

The City Council for the City of Junction City, met in a regular session and in a work session at 6:30 p.m. on Tuesday, May 28, 2024 in the Council Chambers of City Hall, 680 Greenwood Street, Junction City, Oregon and in a virtual meeting format via internet and phone.

**PRESENT:** Acting Mayor, Karen Leach; Councilors Sandie Thomas, Sidney Washburne, Andrea Ceniga, John P. Gambia (pre-arranged arrival at 6:48 p.m.), and Ken Hancock; Excused Absence: Mayor, Ken Wells; City Administrator, Jason Knope; City Attorney, Carrie Connelly; Public Works Director, Gary Kaping; Public Works Superintendent, Jeremy Tracer; Finance Director, Mike Crocker; and City Recorder, Kitty Vodrup.

## REGULAR SESSION

### 1. Call to Order and Pledge of Allegiance

Acting Mayor Leach opened the meeting at 6:30 p.m., led the Pledge of Allegiance, and took roll call.

### 2. Public Hearing Supplemental Budget

Acting Mayor Leach opened the public hearing.

#### A. Public Hearing

##### **Staff Report**

Director Crocker stated that the purpose of this supplemental budget was for the financing of two new garbage trucks, which was approved by Council on May 14, 2024. The Sanitation Capital Projects Fund would be changed by \$759,800. Notice was published in the Register Guard on May 23, 2024. A public hearing was required for this supplemental budget because it was more than a 10% increase in the Capital Projects Fund for Sanitation. Attached to the packet was April's monthly report for the Capital Projects Fund and it showed the two lines that would be affected. Loan proceeds were being added in the revenue section and the equipment acquisition line was increased by that same amount.

**Public Testimony.** None.

**Questions or Comments from the Council.** None.

Acting Mayor Leach closed the public hearing.

B. Resolution No. 1 – A Resolution Adopting a Supplemental Budget for the Fiscal Year Commencing July 1, 2023 and Ending June 30, 2024, Recognizing Financing Proceeds and Making Appropriations within the Sanitation Capital Projects Fund.

**MOTION:** Councilor Washburne made a motion to approve Resolution No. 1. The motion was seconded by Councilor Ceniga and passed by unanimous vote of the Council members present: Thomas, Washburne, Ceniga, Leach, and Hancock.

### 3. CMI Bill Follow-up

Administrator Knope distributed an updated Agenda Item Summary for this item. At the April 9, 2024 meeting, the Council asked Administrator Knope to speak with CMI to see if they would be willing to split the bill with the City. CMI responded that unfortunately they were unable to do that but did reiterate their offer to spread payments over multiple fiscal years if that would make it easier for the City to pay the bill.

**MOTION:** Councilor Hancock made a motion to approve payment of the CMI bill in the amount of \$29,300 and authorize the City Administrator to sign the necessary documents. The motion was seconded by Councilor Washburne and passed by unanimous vote of the Council members present: Thomas, Washburne, Ceniga, Leach, and Hancock.

### 4. Adjournment of Regular Session

Regular session was adjourned at 6:48 p.m.

Councilor Gambia arrived at the meeting at 6:48 p.m.

## WORK SESSION

### 1. Call to Order

Acting Mayor Leach called the Work Session to order at 6:48 p.m.

## 2. DEQ Mutual Agreement and Order Discussion

Administrator Knope reviewed that in January of 2024, the state issued the City a new permit for the Sewer Treatment Plant. A few weeks ago, the City received a draft Mutual Agreement and Order (MAO) from the Department of Environmental Quality (DEQ), and staff was in the process of providing feedback to DEQ on the draft. Staff wanted to share a potential timeline of sewer related projects that would be required from the Permit and MAO. The timeline, permit, and MAO were included in the packet. Discussion included:

