

The City Council for the City of Junction City, met in regular session at 6:30 p.m. on Tuesday, January 12, 2016, 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 Attorneys, Carrie Connelly and Christy Monson; City Administrator, Jason Knope; Police Chief, Mark Chase; Public Works Superintendent, Jeremy Tracer; Finance Director, Mike Crocker; City Planner, Jordan Cogburn; 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. Changes to the Agenda**

None.

**3. Consent Agenda**

**MOTION:** Councilor DiMarco made a motion to approve the bills from December and the November 24 and December 8, 2015 Council minutes. The motion was seconded by Councilor Nelson and passed by unanimous vote of the Council.

**4. Public Comment on Items not Listed on the Agenda**

None.

**5. State Hospital – Interim Deputy Superintendent Kerry Kelly**

Ms. Kelly distributed and reviewed an Oregon State Hospital Safety and Security facts document and answered questions about two clients that had walked away from supervision. She noted that everyone was welcomed to tour the State Hospital anytime.

**6. Public Hearing – Vista Dale Subdivision Local Improvement District**

Mayor Cahill opened the public hearing and asked if the Council had any ex parte contacts or conflicts of interest. There were none.

**Staff Report**

Administrator Knope stated that the Council had asked HBH Engineering to put together an engineer's report that would connect the homes within the Vista Dale Subdivision to the City's existing waterline and place in the street the necessary sewer improvements (sewer main line and laterals to the property lines); the costs would not include connecting the homes to the sewer, but would establish the infrastructure costs as part of the Local Improvement District (LID). The estimated costs for the Water System Improvements were \$13,500 and Sanitary Sewer Improvements were \$321,750. The report also included what each property assessment would be, based on their benefit. The City received some letters from property owners in opposition to the proposed improvements and these were included in the Council packet.

Recorder Vodrup distributed an additional letter against the LID from the Gary and Kathleen Van Kirk, which had been received after the Council packets had been distributed.

Councilor Christensen noted that the report included that Engineering, Legal and Administrative costs would be 25%. Mr. Mike Henry from HBH Engineering, responded that these were typical percentages that were used for estimating project costs, with Engineering at 20% and Legal and Administrative at 5%.

**Public Testimony**

Mr. Shaylor Scalf, 1594 W. 11<sup>th</sup> Avenue, Junction City, thanked the Mayor and Councilors for their service to the community. He noted that he had spent many years working for various cities in the state and had been the Director of Public Works in Coquille, Superintendent of Water and Sewer in Oakridge, and Maintenance Engineer Superintendent in Springfield. He was opposed to this project because the septic tanks were working just fine and if a person took care of them, they would work fine forever. He had lived at this location since May of 2002 and gathered signatures and did all of the legal work on the boundaries of the subdivision when it came into the City. He added that several things had been promised to him by a previous City Administrator and Public Works

Director, but there was nothing in writing and this had occurred in verbal conversations in the City Administrator's office. He stated that he did not want any other improvements, other than the waterline that was put in, which the City had said they would pay for.

Mr. Scalf continued that no one from the City had talked to the property owners about the improvements and then they received notice of the public hearing. He expressed concerns that this was not being adequately discussed.

Councilor DiMarco asked if Mr. Scalf had any originating documents. Mr. Scalf responded that the City and Lane Council of Governments had documents, and he had had them as well, but could not presently locate them. Councilor DiMarco noted that the City did not have these documents and it would be beneficial to receive copies of any documents the property owners might have.

Ms. Cheryl Glasser, 770 Spruce Street, Junction City, noted that she had documents related to the 10<sup>th</sup> Street Waterline and the estimate for hook-up fees.

Mayor Cahill encouraged property owners to provide any documents to the City Recorder, who would make copies. He added that staff would follow-up with Lane Council of Governments to see if they had any documents.

Mr. Justin Rutherford, 28882 Bailey Lane, Junction City, shared that he and his wife owned the properties at 1105 and 1115 Tamarack and they were currently opposed to this proposition, primarily because of the cost estimates. He noted that it was probably inevitable that this would happen at some point and referred to River Road residents being annexed into the City of Eugene and having to connect to sewer. He continued that he had been in the construction industry for over 20 years and was currently in an estimating project management role. He felt that the engineering fee of 20% was excessive and noted that he had recently paid under \$10,000 on engineer's fees for a \$500,000 project. He also felt that the mobilization was a bit high and that the asphalt and conduit costs were twice what they should be. He stated that these high estimates would scare a lot of people off and added that some of the people on the property owner list were already hooked up to City sewer or were deceased. He added that in the past Public Works staff had offered free meters to their duplex and wondered why they would now have to pay for them.

