stated that she was in agreement that they needed to hold back a little bit and make the necessary changes, because they could not predict what was going to happen later this year or into next year. She would rather that they spend little and be careful than spend too much and then be in a bigger situation where they had more problems. She thought it was a time where they all needed to error on the side of caution, so along with being in agreement with what they had heard so far, she thought it was a time because of the unknown future, that they needed to hold back, make some changes, and sit down as a Budget Committee and review this again together. She added that she did not support the budget, as it was right now.

Councilor Thomas stated that she felt pretty much the same and could not in good conscience approve this budget. She agreed that they needed to tighten their belt and slow down in spending. She noted that when you looked at the monthly expenditures, you could see sometimes there were things that could be done differently. It was for every department to do their fair share and they all needed to tighten up. She added that they were supposed to be representing the taxpayers and needed to do that.

Councilor Stott stated that he was still in favor of the budget and thought staff had done a great job of putting it together. He added that he was not opposed to having a rainy day fund out of the reserves and using that only for shortfalls.

Councilor Gambie stated that he was fine with tightening government spending, with some exceptions. He would like to spend more on policing, in light of the current situation around the world, and was absolutely opposed to the idea of defunding their police. He knew that he and other Americans had the right to defend themselves and he would do so if needed, but was grateful they he did not have to because they had a police force and he was grateful the department was included in the budget. He respected Councilors Rowe, Ceniga, and Thomas and Mr. Jack Sumner and the other people on the Budget Committee and had heard in many meetings that they needed to cut the budget, but had not heard

anybody say how to do it. He continued that the problem was he did not believe everybody wanted them to make cuts to the budget at this point when they had bad data. He thought a lot of citizens wanted them to address the issues as they came up, using the reserve fund that their conservative, fiscally prudent budgeting had created. He noted that after the last recession, they did not see impacts until two or three years after the recession, and if property taxes fell off the cliff in November, they could address it at that point. He did not want to fire people or add to the panic. He did not want more people to lose their jobs this month because of fear and the craziness out there. He did not want more people to be fired now because they thought something was going to be bad or that property taxes might go down. He noted that the real estate market was strong right now and despite three months of COVID, houses were selling three or four days after hitting the market. He respected the people who had spoken on cutting the budget but did not agree with it and because of all of these reasons did not see a reason at this point to change the budget. He was prepared, like Councilor Stott, to address this in the fall and if they actually saw a bunch of decreases in the property tax collection, they would address that then and they could use the reserves that the City had at that point or they might have to let somebody go. But he wanted to address that in the fall, when they actually had good data and not in the spring because they were scared.

Councilor Thomas noted that they were not going to fire anybody and that was not an option or the point. The point was just to scale back and not get rid of anybody or any positions.

Councilor DiMarco stated that as Councilor Gambie said, they were not hearing anything new to address and were not hearing from any new citizens, other than the six no votes from the process that had already concluded. He added that he would have comments during deliberation.

Mayor Crenshaw asked staff what the consequence would be of not passing the budget tonight. Attorney Connelly responded that the Governor's Executive Order 20-16, Section 3 (c), provided guidance on adopting the budget as soon as reasonably possible when cities could not make the usual July 1<sup>st</sup> deadline, but she thought that could be for cities that were not able to hold meetings as opposed to this position where meetings had occurred and the vote was difficult; however, she could not say for sure what the governor meant by this.

Mayor Crenshaw responded that unfortunately that had brought some gray matter to this and it would be a stretch to say that the potential impasse this evening was a COVID related issue by the fact that those who were voting no had fears about the impact of COVID. He noted that the reality was that the state may or may not hold them responsible for being late based on the fact that they could not come to an agreement. He noted that they definitely had heard all of the testimony. The next question he would have for staff would be in line with the ideas of producing a budget which cut spending and assuming the possibility, as Councilor Gambie presented, that they may actually get a majority of the taxes coming in, was he correct in saying that if they did not budget for certain spending then they could not spend it. Administrator Knope responded that would be a fair assessment.

