

The Budget Committee for the City of Junction City, met at 6:30 p.m. on Thursday, April 22, 2021, at the Community Center, 175 W. 7th and in a virtual meeting format, via internet and phone.

PRESENT: Council Members: Chair, Councilor Ken Wells; Mayor, Beverly Ficek; Councilors Sandie Thomas, Andrea Ceniga, John Gambie, Karen Leach, and Sidney Washburne; **Citizen Members:** Jack Sumner, Sue Huntley, Kara McDaniel, James Hukill, Travis Ducker, Darin Olson, and Joshua Guth; **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. and took roll call. He asked if there were any conflicts of interest to declare.

Councilor Ceniga declared a potential conflict of interest because her brother-in-law was a Public Works employee.

Mayor Ficek declared a potential conflict of interest because her daughter was an employee of Junction City as an Admin Aide IV.

2. Approval of Minutes – February 25 and April 15, 2021

MOTION: Committee Member Hukill made a motion to approve the February 25th and April 15th, 2021 Budget Committee minutes. The motion was seconded by Councilor Washburne 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 at 6:35 p.m.

Staff Report

Director Crocker stated that this was a required hearing for the Budget Committee and there would be one before the Council. There were a number of funding sources through the State Revenue Sharing program and included liquor, cigarette, and gas taxes.

Public Testimony

None.

Questions or Comments from the Council

None.

Close the Public Hearing

Chair Wells closed the public hearing at 6:37 p.m.

5. Follow up from Previous Meeting

Chair Wells read the Budget Committee purpose, “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."

Chair Wells continued that those members that had been on the Budget Committee knew that former Councilor Rowe worked diligently for several years with the Committee for budget responsibility and balanced budgets. Chair Wells added that Councilor Rowe strongly felt that the Budget Committee's main goal should be their responsibility to make sure that the budget would balance.

6. Review and Discussion of Proposed FY 21/22 Budget – Public Works

Director Kaping stated that most of the proposed budget was the same as last year except for some projects, and he reviewed the following:

Building Department, Section 4, Pages 99 & 100

- Line 16 IGA Revenue: Increased from \$42,500 to \$90,000. This was for the addition of providing Building Official services to the City of Harrisburg. City would still be offering Building services to Klamath County.
- Line 38 Vehicle and Equipment Maintenance: Small increase.
- Line 57 Building Official Contract: Decreased from \$80,000 to \$10,000 because the City's Building Official, Russ Young, had obtained A Level Plan Review and would soon have the Fire and Life Safety certificate. Because Official Young had obtained these certificates, the City would not have to obtain building services from other agencies as much and could do the work in house.

Building Department – Capital Projects, Section 4, Page 101

- Line 65 Transfer from Building: \$4,000 to save for a future replacement of their vehicle.

Parks Maintenance, Section 4, Pages 163 & 164

- Line 1 Beginning Fund Balance: \$167,400.
- Line 41 Building Maintenance Charges: Increased \$2,000.
- Line 78 Unappropriated Ending Fund Balance: \$167,900.

Parks Capital Projects, Section 4, Page 165

- Line 65 CEP Projects: Decreased to \$30,000 as that was all that was needed this year to replace equipment in the Parks Department.

Parks System Development Fund, Section 4, Page 166

- Line 8 Parks System Expansion: \$200,000. Budgeted \$200,000 this year for the Reserve Park and was moving those funds to this budget to get that park done.

Committee Member McDaniel asked if Line 30 Vehicle Equipment and Maintenance on page 163 would be enough, as twice as much had been spent in the past. Director Kaping responded that some Public Works vehicles had been previously lumped into this category, and those had been separated out with only Parks vehicles now in that line item.

Committee Member Hukill asked why Line 8 Park System Expansion was moved to next year. Director Kaping responded that it was moved because the park would more than likely not be done in this fiscal year.

Councilor Leach asked if enough had been budgeted with the price of fuel. Director Kaping responded that he thought so, but there was contingency in case he was off the mark on that.

Councilor Gambie asked about the undeveloped parks. Director Kaping responded that there was a 10-acre parcel in the Prairie Meadows/Raintree area; this property was still outside the City limits and there were currently no development plans. He added that there was additional undeveloped acreage in the Reserve Park area, aside from the pocket park that was going in at the Reserve Park.