Mr. Mike Bonner, 1467 W. 12<sup>th</sup>, Junction City, shared that he and his wife owned the property at 1490 W. 11<sup>th</sup>. He asked if it had been known when the area was annexed that this project was going to have to be done in the future and whether that was disclosed to the homeowners on any type of deed. He noted that when they purchased their house in 2006, there was no indication that anything like this would be coming up; they just knew that the property had City water and septic. Now nine years later, they were being told that the system was failing, needed to be replaced, and they would need to hook up at a cost of \$17,000 that would probably become a lien against their property. He did not think that anyone had that amount of money to pay for this improvement, and the \$17,000 did not include the additional cost of the homeowner paying for a contractor to hook up from the meter to the house or the toilet to the sewer, which could be from \$2,000 to \$4,000.

Mr. Bonner continued that if they wanted to sell their home tomorrow, they would be legally and ethically bound to tell a prospective buyer about these costs of around \$20,000 for an 800 square foot home. These additional costs would decrease the property value and make it difficult to sell. He added that many people in the subdivision were on fixed incomes and this would be a huge hit for the 21 property owners. They understood that the water system was failing, but the City knew when the area was annexed in that it was a failing system, even though there were no records to show this and future property owners were unaware this was an issue. He added that they were opposed to this at this time, until the numbers could be recalculated and/or the City looked into offering some type of low interest or no interest loan for the homeowners and/or the City connect the houses to the lines that would be put in.

Mr. Ned Smith, 1155 Tamarack Street, Junction City, asked which water lines were new and which were old. Administrator Knope responded that there were two distinct and separate water systems in that subdivision. There was an old line that used to connect to

the old well and that line ran behind all of the properties; that was the system that was failing.

Mr. Smith asked if that line was still being used. Administrator Knope responded that it was still being used and there was one master meter that connected that line to the new water line that the City had put in; the new waterline was in the street.

Mr. Smith asked if the City was going to have to tear the street up to do the sewer. Administrator Knope responded yes. Mr. Smith asked for confirmation that not all the houses were offered the new line at the time it was put in. Administrator Knope responded that the new water line and services to the property line were put in, but there was no documentation to show if there was any discussion on prior City staff offering for homes to be connected.

Mr. Smith said he did not understand why the City would dig a trench and not put lines to all the houses and use an old line that they knew was going to fail.

Administrator Knope stated that right now there were two services to each property. There was the old one that was still in service and the new one that went to the property line which was not being used. The LID project included putting in meters for each property and making connections to the new line, so they could get rid of the old line that runs behind the homes.

Mr. Smith asked if this was supposed to have been done when the new line was put in. Administrator Knope responded yes.

Mr. Scalf shared that the prior water system was owned by Mr. Brown, and he was supposed to repair the old lines under the supervision of a former Public Works Director, because there were several leaks; however, Mr. Scalf did not know if that work had been done or not.

Ms. Tanya Rutherford stated that her husband had spoken earlier, regarding their property at 1105 and 1115 Tamarack. She reiterated that Public Works staff had offered free meters, but now that had changed. They had also been told by City staff that with the new water system there would be higher pounds of pressure, so there could be problems with the current piping in their home, which could be an additional expense for property owners. She asked if the City would help if the increased pressure caused their pipes to fail.

Councilor Christensen noted that his home had a pressure regulator, which kept the full pressure off the pipes. Administrator Knope added that currently the way Vista Dale Subdivision was set up, everything was going through one single meter, and the City reduced the pressure after the master meter for the homes in that area.

Councilor Christensen asked if each property would have a pressure regulator, once they were hooked up to the new system. Administrator Knope responded that was not something the City typically installed, and generally if this was something the homeowner wanted, they could do that as part of their installation. He added that the City does not mandate having pressure reduction on water services.

Ms. Rutherford added that there were some bookkeeping issues on the property list, as Mr. Smith's property was already connected to the sewer and Mr. and Mrs. Marteney and Ms. McClintock had passed away.