Mayor Crenshaw stated that his testimony was he was hearing about citizens wanting them to make cuts but keep vital services such as Community Services and the Library, but unfortunately those were areas that were the least vital of the few services that the City already provided. It was a responsibility of them being a City and managing the City that they used the tax dollars to provide the most amount and effective and efficient services as possible. He saw this budget as a presentation of a reasonable projection of funds to be incoming and that the budget outlined spending based on that and that even if there were an emergency based on the fact that they did not meet those projections, the ability to make cuts was still there in order to counteract it; it would be a failure on their part not to plan to efficiently spend the tax dollars of the Junction City citizens and provide the services that they were used to. Year after year since he had started participating in the budget process, they had indeed been conservative and the consequence of that conservativeness was that they were increasing their savings account and a good argument for doing that was that you never knew when there was going to be a rainy day. He continued that it was potentially raining today and so that would be a good use of the reserve that they had built in order to bridge that to maintain the services that the citizens of Junction City deserved and so this budget was responsible in both directions; it provided them the ability to spend if the money did indeed come in and it also had the ability to make cuts if the money did not.

Mayor Crenshaw closed the public hearing.

B. Resolution No. 1 – A Resolution Adopting the Budget; Making Appropriations; Imposing the Taxes; and Categorizing the Taxes for the Fiscal Year Beginning July 1, 2020 and Ending June 30, 2021.

Mayor Crenshaw asked if there were any staff comments. There were none.

Mayor Crenshaw stated that he would entertain a motion and second and if receiving both, they would deliberate.

**MOTION:** Councilor Stott made a motion to approve Resolution No. 1. The motion was seconded by Councilor DiMarco.

Councilor DiMarco stated that he wanted to offer comfort for the minority from the Budget Committee process. Lane Community College passed a resolution to not cut programs or faculty, as they figured they were in a good enough position to see how things went. Eugene had about \$750,000 in across the board cuts and those had something to do with pandemic issues in terms of altering their services, kind of like the Junction City pool being closed this year and one employee being laid off due to the actions of the Senior Center Board; the City of Junction City was \$100,000 plus in cuts at this point, related to this pandemic. If they looked at the total Personnel and Materials and Services expenditures in the General Fund, 10% would be around \$300,000 per year. So to the concern expressed in the Budget Committee by Mr. Wells that they would suffer irreprovable damage if they did not cut immediately, he would offer that if you divided \$300,000 by 12 months, that would be about \$27,000 per month that they would be losing ground if they were to suffer a 10% reduction in property tax for the year. At that rate per month, the closing of the pool would get them 4 months into the fiscal year. They also had vacancies that were unlikely to be filled in the near future and that would mitigate that \$300,000 loss for the year.

Councilor DiMarco continued that he would add a final bit of comfort and tag onto the Mayor's remarks. He noted that he had been around a while, predating all the negative votes on the approved budget. The reason they had been so frugal the last 10 years was to prepare for this kind of situation so they could take a hit just as they did in the great recession, only they were in much better shape now and did not have to react to fear necessarily. They could easily absorb a \$300,000 hit to their budget doing nothing. He did not advocate that and had been strict over the years, going back to Lynn Engel, Jack Sumner, Dave Brunscheon, and Barry Schweigert, who had set the foundation for the frugal traditions that they had established. He was fully confident that they could meet month to month as a Council in regular sessions and stay on top of things. He noted that maybe they needed to do a virtual tour of Director Crocker's office as he had awards on his wall that other cities did not have and Councilor DiMarco trusted Director Crocker's foundation to give them the jumping off point to make the change that they might need. He added that his only other concern with this budget was that they did not have enough slack in it to help people out or to increase some services or take advantage of opportunities. He said the festival was looking for assistance to do some projects this summer, which they could not normally do if they were having the festival and they were not really addressing that too much; this was kind of a middle road and a good compromise. He thought the Mayor summed it up well, and he looked forward to meeting in a month and getting updated data on where they were at.

Councilor Thomas stated that somebody was saying that there were the same six people objecting to the budget tightening up. She noted that Councilor Rowe did a survey on what the taxpayers wanted and there were many more than the six that were responding, but nobody was talking about cutting positions; they were talking about tightening our belt. She talked to Creswell, Florence, Cottage Grove, and Eugene and most of them were doing a 3 to 5% over the board decrease, which was not a lot, but it helped.