- The City's current MAO had been in place since the 1990's and was last modified in the early 2000s.
- The federal government had imposed stricter environmental standards, so DEQ was having to impose more stringent requirements than in the past MAO's for all communities in the state.
- The draft MAO:
  - Limited the number of connections or EDUs (Equivalent Dwelling Units) that the City could hook up a year. To help incentivize the City to complete tasks, DEQ would release additional EDUs for specific tasks.
  - Outlined all the system improvements the City needed to make and the timelines in which these things needed to be done. Included:
    - Repair recycled water system (irrigation system used in the summer).
    - Smoke test and TV all sewer pipes in the ground and prepare a report and a plan to fix leaky pipes.
    - The City would need to figure out who the commercial user(s) were who were releasing heavy strength sewage into the system through an Industrial User Survey and then put heavy users under a Pretreatment Permit system.
    - The City would need to submit an annual progress report and total number of new connections made.
    - The City would be charged fines if the interim discharge limits were not met.
- The City had hired specialized legal counsel to represent the City, per Local Government Law Groups recommendation.

Councilor Ceniga asked when the City needed to have this figured out. Director Kaping responded that the City needed to provide a response by June 7<sup>th</sup>. Administrator Knope added that it could take 60 to 90 days to finalize. Director Kaping noted that staff would be talking to DEQ about the timelines, as some tasks needed to be done by April 2025, and if they did not finalize the MOA until September that left a short turnaround.

Councilor Ceniga asked how long the City knew that these things needed to be done. Administrator Knope responded there was nothing in the draft MAO that was a surprise and many items had been on the City's list of things to do for decades. The plan was to do many of those tasks as part of the Sewer Treatment Plant process, but that continued to be delayed because of the Department of Corrections (DOC). The City was moving forward in the early 2000s on the Sewer Treatment Plant and then DOC came back and said they were going to build a prison, which required a change in the plan and thus a delay. It took years to make a new plan and then the legislature pulled funding for the prison, so DOC left, creating a further delay and need to change the plan again.

Director Kaping stated that the City worked on fixing leaky sewer pipes (Inflow and Infiltration or I and I) every year, but not as fast as DEQ wanted. Administrator Knope added that the Facilities Plan said the City would spend \$400,000 annually on I and I abatement, but the City spent \$150,000 a year on this, as that was what could be afforded.

Acting Mayor Leach asked if DEQ was offering to help pay for I and I work. Administrator Knope responded no. He added that I and I did work, as it reduced the flow amounts. DEQ was saying the City needed to take care of this because the amount of extra water that was received in the winter caused problems for making it to the drier months where they could irrigate.

Councilor Washburne asked about the impacts of rain hitting the ponds. Administrator Knope responded that the rain itself had a minimal impact on the system, and it was the high ground water that created the biggest impact until late spring/early summer. Director Kaping added that once the ground water hit 8 feet, the system would start taking on water and they would see increases of flow out to the lagoon.

Councilor Thomas asked if this would slow down the building. Administrator Knope responded yes, because the City would only have so many connections that could be made. The subdivisions that were currently approved and had been reviewed by DEQ could continue to move forward. Director Kaping added that they would request that the language on current approved subdivisions being able to hook up be written in the MAO, as they had been told that verbally.

Councilor Ceniga asked how many were currently approved and not hooked up. Director Kaping responded 30.

Administrator Knope stated that when the draft MAO was received, he reached out to Attorney Connelly on what the Council's options would be and how to approach and manage the EDUs that would be allowed. Attorney Connelly had noted that the cities of Creswell and Sandy were in a similar situation and had gone through the moratorium process and laid out how they wanted to allocate and use the EDUs as they came in.

Attorney Connelly stated that if the City had limits on its connections, the MAO was not enough to deny land use applications. The only tool that Oregon communities had through the land use approval process was a moratorium. The City was not alone, as other cities were facing the same thing. Some communities had issued connections on a first come first serve basis, some reserved certain amounts for housing and certain amounts for commercial and industrial. A lot of this staff and the City's engineer would work on. She could outline the process and help with resolutions. There were environmental needs competing against housing needs at the state level which put the City between a rock and a hard place.

Acting Mayor Leach asked about commercial properties that wanted to hook up. Administrator Knope responded that the MAO called out how the EDUs would be calculated. As part of the moratorium, Council could set how it wanted to split up residential and commercial EDUs.