Councilor DiMarco thanked Ms. Rutherford for that information and noted that the list needed to be updated.

Ms. Marlene Nepper, 1550 W. 11<sup>th</sup>, Junction City, stated that she had lived in her home for 39 years and asked if this would increase the value of her property. She noted that she wanted to sell her home, but was concerned that this would deter buyers.

Mayor Cahill responded that he did not feel that they were qualified to answer that question. He asked what the property owners would do in the event that their septic or drain fields failing.

Ms. Nepper responded that they had a fairly new septic tank.

Mayor Cahill stated that his understanding was the Department of Environmental Quality and the state had rules on replacing septic tanks and drain fields that are in areas contiguous to City limits.

Mr. Scalf responded that only applied if a property owner did not replace their septic within 180 days. Mayor Cahill asked what would happen if they did not do something after 181 days. Mr. Scalf responded that the City could either fine or bill them or prohibit them from putting in the septic system.

Mayor Cahill asked Attorney Connelly for her legal perspective.

Attorney Connelly responded that she would need to look into this and that the City's Code provision would potentially require connection of sewer lines that are within a certain number of feet.

Mr. Henry stated that he thought the ordinance language was that if a septic or drain field failed and the property was within 300 feet of a municipal sewer, they would need to connect to it.

Mayor Cahill asked for confirmation that the property would not be able to put in another septic, if their septic failed. Mr. Henry responded that was his understanding, per State Statute.

Ms. Rutherford added that Public Works staff had told them that if they were within 300 feet they would have to hook up and that their property value would be increased. Mayor Cahill noted that some people might think there was more of a value in being connected to a City sewer system, opposed to a septic system that could fail.

Ms. Nepper asked if the City was going to put in these improvements. Mayor Cahill responded that they were holding the public hearing to listen to everyone's comments, and as far as he knew in working with the Council for a year, there were no preconceived ideas of what they were going to do. He noted that there was some frustration because previous Councils had kept putting this off, but this Council wanted to address it. He expressed appreciation to all those present for sharing their thoughts and information, as the Council was learning right along with them.

Councilor K. Leach reiterated that any records the property owners could provide would be helpful.

Ms. Nepper asked if the proposed work included a storm drain. Councilor Nelson responded that it did not.

Mayor Cahill shared that the City had a responsibility as a municipality to protect the community, and the Vista Dale Subdivision was annexed into the City because of the trouble they had with their water system; consequently, the City was able to provide good potable water. He continued that a storm drain system would be included with street and curb improvements, which were not being proposed at this time.

Mr. Jarod Thompson, 1593 W. 11<sup>th</sup> Avenue, Junction City, started that they were in opposition to this, due to the cost and having a lien. As others had stated, who would want to buy a house with a \$17,000 lien, and the property owners would have to come up with additional money to hook up the sewer to the house. He added that without sidewalks, stormdrains, and street lights added, he did not see the property value of each home being raised from \$16,000 to \$17,000 by adding sewer alone. He continued that this was not worth it to him and his wife, and they were curious as to why they were fully responsible for the costs. They were also paying \$40 to \$50 each month to the city for sewer. He added that it was hard to understand why they would need to pay \$16,000 for the sewer system when they had a perfectly working septic tank.

Mayor Cahill noted that a septic tank replacement was fairly expensive and at some point, somebody on the property would have to build a sewer or septic system.

Mr. Thompson responded that he understood, but it would be more feasible if there were sidewalks, street lights, and stormdrains added, but if it would double the cost, it was not worth it and they were at the point of not wanting any of the improvements.

Councilor DiMarco noted that in response to the question on if the City should contribute to some of the costs of the infrastructure, normally a developer would pay for all of the infrastructure costs in a subdivision. Both the current Council/staff and new property owners had inherited this problem and were constrained by state requirements on how to deal with water and sewer issues. He added that they were all trying to find a path that was as inexpensive and fair as possible and sets things up so that if a septic did fail, the City would be able to hook property owners up without there being a health hazard going on for a long time.

Mr. Thompson stated that this issue was never disclosed to them when they bought their home in 2007.

Councilor DiMarco noted that nothing would be decided tonight and one of the questions he would have for staff was how this could be structured so it would perhaps only be triggered by a failure of the septic system. He referred to days when there were less strict standards on sewer systems and when handshake agreements regularly occurred. He added that apparently there were many handshakes on this originally.