Councilor Gambie stated that they had asked staff what a 3/5/10 percent cuts would mean in their departments, and his recollection was that any amount would impact personnel, from reducing hours to eliminating positions. The bulk of the money in the City budget was going to employees, who provided the services in our town that the City had determined to provide. He had tremendous respect for everybody who was willing to come to all the meetings and was totally in favor of being fiscally conservative and responsible. He just had

not heard anybody actually give specifics on cuts, and he had a hard time getting behind any cuts, especially since they would impact personnel and he was not in support of that or losing any police officers. He shared a story about a person who had trespassed in his neighborhood, was out of control, and passed out in a drug induced coma. The police came on scene and saved the man's life, but it took six officers and paramedics to restrain the man, who was violent. He noted that he was extremely grateful for their police officers and for City staff and the services that they provided. He did not want to cut their services based on a projection that was not substantiated at this point.

Councilor Ceniga stated that she was with the group that was wanting to hold back a little bit, but she did not want to cut anybody's position and did not want to see anybody out of a job. She agreed with Councilor Gambie that they never did discuss how they would try to save money and maybe that was something they needed to go back to the drawing board and discuss. One controllable expense they had was salary but asked what else could they hold back on. She asked if they could hold back on some equipment. She thought there could be a combination of things that they could do per each department without having to cut a position. She did not want to see anybody lose their job but also did not want to see the City in trouble at the end of the year or next year because they were dealing with something that they had very little facts on but were already seeing the impact that it had in just a couple of months. She continued that she would rather error on the side of caution and go back to the drawing board and figure out what they could do to save money without having to cut positions. In the end, if they found themselves okay, then she would feel like they made a good decision. She did not want to end up in a position where someone would lose a job in the future because they did not error on the side of caution now.

Councilor Rowe stated that this was about a budget and was not about spending. This was about preparing for the future. They were not preparing for the future and had a fiscally irresponsible budget here. They were not taking the time to fully explore all the options, and this was bad business, bad budgeting, and bad government and the citizens would know that.

Councilor Thomas stated that pretty much summed it up and like she had said, there was always something else other than people's jobs that they could cut back on and not hurt anything.

Councilor DiMarco stated that these were tough issues and there was not a real big difference between the positions. One problem our society did have currently was not being satisfied with process, and he had always lectured people over the years that process was their friend. They inherited a great system of government and sometimes it was worth more to let the process play out than to debate it and hold things up. He thought that they needed to let staff get back to work and revisit these issues in a month. There was no disaster that could be averted by distracting them with shaving the bandages and whittling down this and that and taking that time. Not enough was going to be gained to make up for the distraction from what they needed to be doing, working on many issues that had directly to do with the pandemic.

Councilor Gambie reiterated that staff had shared what the 3/5/10 cuts would mean and he felt they had a lot of opportunity to discuss these things and staff had done a good job of giving them real good data. He continued that he totally disagreed with Councilor Rowe that this was bad government. He thought that to the contrary, for the last 10 years, the people in this City had done good government, which put them in this excellent position that was demonstrated by the awards on Director Crocker's wall. It was not an accident that Junction City was in a great position and it would be bad government to make decisions based on bad data and fear instead of actual data; that would be what bad government was.

Mayor Crenshaw asked for confirmation of the tax rate. Director Crocker responded it was \$6.0445 per \$1,000 of assessed value.

Mayor Crenshaw stated that he was going to go ahead and summarize and wrap this up so they could make a decision. To the issue of purchasing equipment, those portions of the budget were using funds for which those departments had saved over time and had very little impact in equipment purchases on new tax dollars by comparison. On the issue of potentially putting people out of work, if they had to go back to the drawing board and make cuts, whether it was putting someone out of work or whether it was not making other certain

expenditures, they could not go back when they realize they did have the funds and undue that. So, whatever tightening up that they did, they were going to have to live with that consequence regardless of whether the funds were actually available or not. And at the tax rate that it was right now, there was no projection that the property values in Junction City were going to go down in this fiscal year. The consequences that they may see from this current issue would be more of an effect in the 21-22 budget. So once again, what would be irresponsible government would be failing to efficiently use that so many dollars per thousand of the taxpayer's money. Speaking to process and their responsibility to balance a budget, government budgeting was not like household or business budgeting. You did consider the future a little bit, but the responsibility was to make all of the resources of today balance with the expenditures that needed to be made in the best interest of the City; therefore, he likened the comments made about that to retirement savings. The City was not going to retire. When a person went to work for 20 to 40 years of their life and built a nest egg, for which they could spend on that savings in their golden years, was not the same model that they should use when they were doing government budgeting. The City did not retire. The City continued to function as a City for its oldest citizens and its youngest. So that brought them to a point now where they had to make a decision and move on. Mayor Crenshaw took a roll call vote.

