

The City Council for the City of Junction City, met for a work session at 6:30 p.m. on Tuesday, July 16, 2013, in the Council Chambers of City Hall, 680 Greenwood Street, Junction City, Oregon.

PRESENT: Mayor, David Brunscheon; Councilors Karen Leach, Bill DiMarco, Jim Leach, Randy Nelson; Steven Hitchcock, and Herb Christensen; City Administrator, Melissa Bowers; Police Chief, Mark Chase; Public Works Director, Jason Knope; Finance Director, Mike Crocker; and City Recorder, Kitty Vodrup.

I. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Mayor Brunscheon called the meeting to order at 6:30 p.m. and led the Pledge of Allegiance.

II. LONG TERM BUDGETING

Administrator Bowers reviewed that this was the first of two long term budgeting work sessions that had been planned and it was reasonable to anticipate that additional work sessions would be needed. Long term budgeting is a practice that is utilized by companies and cities throughout the country and as the City grows, staff believes that long term budgeting will become more critical to being able to keep up with demands and to meet needs for the City. Long term budgeting is multi-faceted and includes forecasting, prioritizing, compiling information, making decisions about asset management and project planning, and looking at how the City develops its services.

Administrator Bowers continued that the long term financial budget plan was not meant to be a replacement for annual budgeting, but would serve as a guide for annual budgeting. The long term budget could also serve as a method for achieving performance goals and performance management, governing decisions, and guiding capital investments. The long term budget can provide forecasts about the City's financial health, so that decisions are made in the long term and not made in a crisis mode on an annual basis. The role of long term budgeting is a high level process with the Council setting policy. Staff is wanting to provide better financial transparency and through the long term budgeting process to establish a foundation that the City can grow and develop on for years to come.

GFOA Best Practice – Long Term Financial Planning

Director Crocker reviewed this document, which was included in the Council packet. The document covers two basic areas, which are outlined below.

1. A long term financial plan should include these elements:
 - Time Horizon – at least 5 to 10 years in future.
 - Scope – should consider all appropriated funds.
 - Frequency – should update long term plans as needed.
 - Content – should include analysis, schedules, financial environment, and strategies for achieving and maintaining financial balance.
 - Visibility – transparency and having plan accessible to Council and the public.
2. Steps in long financial plan process include the following phases:
 - Mobilization – staff and Council starting process, preliminary analysis, identification of service priorities, and incorporating financial policies.
 - Analysis – information gathering, trend projections, and analysis that would produce information that supports planning and strategizing.
 - Decision – highly participative process.
 - Execution – strategies become operational through budget and action plans.

Samples of Long Range Financial Plan

Director Crocker reviewed plans that had been included in the Council packet from the cities of Woodburn and West Linn, as examples of sample frameworks that the City could customize for the City's needs.

List of Weakness in the Budget and Budget Process

Administrator Bowers reviewed a list of weaknesses that the Executive Team compiled to identify and bring to the Council where staff sees weaknesses in the budget and budget process and that also constrains reporting of information, ability to operate, and ability to plan. These are being brought to the Council as suggestions, and the Council may add to or remove items, as they see fit. The goal of the long term plan is to develop solutions for these weaknesses. She reviewed the list of 15 items:

1. **Reserve Plan** (Contributions to reserve) – The City does not have a consistent or formalized method for contributions.
2. **Incentive to Save for Departments** – The City does not have a formalized method to incentivize savings.
3. **Operating Revenues = Operating Expenditures in Annual Budget** – Current budgeting practices do not support the concept.
4. **Definition of Healthy Ending Fund Balance** - The City does not have an established and agreed definition for establishing a “healthy” ending fund balance.
5. **Rainy Day Fund** – The City does not have a method for saving funds for cyclical or annual changes in revenues or expenditures.
6. **Long Term Maintenance of City Assets** – The City does not have a consistent plan and supporting funding method for maintenance and/or replacement of City assets.
7. **Better Forecasting for CIP (Capital Improvement Plan)** – The CIP is limited in length of forecasting and in dollar threshold. The CIP does not capture all project and/or items. The CIP is not tied to Master Plan CIPs.
8. **Service Priorities/Organizational Structure** – The City hasn’t formally developed long term service priorities and an organizational structure to support those services.
9. **Department Strategic Planning** – The Departments are limited in their ability to develop long term strategic plans as we budget from year to year. Currently, there isn’t a link between Department Strategic Plans and the budget.
10. **Scheduled Review of Strategic Plans or CIPS** - The City does not have a master long term document that comprehensively coordinates individual plans. The Long Range Plan could dictate review of other plans and could link annual budgeting to master plans, CIPs, and strategic plans.
11. **Revenue Generating Options** – The City does not have a formalized and consistent method citywide to evaluate fees and determine if fees are adequate.
12. **Master Fee Schedule** – The City does not have a single document that tracks all fees and the review of those fees. The City does not have annual consistent and established process to evaluate fees.
13. **Undetermined Costs** – The City conducts activities where costs are not formally tracked. For example, the City currently absorbs the cost of special events, such as Police and Public Works services.
14. **Precise Budgeting** – The City does not have a method for creating a tighter budget in terms of the current practice of overestimating expenditures and underestimating revenues. In current practices, the ability to make budget adjustments, if necessary, during the year is limited to an as needed, case by case basis.
15. **Allocations Review Frequency/Methodology** – The City does not have a formalized schedule for frequency of review of allocations. The City does not have a formalized methodology for allocations of personnel/materials/services.

Council input and direction included:

- Add uses of State Shared Revenue to list
- Add Existing Asset Assessments
- Staff to prioritize the list

It was noted that this was a fluid process and items could be added or changed, as the Council moved through this planning process.

Staff Recommendations for Mechanics of Document

Director Crocker stated that he would foresee the City’s long range budget document including a combination of the best of the two example documents from West Linn and Woodburn and he reviewed his suggestions. Highlights included a good table of contents, introduction paragraphs about the purpose and methodology, executive summary, consistent narratives, and an efficient document that is not too lengthy.

Next Steps

The Council consensus was for staff to add items to the weaknesses list, prioritize, and bring possible solutions to those weaknesses to the next work session on September 17th.

III. ADJOURNMENT

As there was no further business, the meeting was adjourned at 8:03 p.m.

ATTEST:

APPROVED:

Kitty Vodrup, City Recorder

David S. Brunscheon, Mayor