Councilor Christensen shared that this issue has been kicked down the road a long time, and they as a Council decided to address this issue so it could be settled. That is why they were holding the meeting tonight and were looking at working together with property owners to find solutions.

Mr. Smith noted that there were estimates for curb, gutters, and sidewalks on the engineers report. Mr. Henry responded that the Council originally asked them to look at the costs of what it would take to bring the streets up to City standards, including the costs for sidewalks, curbs, and gutters.

Mr. Scalf shared a solution that he used in Coquille in the 1970s, where they put the cost of the meter and hook up onto the monthly utility bill. This was an extra \$50 per month and would be an option to solve the water service connection now without placing a huge burden on anyone; then they could deal with the sewer.

Mr. Rutherford asked Mr. Henry if he had obtained bids for the work. Mr. Henry responded that he had not and if the City decided to proceed with the LID, the project would be designed and then they would obtain bids from contractors. Councilor K. Leach noted that the costs could be lower.

Mr. Rutherford asked Mr. Henry if he thought the engineering fee would be \$54,000. Mr. Henry responded that he did not believe that their fee was going to be \$54,000.

Mr. Rutherford commented that the costs for the project were not fully known and everyone was using the engineer's report to identify what their portion of costs were going to be. Mr. Henry responded that this was an estimate.

Councilor Nelson added that in order to get a LID established, they had to first have a proposal and this was the first step in that process.

Mr. Thompson asked how much of their property might be taken if sidewalks were put in. Councilor Nelson noted that they talked about installing sidewalks, but decided not to proceed with that at this time because of the cost.

Mr. Henry added that property owners would lose some of the City property that they were using right now and would also lose trees, shrubbery, and landscaping.

Mr. Thompson stated that he was curious where the property line would actually be. He added that he thought their value would increase with sidewalks.

**Questions from the Council**

Councilor Hitchcock asked if the property owners would be willing to accept this proposal so they could take the next step in the LID and find more real numbers.

Ms. Rutherford asked if that would commit them in any way, shape, or form. Councilor Nelson responded no. Mr. Rutherford stated that it was imperative that they had real numbers. Councilor Nelson responded that they would get there. Councilor Hitchcock stated that this was a starting point. Councilor Nelson added that they had needed to hear the input on the sidewalk.

Councilor DiMarco noted that this did not include how they would structure the financing or the actual bids, and they would not want the engineer to bring an estimate that was too low. He provided examples of other projects the City had done where the actual costs came in lower than the estimates.

Councilor K. Leach shared that it was very important for the Council to include the property owners in this discussion so they could make good decisions.

Councilor Nelson added that the City had been working on this for almost 8 years, with over 2 years with legal counsel, to get where they were tonight. There had been a lot put into this consideration and all the input received tonight would help with working this out.

Mr. Bonner requested that the property owners be notified whenever the Vista Dale Subdivision discussion was occurring at a Committee or Council meeting. Councilor K. Leach encouraged property owners to provide their email addresses to Recorder Vodrup.

Mayor Cahill closed the public hearing.

Mayor Cahill thanked everyone for attending and providing input. He asked if the Council was comfortable with tabling discussion. Attorney Connelly noted that Council discussion needed to occur within the next 60 days.

The Council consensus was to table discussion until the February 9, 2016 regular Council meeting.

**7. Pretreatment Resolution**

Administrator Knope reviewed that before the Council was the resolution to establish pretreatment fees, based on the Sewer Pretreatment ordinance that the Council previously passed.

A. Public Comment. None.

B. Resolution No. 1 – A Resolution Adopting Pretreatment Charges and Fees for the City of Junction City.

**MOTION:** Councilor Nelson made a motion to approve Resolution No. 1. The motion was seconded by Councilor K. Leach and passed by unanimous vote of the Council.

**8. Budget Committee Appointments**

Director Crocker reviewed that three applications had been received for the three positions, whose terms expired at the end of December.

**MOTION:** K. Leach made a motion to appoint members to the City Budget Committee as follows: Mr. James Hukill to Position No. 1, Ms. Sue Huntley to Position No. 3, and Dr. Dale Rowe to Position No. 4. The motion was seconded by Councilor Christensen and passed by unanimous vote of the Council.

