

The Budget Committee for the City of Junction City, met at 6:30 p.m. on Thursday, April 21, 2022, at City Hall, 680 Greenwood Street and in a virtual meeting format, via internet and phone.

**PRESENT: Council Members:** Chair, Council President Ken Wells; Mayor, Beverly Ficek; Councilors Sandie Thomas, Andrea Ceniga, John Gambia, and Sidney Washburne; Excused Absence: Councilor Karen Leach; **Citizen Members:** Jack Sumner, Sue Huntley, James Hukill, Darin Olson, Kara McDaniel, and Joshua Guth. Absent: Travis Ducker; **Staff:** City Administrator, Jason Knope; Finance Director, Mike Crocker; Public Works Director, Gary Kaping; and City Recorder, Kitty Vodrup.

**1. Call to Order**

Chair Wells called the meeting to order at 6:30 p.m.

Councilor Ceniga declared a potential conflict of interest, as her brother-in-law works for Public Works. Mayor Ficek declared a potential conflict of interest, as her daughter works for the City.

**2. Approval of Minutes – April 14, 2022**

**MOTION:** Committee Member Hukill made a motion to approve the April 14, 2022 Budget Committee minutes. The motion was seconded by Councilor Thomas and passed by unanimous vote of the Committee.

**3. Public Comment**

None.

**4. Public Hearing on the Possible Uses of State Revenue Sharing**

Chair Wells opened the public hearing.

**Staff Report**

Director Crocker stated that the State Revenue Sharing Fund was on page 238 in the proposed budget. Part of the state requirement for receiving those funds was to hold public hearings before the Budget Committee and Council. There was \$83,400 budgeted in expected receipts. The Beginning Fund Balance was \$173,300, so total resources for the fund were \$257,500.

Councilor Gambia asked what some of the potential uses of this fund were. Director Crocker responded that the Council could use these funds for any general government service that the City provided.

Councilor Gambia asked for confirmation that the City was planning on using funds for pool and software purchases in the proposed budget. Director Crocker responded that was correct.

Councilor Gambia asked about the process if someone wanted to propose using the additional revenue for a project. Director Crocker responded that the Budget Committee and Council could make certain changes to this fund in the budget process.

Councilor Gambia asked if funds could be allocated after the budget process and during the budget year. Director Crocker responded yes and that was why Line 7 Projects to be

Determined (TBD) was included in appropriations, so the Council had flexibility and could use those funds if desired during the budget year.

**Public Comment**

None.

**Committee Questions or Comments**

Committee Member McDaniel asked if pool projects would be reviewed under discussion of the pool budget. Administrator Knope responded yes.

Chair Wells closed the public hearing.

**5. Follow Up from Previous Meeting**

None.

**6. Review and Discussion of Proposed FY 22/23 Budget – Public Works**

Director Kaping reviewed:

**Building Department, Pages 102 - 103**

- Not many changes from last year. Beginning Fund Balanced increased a little bit.

Councilor Washburne noted that the Plumbing Permit Fee revenue was \$30,000 last year but only \$10,000 this year and he thought it would be more with all the building in town. Director Kaping responded that he was conservative in revenue projections, as it was difficult to know how much building would actually be occurring next year. Administrator Knope added that the intent was also to build the fund balance, to have reserves for when there were lean years.

**Building Department – Capital Projects, Page 104**

- Line CEP Projects - \$10,000 to replace Building Official vehicle.

Committee Member McDaniel noted that she thought the revenue for building would be higher in general, due to the additional homes that would be built. Director Kaping responded there would be some increases, but he was not sure if that would occur in this fiscal year or the future and wanted to be conservative in estimates and build the fund balance to carry through the years when not many homes were built.

Councilor Ceniga asked how many homes were being built at a time. Director Kaping said he thought they were building 5 or 6 at a time and then selling them and then building another 5 or 6. Chair Wells noted that builders could also be impacted by cost of goods and delays with the supply chain issues.

**Parks and Open Spaces, Pages 166 – 167**

- No changes.

**Parks Capital Projects, Page 168**

- Line 64 CEP Projects - \$69,000. Projects included playground equipment at Laurel and Oaklea, basketball refurbishment at Oaklea, and a mower replacement.

- Line 65 Capital Outlay Projects – \$40,000 for new siding on the Dutch’s Field House and refurbishment on the wood structures at Bailey Park.

**Parks System Development Fund, Page 169**

- Line 8 Park System Expansion - \$500,000 to finish the park at the Reserve.

**Water Fund, Page 180**

- Line 9 Wages – Slight increase, as a maintenance employee was hired.
- Line 25 Electricity – Increased from \$95,000 to \$115,000.
- Line 28 Fuel – Increased a few thousand dollars as fuel prices jumped.
- Line 34 Operating Materials and Supplies – Increased by \$10,000, as cost of materials went up.
- Line 49 Transfer to Water Capital Project Fund - \$170,000 to save for projects.
- Line 52 Operating Contingency – Increased \$10,000 to cover fuel.
- Line 54 Unappropriated Ending Fund Balance – Increased over Beginning Fund Balance.

