

The City Council for the City of Junction City, met for a work session at 6:30 p.m. on Tuesday, November 24, 2015, in the Council Chambers of City Hall, 680 Greenwood Street, Junction City, Oregon.

PRESENT: Mayor, Michael Cahill; Councilors Karen Leach, Bill DiMarco, Jim Leach, Randy Nelson, Steven Hitchcock and Herb Christensen; City Administrator, Jason Knope; Police Chief, Mark Chase; Public Works Director, Gary Kaping; Finance Director, Mike Crocker; Community Services Director, Tom Boldon; and City Recorder, Kitty Vodrup.

1. Call to Order and Pledge of Allegiance

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

2. Budget Goals Discussion

Administrator Knope reviewed that the Council had requested that a budget goals work session be held and for staff to provide information that included the historical allocation of property taxes that had been used by General Fund departments.

Director Crocker distributed Chart E and reviewed the terminology and concepts of the charts that staff had prepared for all General Fund operating departments:

Chart A: Net Requirements versus Property Taxes. A net requirement is the amount of property taxes needed to fund the department, after department revenue is subtracted from department expenses. Department revenue is the amount of revenue each department generates, such as Dispatch Contracts at the Police Department.

Chart B: Percentage of Requirements versus Property Taxes. This chart showed the percentage of net requirements compared to property taxes received for each General Fund operating department and the historical percentages that the various departments had used of the property taxes. It was noted that percentage allocations were close to 100% for Fiscal Year (FY) 2014-2015. In years where the total percentage was higher than 100%, that meant that expenditures were higher than revenue being brought in and money would have to be taken from the General Fund Ending Fund Balance to cover operating expenses. A negative percentage in a department column meant that the department revenues were higher than expenditures and the department was putting money back into the General Fund pot.

Chart C: Pie chart of net requirements.

Chart D: Pie chart of budgeted requirements for FY 14-15.

Chart E: Net Requirements versus General Revenue for FY 15-16.

Department Cost Trends: Included history on department revenue, net requirements, and expenditures.

General Fund Budgeted Transfer Summary FY 15-16 (Distributed at meeting): Showed the proposed FY 15-16 budget and the amount of reserve transfers that were cut to assist in balancing the budget.

Discussion followed and included:

- For many years, General Fund expenditures have been higher than revenues and the way the City had been budgeting would not be sustainable going forward, especially with the anticipated increases of PERS, mandated stormwater requirements, and reallocation of Franchise Fees to the Street Fund.
- Over \$400,000 in Franchise Fees was being used to fund General Fund operations, even though the original intention of those fees was to be used for streets. Years ago, the Street Fund was combined with the General Fund. At some point, the Street Fund was separated out from the General Fund, but the Franchise fees remained in the General Fund. Currently, there is not enough funding in the Street Fund to keep up on needed street maintenance or the mandated stormwater requirements that would be coming.

- Reserve funds had not been adequately funded for years, with deferred maintenance and projects being put on hold. At this point in the current budget cycle, the reserve transfers that had been cut as part of the FY 15-16 budget would not be able to be fully restored.
- The FY 15-16 budget included some one time fixes to enable revenues to equal expenditures; however, if things were not changed, the Budget Committee would be in the same dilemma as last year in addressing the FY 16-17 budget.
- The state would be mandating that the City improve stormwater quality, which would require changes to the City's Development Code, Public Works Design and Construction Standards, development of a Stormwater Master Plan (\$75,000 to \$100,000), stormwater monitoring, and other requirements, all of which are currently unfunded. It was noted that stormwater funding comes out of the Street Fund.
- It would be beneficial to set a specific allocation percentage for property taxes that each department would receive. This would tie into the "bucket concept" where department heads would know the amount of revenue they would have each year and would need to live within that means and/or create additional revenue streams. Funds not expended or additional revenue generated for that department could be saved and carried over into that department's ending fund balance, instead of going into a general pot that all General Fund departments could potentially use.
- A phased approach could be used in addressing how Franchise Fees should be used, after first setting property tax allocations. Initially, Franchise Fees could be used to fund some reserve transfers, and then gradually over a couple of years be weaned off from General Fund use and put back into the Street Fund.
- Other communities nearby and around the state had implemented or were looking at developing Police Districts and this could be a potential option to explore for Junction City. The district would include areas outside the City limits and the boundaries could be designated in a variety of ways. Chief Chase noted that many county residents had approached him about wanting to form such a district.

After discussion, the Council consensus was to:

1. Have staff bring back information on what it would look like to use something like the FY 14-15 property tax allocation percentages for each department. This would include operational options from department heads for expenditures not to exceed revenues and options for franchise fees to be used initially for reserve transfers and then be phased out from General Fund to Street Fund use.
2. Have staff bring back information on what it would take to begin implementation of a stormwater fee, before a stormwater master plan is developed.
3. Have staff bring back information on forming a Police District.

It was noted that the items above would be for Council information only and would provide a starting point for possible ways to address budget concerns.

3. Other Business

Christmas Lights

Director Kaping noted that Public Works was currently putting up the Christmas wreaths/lights throughout town.

Yards

Mayor Cahill shared that it was nice to see many yards turn green, with the last couple months of rain

Allowing Schools in R3 Zones

Councilor J. Leach stated that the City lost 100 acres of property tax revenue when the state hospital was built and asked how much property tax dollars would be lost if the 18 acres of multi-family in the R3 zone was used for a school.

Mayor Cahill wished everyone a happy Thanksgiving.

4. Adjournment

As there was no further business, the meeting was adjourned at 8:05 p.m.

ATTEST:

APPROVED:

Kitty Vodrup, City Recorder

Michael J. Cahill, Mayor