**9. Budget Goals Work Session Follow-up**

Administrator Knope reviewed information that was presented in a Budget Reduction Exercise Report, which was for discussion purposes only and not intended for any particular outcome. The Council had asked staff to show what the numbers would be for property tax percentage allocations for each General Fund department, using Council selected fiscal year examples. This exercise highlighted the “bucket concept”, where General Fund

departments such as Police and Community Services would be separated out, given a certain percentage of revenue, and any savings they had during the year would be rolled back into that department instead of the entire General Fund.

Councilor Hitchcock asked if this included the anticipated increases in PERS. Administrator Knope responded that it did.

Administrator Knope noted that there were two pieces that could be reviewed as part of this exercise: One was separating the funds and allocating a certain percentage of property taxes and the other piece was the possible options for maintaining a balanced budget.

The Council consensus was to discuss at the January 26, 2016 Work session.

#### **10. Council Agenda Forecaster**

Administrator Knope presented the forecaster and noted that the Vista Dale LID discussion would occur at the February 9, 2016 Council meeting.

#### **11. Staff Reports**

Chief Chase reported: Final documents were completed for the US Department of Justice COPS grant, so the reimbursement payment should soon be received.

PW Superintendent Tracer reported: Public Works was finishing the 11<sup>th</sup> and Elm well and it should be online towards the end of the month.

Director Crocker reported: 50% through the fiscal year. Property taxes were 90% collected, and City had received \$2,053,000. Last year at this time, had received \$1,965,000. General Fund operating revenue was at 68.8% and last year was at 71%. General Fund Ending Fund Balance was \$2,982,000.

Planner Cogburn reported: Kelly Sandow, who was working on the Transportation System Plan (TSP) draft, would soon be done with the work and good news had been received on changes to the draft that addressed Council concerns. Councilor K. Leach noted that she would like the TSP Committee to review the revised draft, before it goes to the Council.

Director Boldon reported: Gina Moore was in her 3<sup>rd</sup> week as Community Services Coordinator and doing a great job. The Community Center was starting a number of new programs and hoped for many more to come.

City Engineer Mike Henry reported: They assisted with the 11<sup>th</sup> and Elm well project, which was going well. Ammonia levels at the lagoon were a bit high, due to necessary treatments to address years of sludge build up. A solution would be to add a large amount of baking soda a few times a year.

Attorney Connelly reported: A revised pretreatment ordinance would be coming before the Council at the February meeting, to take care of some minor housekeeping issues that Code Publishing had requested. She has been working with staff on a utility code update, and there would be policy questions that would be coming before the Council.

Administrator Knope reported: He had proposed options to hold a special Council meeting to discuss litigation.

The Council consensus was to meet on Tuesday, January 19, 2016 at 6:00 p.m.

#### **12. Councilor Comments/Questions**

Councilor K. Leach wished everyone a Happy New Year and thanked staff for all of their great work.

Councilor DiMarco expressed appreciation to Director Boldon for doing a great job of working through the transitions in Community Services and thanked everybody for doing a great job.

Councilor J. Leach thanked everyone for the good work happening and noted that the Senior Center did a fantastic job on the employee dinner.

Councilor Nelson shared that the Sewer and Street Committee had good discussions on a potential Grain Millers land acquisition and on speed bumps possibly being placed in town.

Councilor Christensen wished everyone a Happy New Year and noted that it was good to see the Vista Dale discussion move forward.

**13. Mayor's Comments**

Mayor Cahill read a letter of condolence to Mrs. Alene Drongesen on her husband Robert's passing. Mr. Drongesen had served as a Reserve Officer for many years, and the Mayor and Councilors would all sign the letter.

Attorney Connelly left the meeting and Attorney Monson arrived.

**14. Executive Session per ORS 192.660 (2)(h) to Consult with Legal Counsel Concerning Legal Rights and Duties Regarding Current Litigation or Litigation likely to be Filed.**

Mayor Cahill announced Executive Session at 8:26 p.m. and regular session reconvened at 9:58 p.m.

**15. Other Business**

None.

**16. Adjournment**

As there was no further business, the meeting was adjourned at 9:59 p.m.

ATTEST:

APPROVED:

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Kitty Vodrup, City Recorder

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Michael J. Cahill, Mayor