Councilor Gambie asked if the Reserve pocket park would be the last part to be developed in the near future. Director Kaping responded that there would be other park development with the new subdivision.

Water Fund, Section 4, Pages 177 & 178

- Line 3 Water Revenue (User Fees): Increased, based on rate study increases.
- Personnel Services: Small increase for raises, etc.
- Line 19 Administrative Charges: Small increase, as personnel costs increased a bit.
- Line 39 Op Materials and Supplies: Increased from \$30,000 to \$35,000.
- Line 43 Building Maintenance Charges: Increased a bit.
- Line 45 Travel and Training: Increased \$3,000, because training was done every other year.

Committee Member Sumner asked if the Administrative Charges were going to the General Fund. Director Kaping responded yes, as Public Works was paying their fair share of Administrative staff's wages, because those staff members did work for Public Works, i.e., City Administrator, Finance Director, Accountant, etc.

Councilor Washburne asked if the increase of \$5,000 in Line 39 for Op Materials and Services (M and S) would be enough with the way materials costs were increasing. Director Kaping responded that he thought it would be enough and noted that M and S for projects would be coming out of capital funds.

Director Kaping continued:

- Line 51 Public Works Administrative Charges: This was a line item added a couple years ago; they split Public Works administration out of every fund and put it into its own fund so it was very transparent how much administration was costing each department. That increased a bit, with employee raises, increases in insurance, PERS, etc.

Water Capital Projects Fund, Section 4, Page 179

- Line 13 Professional Services: Increased from \$20,000 to \$40,000 because the City anticipated having the engineers do design work for a couple of water lines the City would be doing.
- Line 18 System Improvements: \$25,000 for the Valve and Hydrant Maintenance Program. That was part of the rate study, which was approved a few years.

- Line 20 Master Plan Projects: \$50,000 was part of the rate study for master plan projects. There were two water lines on the books, which would total 9 blocks of water lines.
- Lines 28 and 29 Interfund Loan Payments: Water Fund was paying back interfund loans for the Water Treatment Plant and the 11th and Elm Well.

Water System Development Fund, Section 4, Page 181

- Line 7 Water System Expansion: \$100,000 as a placeholder. No plans yet for this.

Committee Member Sumner asked if the Street Fund was reimbursed when digging up a street to put in a water line. Director Kaping responded that the Water Fund paid for putting in a water line.

Committee Member Sumner noted that water lines had been put in the street in the Quince Drive area, and over the years those had been pressed down, creating a speed bump. He asked if there were any plans to repair that. Director Kaping responded that he would need to look at that, as no one had brought that to his attention.

Councilor Gambee asked for an update on how delinquent payments were impacting the budget. Director Kaping responded that the revenue on page 177 was a little bit low due to the pandemic and the City not shutting people off for not paying their bills; however, this was the first month that the City began doing water shutoffs again. In the last two days, the City had collected \$9,000 in credit card payments and caught up with at least one third to one half of what was past due. The City also had payment agreements with everybody that could not make the full payment where they would make their monthly payment plus a little extra by the 10th of each month. If they did not pay by the 11th, they would get a door hanger, and if they did not pay by the 12th, they would be shut off and have to pay their bill in full to get turned back on. The City put out 79 door hangers and out of those only shut off 7 people, as the others paid or paid a partial amount and entered into a payment agreement.

Sewer Fund, Section 4, Pages 190 & 191

- A little behind in revenue because of COVID but was catching up.
- Line 20 Administrative Charges: Went up a little bit.
- Line 23 Merchant Fees: Increased from \$16,000 to \$18,000, as more people were paying their bill online.
- Line 32 Vehicle and Equipment Maintenance: Increased a little, as some equipment was added to the fleet this year.
- Line 41 Op Materials and Services: Increased by \$20,000 as there was some anticipated point repair that would need to be done.
- Line 45 Lab Supplies: Decreased a bit, as the Sewer Treatment Plant operator had done a very good job of making sure they had enough stock.
- Line 49 Travel and Training: Increased \$3,000 for the training that occurred every other year.
- Line 69 Unappropriated Ending Fund Balance: Increased.

Committee Member Huntley noted that Line 30 Lien reporting increased a bit. Director Kaping responded this was because more people had been turned over to collections.