Councilor Ceniga asked if they knew how many pipes needed to be fixed. Administrator Knope responded that the first thing they would do is TV and smoke test to figure out which ones needed to be replaced. Director Kaping noted that some areas were worse than others, based on the flow they got at the pump stations. Administrator Knope shared that it had been a number of years since the City had TV'd the entire collection system. Director Kaping added that typically they would do one basin a year out of the five basins but had gotten behind.

Councilor Gambie asked how long it would take to TV a basin. Director Kaping responded at least a month and a half. Administrator Knope added that you could not do that in the wintertime when the ground water levels were up because you could not see anything, so you had to do this in the summer and fall months.

Councilor Ceniga asked if there was a significant cost to TV. Director Kaping responded that the City owned the equipment, and it would cost around \$10,000 to update the TV equipment to the certification DEQ wanted and to train some Public Works staff. Administrator Knope added that if the City contracted out this work, it would probably cost \$75,000 per basin.

Councilor Gambie noted that the crew needing to do this work would take them away from other projects that they were planning to do. Administrator Knope responded that the projects crew would not get as much water pipe work done this summer and next, as a result.

Councilor Hancock stated that he was glad that had an attorney who was specialized in working with DEQ. His experience with the federal government was to cooperate and graduate and there was not a whole lot of fighting or pushing back. He thought it would be important to think about how much everything was going to cost and what they were going to do about it. He was concerned about the public, as it was the unknown that caused stress. A few residents were moving because they were scared about what was coming down the pike. He continued the only way to alleviate that was to start putting the numbers on paper and what was facing the people. And then they would need to talk about how they were going to go forward and fund that and what were the different mechanisms and choices that they could make.

Administrator Knope stated that as part of the garbage truck financing, they had worked with a bond counsel who recommended that the City look at bringing on a financial consultant to assist the City with funding options. These consultants specialized in different grants, loans options, bond options, etc. and could provide options for the Council to consider. He and Director Kaping had talked about listing all the needed water and sewer project funding needs

and looking at this in a big picture overview. They would formulate a plan and structure on these projects that people could follow.

Director Kaping added that once they had the information, they would have someone relay that information to the public. Administrator Knope added that in this year's budget, Public Works had requested funding to hire a PR Assistant to help get the information out to the public.

Administrator Knope recommended having Attorney Connelly review the framework for a moratorium at the July Council meeting.

Councilor Thomas asked if any new staff member could offer help in grant writing. Administrator Knope responded that no one in house specialized in grant writing. He would reach out to some financial consultants to get some proposals to work through Committee and Council, so they could look at bringing someone on board.

Acting Mayor Leach stated that there were people out there who dealt with this kind of stuff every day. Administrator Knope responded that the bond counsel gave him a list of 6 or 7 financial consultants. Acting Mayor Leach added that like Administrator Knope had said, they could see all the projects needed all in one and what they were going to cost.

Councilor Ceniga asked if they were going to get the Recycled Water Use Plan. Director Kaping responded that it was done right now, and they were taking to DEQ on Monday to be reviewed.

Councilor Ceniga asked if there were exceptions to the timelines. Administrator Knope responded no.

Councilor Ceniga asked if other cities had a list this long. Administrator Knope noted that this was for both the MAO and the Permit. Director Kaping responded that Creswell and Sandy also had a list. Attorney Connelly added that both had a MAO list and could have one like this that built in their permit requirements. Administrator Knope noted that Junction City had the longest running MAO (30 years) in the state and had a lot of things to catch up on. He noted that he was not blaming DOC necessarily, but the impact of DOC changing plans was one thing they could point to on the delays.

Councilor Ceniga asked if all of this had something to do with the impacts of DOC. Administrator Knope responded that it did in the sense of the time that it took. DOC coming in was going to double the size of the utility infrastructure for Junction City. So new plans had to be made to accommodate them, and when the legislature changed its mind and DOC had to pull out, another new plan had to be prepared because of the changes that had occurred in the City over that 5 to 10 year period. The plan and approval process took another several years. When he first began with the City, the City had borrowed 10 million dollars to do a plant upgrade and then gave that money back. Now that price tag was probably 40 million dollars. DOC put in pipeline, built towers, refurbished pump stations, but the delay in treatment plan costs outweighed everything they had done. He did not think DOC intended to have this happen, but Junction City missed a whole upgrade cycle because the treatment plant should be updated every 20 years. In the 1990s, the City was supposed to upgrade the 1970s plant and now here we were in the 2020s and still running the 1970s plant.