Councilor Washburne asked if the \$500 increase on Line 42 Water Treatment Supplies would be enough with chemicals. Director Kaping responded that it would be enough for the supplies needed and chemicals were on Line 22.

Director Kaping noted that the Council approved a rate increase for water and sewer a few months ago. The rate increase for water was 5%.

**Water Capital Projects, Pages 182 – 183**

- Line 5 Grant ARPA -\$643,300.
- Line 9 Transfer from General Fund - \$691,800.
- Line 24 ARPA Grant Projects - \$1,335,100, which was the appropriation of Lines 5 and 9 for a new well.

Director Kaping noted that in looking at infrastructure needs to accommodate growth, the City options for water included building a new well with the APRA funds, building a new well by taking out a loan, or doing water curtailment through the summer until October or November. Staff thought the best use of the ARPA funds would be to build a new well.

Administrator Knope added that it would be more cost effective to build a secondary water treatment plant on the west side of town, opposed to expanding the current plant and running pipe to the west side of town. This could be placed in one of the two undeveloped parks which would have plenty of space without impacting overall use of those areas.

Committee Member Sumner asked about tests for the two wells. Director Kaping responded that the tests were done at the undeveloped park sites behind Raintree Meadows and at the Reserve. They both tested well for water quality, but Raintree produced better. Staff was working with the engineer on what it would take to develop at the Raintree site and about the transfer of water rights. He hoped both wells were in the aquifer that the City was using.

Administrator Knope explained that the City had a bunch of water rights that had been assigned many years ago and were not being used as some of the City’s wells had dropped in

production. If the new wells were in the same aquifer, they could transfer the City's water rights to the new wells. If not, the City would need to apply for new water rights. Director Kaping added that to transfer water rights could be a one year process and to get new water rights could take two years or longer. Staff would work to get water rights for both wells and develop Raintree first. He added that Raintree parkland was not in the City, but staff was working with the Planning Commission on cleaning up zoning on city owned property and would also be working on bringing that parkland into the City limits.

Director Kaping continued:

- Line 35 Unappropriated Ending Fund Balance - \$12,100. Would need to start building that back up again after this year.
- Line 46 CEP Projects - \$97,500. Increase from last year because money was carried over from this year for a service truck.
- Line 59 Water Tap Fees – Increased a bit with the new housing.
- The Water Capital Fund Section was broken into different sections: Operating, capital expenditures, and meter and service projects.

Administrator Knope noted that there would only be one more year after this one for the Water Plant loan repayment. Director Kaping added that would be an additional \$90,000 in this fund.

Councilor Gambie asked how much money had been saved by using the projects crew. Administrator Knope responded between \$100,000 to \$300,000. Director Kaping added that they had done three projects, and it was a 1/3 of the cost to do projects in house rather than contracting them out.

#### **Water System Development Fund, Page 184**

- Line 1 Beginning Fund Balance - \$91,700
- Line 4 Total Resources - \$111,900.
- Line 7 Water System Expansion - \$100,000. Placeholder.

#### **Sewer Fund, Pages 192 – 193**

- Line 6 Grant ARPA - \$5,500. Sewer portion of reimbursement from state for revenue loss from COVID.
- Line 11 Wages – Increased a bit for new employee hire.
- Line 29 Fuel – Increased a bit.
- Line 36 Op Materials and Supplies – Increased from \$50,000 to \$70,000, due to rising costs.
- Line 51 Transfer to Sewer Capital Projects Fund - \$700,000 to save for future projects.

Chair Wells asked about Line 23 Merchant Fees going up \$6,000. Director Kaping responded that more people were paying online, and the City paid merchant fees instead of having the customer pay them. Last year 30% paid online and this year 50%. Administrator Knope noted that he was working with Director Crocker on more cost effective payment options.

Chair Wells asked about Line 44 Telephone increasing by \$5,000. Director Kaping responded that included the new employee phone and adding alarm dialers at each pump station.

Councilor Washburne asked about the status of delinquent utility bills. Director Kaping responded that pre-COVID they were \$5,000. During COVID they were \$72,000 and were now back to normal at \$5,200.

- Line 56 Operating Contingency – Added \$10,000 for fuel.
- Line 57 Unappropriated Ending Fund Balance – Was down from Beginning Fund Balance with the \$700,000 transfer but was still ahead of last year.

**Sewer Capital Projects Fund, Pages 194-195**

- Line 10 Professional Services - \$600,000. Doing pre-design for the Wastewater Treatment Plant and were waiting for information from DEQ on whether discharge should go to the Long Tom or Flat Creek.