Sewer Capital Projects Fund, Section 4, Pages 192 & 193

- Line 10 Professional Services: Decreased from \$600,000 to \$400,000 because HBH Engineers had already started the pre-design work; the City had already spent \$200,000 and the \$400,000 would cover the rest of the pre-design costs. The pre-design work was for the upgrade of the Sewer Treatment Plant. The City had one of the longest Mutual Agreement Orders with DEQ (Department of Environmental Quality) on legally violating discharge permit limits. DEQ and the City were running a bunch of tests and would agree on a discharge limit. After the limit was set, the City could make the full design for the Sewer Treatment Plant. Once that was done, the City would have 300 days to start building the plant.
- Line 15 System Improvements: Decreased by \$100,000. Part of the pre-design.
- Line 18 Master Plan Projects: \$100,000. This was part of the City's rate study that the City would hire a Projects Crew and allocate at least \$100,000 for sewer work to be done in house. The current Master Plan project on the books was to replace 800 linear feet of sewer line. This would not take the whole \$100,000, so staff would get the TV Truck out and inspect lines for the next pipes to be replaced. They would block off areas in sections and do one section every year.

Committee Member Sumner asked when they were scheduled to replace the TV truck. Director Kaping responded that they recently upgraded the whole computer and camera system, so everything inside that truck was brand new.

Sewer System Development Fund, Section 4, Page 194

- Line 8 Sewer System Expansion: \$1,500,000. Budgeted an extra million in this line, because the City had the opportunity to buy 79.5 acres north of the lagoon that the City needed for the sewer upgrade. This would be going to Council soon.

Committee Member Sumner asked if the acreage south of the plant would be used for the sewer upgrade. Director Kaping responded that it would be. The basic design right now was that the south field would include a holding/detention basin. West of that would be a building with a laboratory and storage. On the west side were 10 acres dedicated for a possible future fairgrounds area. The City owned the 25 acres west of the pond, and that acreage, along with the other 80 acres would be used for wetlands.

Councilor Washburne asked Director Kaping to share about the walking paths. Director Kaping responded that the plan was to create constructed wetlands, that would include walking trails, and kiosks with different types of plants, etc. that could be used as educational opportunities for universities and local schools, as well as pedestrian use. Administrator Knope added that part of the overall project would be to connect the walking trails from the southwest corner of the Sewer Treatment Plant to the park on the north part of the Reserve, bring that down and around through the newer development to the south of the Reserve and back to the Sewer Treatment Plant; this would be one, several mile looped trail when it was completed. No trail work would be done until the engineers were done with the design work.

Sanitation Fund, Section 4, Pages 200 & 201

- Line 22 Administrative Charges: Went up a bit.
- Line 30 Vehicle and Equipment Maintenance: Went up a bit.
- Line 38 Op Materials and Supplies: Increased by \$1,000.

- Line 42 Solid Waste Disposal: Tipping fees increased and the amount of garbage the City was picking up had increased, since COVID.

(Committee Member Olson left the meeting at 7:15 p.m.)

- Line 48 Public Works Administrative Charges: Increased.
- Unappropriated Ending Fund Balance more than Beginning Fund Balance.

Councilor Washburne noted that Line 17 Insurance Benefits went down. Director Crocker responded that was because the Health Insurance rate increase was projected at 0%, but staff had budgeted a 1% increase.

Sanitation Capital Projects Fund, Section 4, Page 202

- Line 16 Equipment Acquisition: Increased by \$10,000, as it was anticipated there would be more houses and would need more totes and dumpsters.
- Not slated to buy a truck this year.

Streets Fund, Section 4, Pages 211 & 212

- Line 1 Beginning Fund Balance: \$633,200. This fund had been growing steadily over the last few years.
- Would be moving almost \$200,000 into the capital fund to do a bunch of street work this year, so would see a decrease from beginning and ending fund balances.
- Line 22 Administrative Charges: Increased a bit.
- Line 31 Vehicle and Equipment Maintenance: Increased a bit.
- Line 42 Street Maintenance: Increased from \$20,000 to \$70,000. Part of that was the City bought a brand new crack seal machine this year, and Director Kaping wanted to make sure they had enough materials to do the crack seal work.
- Line 49 PW Administration Charges: Increased a bit.
- Line 62 Unappropriated Ending Fund Balance: Decreased but Director Kaping would continue to let the fund grow again for a few years and then after it grew, move that money back over to capital for projects.