Councilor Ceniga asked if the City should have just proceeded with its plans to upgrade, regardless of DOC. Administrator Knope responded that DOC had the legal authority to require the City to make provisions to provide service to them, and the City could not say no. Attorney Connelly added that DOC could supersite, which was a provision in the law.

Administrator Knope stated that by the time the City started down the path of just building the treatment plant to serve the City, it was facing all of the environmental stream issues, and DEQ took a long time to tell the City what they wanted the City to do.

Councilor Hancock stated that the long and short of it was there was no sense in looking back and they needed to look forward now. He added that they needed to create a plan and figure out how they were going to fund that plan and then get that information out to the community so they would know what that answer was. He wondered if part of the funding mechanism might come from the state level, as it sounded like they made some mistakes that cost the City a lot of money and it would be good to reach out to them. Administrator Knope responded that

the state wanted communities to build more housing, so maybe they would be more generous than they normally would.

Director Kaping noted that Councilor Hancock and Administrator Knope were right, and they needed to put a whole package together on what all the projects would cost and then work on how to fund those. He added that once they had that information, they needed to get that out to the public.

Councilor Gambia asked if the City was working under the old MAO. Director Kaping and Administrator Knope responded that they were working under the current MAO and planning for what work would need to be done under the new MAO. When ready, the new MAO would come before Council to be officially approved.

Councilor Gambia asked if the City could say no to DEQ on having to do the 40 million dollar plant upgrade. Administrator Knope responded that was not an option, and the City legally had to make all of the upgrades. Director Kaping added that DEQ would assess daily fines for things not being completed.

Councilor Gambia noted that there were many people in town who could not afford increases on their bills. Administrator Knope responded that at one point the City had a ratepayer assistance program and part of the planning would include looking at something like that.

Acting Mayor Leach agreed that should be part of the discussion and they needed someone who dealt with this all of the time and could explain to the people what was going on.

Councilor Hancock noted that it would be nice to meet the specialized legal counsel. Administrator Knope responded that his name was Michael Campbell, and it was definitely planned that he would attend a future Council meeting.

Councilor Gambia stated that he was glad that there was counsel on board and that staff was pushing back on a few items in the draft MAO. He noted that he was not a fan of hiring people to persuade citizens to pay more money. Administrator Knope responded that was not what the City was doing.

Acting Mayor Leach stated that no one was trying to hire anybody to convince them to pay a bill. She added that staff was doing their due diligence to hire somebody that could effectively tell the people exactly what was going on. Administrator Knope stated that neither he nor his staff would ever hire someone to persuade anyone. The money that was allocated in the budget was to have a professional help with providing the factual information to the public through digital technologies.

Acting Mayor Leach added that DEQ was not giving the City a choice, and they needed to get the information out to the public on the timeline, what the City had to do, etc.

### **3. Well Funding Discussion**

Administrator Knope stated that the City would be putting in three new wells and had received grant funding to help with two of them. It had been noted in the beginning of discussing these wells that additional funding would be needed, and he wanted to get feedback from the Council on how they would like to approach this. If the City were to look at a funding package to finish the wells, it might make sense to include some of the other water projects, such as installing emergency generators at the wells and improving efficiencies at the wells. He noted that if the Council wanted to do this, staff would start bringing the extra pieces to Committee; the Committee would then make a recommendation to Council.

The Council consensus was to have staff proceed with having discussions at Committee.

Councilor Hancock stated that they were all here to solve problems, and he believed there was a solution that would be found for what faced the City. To borrow a phrase, he believed that this would be the City's finest hour.

Acting Mayor Leach expressed her agreement with Councilor Hancock and noted that this would be an opportunity to get everything out there to folks on what was going on. She expressed her appreciation to staff.

**4. Adjournment**

As there was no further business, the work session was adjourned at 8:11 p.m.

ATTEST:

APPROVED:

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Kitty Vodrup, City Recorder

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Karen Leach, Acting Mayor