Administrator Knope and Director Kaping shared that the City had purchased 80 acres adjacent to the lagoon, to be used for wetland credits and offset the disturbed wetlands at the Wastewater Treatment Plant site. The City needed between 25 and 50 acres worth of wetland credits for the sewer project and then could sell the remaining credits available of that 80 acres for \$50,000 to \$100,000 per acre.

Committee Member Sumner expressed appreciation to staff for saving the City money.

- Line 17 Equipment Acquisitions – For the projects crew. Still looking for a dump truck.
- Line 41 CEP Projects - \$101,000. For projects crew. Carryover for the service truck and backhoe lease, along with other CEP projects they had to do.

**Sewer System Development Fund, Page 196**

- Line 7 Sewer System Expansion - \$1,000,000 placeholder. Nothing planned unless the pre-design would take off and design occurred.

In response to a question on if the City's engineer would do the design work, Director Kaping responded that they could bid on that, but the City would need to hire another engineer to check that work.

**Sanitation Fund, Pages 202 – 203**

- Line 7 Grant ARPA - \$6,000 received from state for COVID. Administrator Knope noted that preapproved uses of the 1.4 million included revenue reimbursement. Director Crocker filled out the state form and figured out the reimbursement amount allowed for departments, and this reimbursement amount was the first thing allocated before transferring the rest into water.
- Line 37 Solid Waste Disposal – Increased from \$208,000 to \$225,000, as tipping fees for garbage and recycling had increased.
- Line 51 Operating Contingency – Increased from \$22,300 to \$31,800 for fuel costs.
- Line 52 Unappropriated Ending Fund Balance – Decreased a bit, but close to beginning fund balance and well above what was needed per fiscal policy.

Committee Member Hukill asked if the City would be able to recycle plastic. Director Kaping responded no because the vendor the City's takes recycling to would not accept plastic.

**Sanitation Capital Projects Fund, Page 204**

- Line 13 CEP Projects - \$200,000 to save for a truck.

**Streets Fund, Pages 214 – 215**

- Line 11 Wages – Increased a bit for split of new employee hired.
- Line 48 Transfer to Streets Capital Projects - \$60,000
- Line 52 Operating Contingency – Added \$10,000 for fuel.

Committee Member Sumner asked what the formula was for gas tax revenue. Director Crocker responded it was on page 3 of the Budget Reference notebook.

**Streets Capital Projects Fund, Page 216**

- Line 4 Pacific Power Franchise – Slight decrease
- Line 5 EPUD Franchise – Slight increase
- Line 14 Street Refurbishment /Improvements - \$300,000. Placeholder to use ODOT Exchange.
- Line 15 Street Maintenance - \$200,000. Did street overlaying and crack sealing projects this year and would continue to pick off bad streets. Would use ODOT Exchange Funds for really bad streets that required more money.

**Street System Development Fund, Page 217**

- Line 7 Street System Expansion - \$100,000. Placeholder.

**Public Works Administration Fund: PW Admin, Pages 227 - 228**

- No changes

**Public Works Administration Fund: Planning, Pages 228 – 229**

- Line 176 Contract Services - \$30,000 for planning services with LCOG.

Committee Member Sumner noted that Line 137 Charges for Services Planning had increased by \$60,000. Administrator Knope responded that the Council had adjusted the property tax and general revenue allocation to planning from 2% to 4%.

Director Kaping noted that Director Crocker had distributed at this meeting a page to add to the budget document for the Utility Assistance Fund. This was a fund that had been put together during COVID. Money was still in this fund but there were no plans to spend it. He noted that the City did not have an assistance program, but Lane County had one that people could use. He added that he worked with City customers on payment plans, when needed.

Committee Member Olson expressed appreciation to staff for their long term thinking and saving for expenditures. Director Kaping responded that Administrator Knope had started this when he came to work for the City years ago.

Committee Member Sumner asked about the status of the water line and sewer line replacement program. Director Kaping responded that it was going well, but they often had to wait for parts which were in high demand. It was noted that there were 15 to 20 miles of pipe for water and sewer that needed to be replaced.

Committee Member Olson stated that it would be nice to have some walking trails in new parks. Director Kaping responded that they planned to put a large walking trail in from the lagoon area through Rolling Meadows and the Reserve with native plants and information that would be opened up for citizens to use and enjoy and for school field trips.

Chair Wells thanked Director Kaping for a good presentation. Councilor Thomas expressed appreciation to Director Kaping for all his years of great service to the City.

**7. Other Business**

Director Crocker distributed the agenda for the next meeting.

Chair Wells noted that the next meeting would be on Thursday, April 28, 2022, and the Committee would be reviewing the Police Department budget, pages 105 through 122. He added that page 105 listed 6 dispatchers and page 282 showed 7 dispatchers. Administrator Knope responded that it should read 7.

Committee Member Sumner asked about the status of the wage study for non-represented employees. Administrator Knope responded that the Council had approved that, and it was included in the budget.

**8. Recess**

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

ATTEST:

APPROVED:

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Kitty Vodrup, City Recorder

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Ken Wells, Chair