Committee Member Sumner asked about Line 40 PW Administrative Charges. Director Kaping responded that they moved all administration out into its own fund to be more transparent about how much PW Administration was costing, and each department (Water, Sewer, Sanitation, and Streets) paid towards these charges. PW Administration included the Public Works Director, Public Works Superintendent, Special Programs Coordinator, and the Planning Technician.

Street Capital Projects Fund, Section 4, Page 213

- Line 3 Transfer from Street Fund: \$180,000 transfer, which was \$150,000 more than last year.
- Line 7 State 5,000 Population Distribution: \$300,000. This was where the ODOT Exchange money came from. Projects or equipment that were funded from this were appropriated in Street Refurbishment, Line 15.

- Line 15 Street Maintenance Program: \$250,000, which increased by \$100,000 over last year. This was where the extra Beginning Fund Balance transfer went into. This would allow Public Works to do at least four street projects and possibly a fifth.

Streets System Development Fund, Section 4, Page 214

- Line 7 Street System Expansion: \$100,000. This was a placeholder; nothing on the books to expand any streets at this time.

Chair Wells noted 50% of franchise fees were now going to streets and he asked if it would stay at 50%. Director Kaping responded that it would stay at 50%, and the funding had really helped the Street Fund. Director Kaping added that one of his weakest funds had now become one of his strongest funds.

Committee Member Sumner asked if the developers would put in the streets west of town and asked how annexed properties paid SDC fees. Director Kaping responded that the developers would be putting in the streets west of town, and when a property was annexed into the City, SDC fees were only paid after the property was developed and a house built. When a permit was taken out to build a house, they would pay Water, Sewer, Street, and Parks SDCs. He added that SDC fees could only be used on specific things and provided the example that Sewer SDCs could be used to offset some of the costs of the upgrade to the Sewer Treatment Plant.

Bike Path Reserve Fund, Section 4, Page 215

- Line 3 Transfer from Street Fund: \$50,000 transferred from Beginning Fund Balance from Street Fund to catch up on taking care of aging bike paths. Would be doing overlay and slurry seal projects. Example of overlay cost: Timothy Bike Path \$13,000.
- Line 12 System Improvements: \$60,000 for improvements.
- Line 13 System Expansion: \$10,000 just in case the City would need to make a bike path wider.

Committee Member Sumner asked where the money was for the Safe Routes to School. Director Kaping responded it was in the Streets Capital Projects Fund on page 213, Line 12 Sidewalk Improvement Program; \$28,000 was budgeted every year in this line item and also was used for ADA ramps and RRF (Rapid Rotating Flashing Beacons).

Prairie Road Street Improvement Fund, Section 4, Page 216

- This fund was created when the Raintree and Prairie Meadows Subdivision went in and was to be used for future sidewalks along Prairie Road. The developer had to pay \$218,000 towards this fund, and the fund had made \$52,700 in interest.
- There were no plans for putting sidewalks in at this point.

Public Works Administration: Combined, Section 4, Page 222

- Line 27 Administrative Charges: Increased a little.
- Line 32 IT Service Charges: Increased a little.
- Line 34 Vehicle and Equipment Maintenance: Increased a little. Added one vehicle.
- Line 47 Building Maintenance Charges: Increased a little, as they would have a new building at Public Works.

Committee Member Hukill asked about funding in the budget for the 79-acre purchase. Director Kaping responded that he was budgeting 1 million and would talk to the Council about the purchase.

Chair Wells thanked Director Kaping for a well-done presentation and thanked Committee members for asking excellent questions.

7. Other Business

Chair Wells noted that the next Budget Committee meeting would be held on Thursday, April 29, 2021. Administrator Knope noted that review would include General Fund (except the Police Department), Internal Services, and Community Services (pages 65 to 94, 119 to 154, and 227 to 242).

Chair Wells asked if Chief Morris would be prepared to begin presentation of the Police Department budget next week if there was time. Administrator Knope responded yes.

Councilor Leach and Committee Member McDaniel thanked Director Kaping for an excellent job presenting the proposed budget. Director Kaping responded that he had a good teacher.

8. Recess

As there was no further business, the meeting was recessed at 7:38 p.m.

ATTEST:

APPROVED:

Kitty Vodrup, City Recorder

Ken Wells, Chair