**VOTE:** The motion to approve Resolution No. 1 passed by a vote of 4 to 3, with Councilors Stott, Gambee, and DiMarco voting in favor, Councilors Thomas, Ceniga, and Rowe voting against, and Mayor Crenshaw voting in favor to break the tie.

#### 4. State Shared Revenue Resolution

Director Crocker reviewed that this was the last requirement to receive State Shared Revenues. The City had levied property taxes and held two public hearings. The total State Revenue Sharing was about \$606,000 in the upcoming budget. In prior years, there had been two resolutions, but the second one was dropped by the state.

A. Resolution No. 2 – A Resolution Declaring the City of Junction City's Election to Receive State Revenues.

**MOTION:** Councilor Stott made a motion to approve Resolution No. 2. The motion was seconded by Councilor DiMarco and passed by a vote of 4 to 3, with Councilors Stott, Gambee, and DiMarco voting in favor and Councilors Thomas, Ceniga, and Rowe voting against and Mayor Crenshaw voting in favor to break the tie.

#### 5. Fiscal Year 2020-21 Compensation Schedules

Manager Moran presented the Fiscal Year (FY) 2020-21 compensation schedules for Non-Represented positions and Temporary and Seasonal positions, which had a 2% increase from last year. Represented position compensation schedules had previously been approved in the Collective Bargaining Agreements.

It was noted that the temporary/seasonal positions of the lifeguards would reflect the minimum wage increase on July 1st to \$12.00 and was necessary to be in compliance with state wage laws. It was anticipated that the pool would open at the later end of FY 20-21.

A. Resolution No. 3 – A Resolution to Approve the Fiscal Year 2020-2021 Compensation Schedules for Management and Non-Represented Positions and Temporary and Seasonal Positions.

**MOTION:** Councilor Stott made a motion to approve Resolution No. 3. The motion was seconded by Councilor DiMarco and passed by a vote of 5 to 1, with Councilors Stott, Ceniga, Rowe, Gambee, and DiMarco voting in favor and Councilor Thomas voting against.

#### 6. Oregon Coronavirus Relief Fund Grant Agreement

Administrator Knope presented the CARES (Coronavirus Aid, Relief, and Economic Security) Act grant agreement with the State of Oregon. The City had been approved for reimbursement in the first round of \$101,746, which included some wages and other expenditures Citywide related to COVID-19 impacts. Director Crocker and Police Department Admin Aide Janet Deckard had done a great job of preparing this application.

**MOTION:** Councilor Stott made a motion to accept the State of Oregon grant agreement for CARES Act funding and authorize the City Administrator to sign the necessary documents.

The motion was seconded by Councilor DiMarco and passed by unanimous vote of the Council.

**7. Business Pandemic Impact Support Program Update**

Administrator Knope noted that the Finance and Judiciary Committee would be discussing mortgage and rent assistance related to this program at their next meeting. As of today, the City had authorized 115 grants across 74 businesses in town for a little over \$190,000. There was approximately \$30,000 left through the end of this month. Applications had started to drop off a bit, and the City was still receiving a lot of positive feedback from the business community for the City continuing to help support them through this time.

Councilor Thomas asked if they would be talking about whether they would be making who received these grants public information, as she had been asked by several people.

Mayor Crenshaw responded that his understanding was they needed to be very careful about privacy laws and he would defer to legal counsel.

Attorney Connelly stated that her recollection was that they would keep things as confidential as they could. Administrator Knope responded that was correct. Attorney Connelly continued that if there was an assurance of confidentiality at the time the application was submitted, there was a public records exemption that would cover that, but that would require balancing public interest against applicant confidentiality and would be evaluated with each public records request.

Mayor Crenshaw noted that he would schedule another update at the next Council meeting, and they could further discuss this, after Attorney Connelly had an opportunity to do some research on topic.

**8. Adjournment**

As there was no further business, the meeting was adjourned at 7:49 p.m.

ATTEST:

APPROVED:

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Kitty Vodrup, City Recorder

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Mark Crenshaw, Mayor