

The Budget Committee for the City of Junction City, met for a Work Session at 6:30 p.m. on Thursday, October 18, 2018, in the Council Chambers of City Hall, 680 Greenwood Street, Junction City, Oregon.

PRESENT: Council Members: Council President/Chair, Bill DiMarco; Councilors Kara McDaniel; Rob Stott, Jack Sumner, John Gambee, and Dale Rowe; Excused Absence: Mayor Mark Crenshaw; **Citizen Members:** Ms. Sue Huntley; Mr. James Hukill; Mr. Ken Wells; Ms. Bev Ficek; and Mr. Austin Lee; Excused Absences: Ms. Katy Brady and Ms. Cindy Montgomery; **Staff:** City Administrator, Jason Knope; Finance Director, Mike Crocker; Police Chief, Bob Morris; Public Works Director, Gary Kaping; and City Recorder, Kitty Vodrup.

1. Call to Order

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

Chair DiMarco noted that this work session was an important meeting to stay in touch with staff on the adopted budget. He added that this year there were some departments that were going to be in flux and money had been included in the budget, in case there were some short falls or unexpected occurrences with entering into some unchartered waters.

2. Departmental Updates

Water Department

Administrator Knope and Director Kaping reviewed:

- Discussions had occurred over the years to improve the water quality in town. A Water Treatment Plant was built a few years ago, which really helped improve the water system.
- Current water quality issues included:
 - The City has pumped iron and manganese heavy water from ground water for years and over time this builds up on pipes, especially as the pipes get older.
 - The DOC (Department of Corrections) prison/hospital project had included installation of oversized pipes; the 18" and 24" pipes went from the north water tower, by Safeway to Oaklea Drive, south on Oaklea Drive, down High Pass to Prairie Road, and down Highway 99 to Milliron. Since the prison was not built, the water takes longer to turn over; the older the water gets, the more its chemistry changes, which impacts taste and water quality.
- Staff was working on the following to address the water quality issues:
 - The City engineer was preparing a design to add 2 additional filters at the Water Treatment Plant. (There were currently 4 and the plant was set up to add 2 more). Having the 2 additional filters would enable better filtration and keep up with current and future demand. Once the design was complete, staff could obtain an estimate of cost and take that to the Public Works Committee and Council.
 - As part of the filtration, the engineers were also working on developing a flushing map throughout town.

- Public Works staff were drawing samples every other week in various locations around town, so they could get a good mapping of the City's water quality.
- Additional projects that would really help water quality were the Valve Exercise Program and the Hydrant Maintenance Program. Due to staff shortages, they had not been able to implement those programs, but were working on that.
- "Ice Pigging" was when ice was forced through a pipe and it was a very effective way of cleaning pipes. This procedure had been used in the Timothy Street and SW Coral areas with good results. Staff was looking at using this procedure to address water quality issues between Magnolia and Rose/17th Street. A utility service bid that work and it would cost \$16,000 for a 5 block area or \$3,200 a block.
- Public Works also had a mapping of old pipes that needed to be replaced and that work could gradually be implemented into upcoming budgets.
- Public Works wanted to get the word out to the public on the kinds of things they were working on to improve water quality, and citizens were encouraged to report water quality issues to help pinpoint areas that should be looked at.
- It was noted that getting the two additional filters before summer would be ideal and there were funds in the current budget to do this; however, if the filters were purchased, there would not be enough in the current budget to also earmark funds for restoration or demolition of the water tower. This would not prohibit funding to be set aside for the water tower in the following fiscal year. (It was noted that rough estimates to either restore or demolish the tower were \$250,000 and that would be funded by Public Works; the annual maintenance cost, if the tower were restored, would be around \$15,000 and would be funded from the General Fund or some other mechanism).

Public Safety

Chief Morris reviewed:

- Revenue was lower than expected, as the anticipated contract with Lane Fire Authority for JCPD (Junction City Police Department) to provide dispatch had not been finalized due to various delays. It was hoped that the contract would be in place within 90 days.
- The department had added 2 dispatchers in anticipation of the additional contracts, going from 5 dispatchers to 7. Currently there were 6 dispatchers and 1 dispatcher vacancy, due to a recent resignation.
- There were 10 officers in the budget, with 9 current FTE (Full Time Equivalent) officers and 2 part time officers. A current dispatcher would be filling the 1 remaining officer FTE position, but they would need to get dispatch fully staffed before that could occur.
- Staff would proceed as outlined in the current budget; however, there would be a line in the sand at some point to rethink this course of action, if significant progress was not seen on the contracts by the end of this calendar year.
- It was noted that the officers received a pay increase, which created compression with the sergeant's positions. This would be something that would first go to the Public Safety Committee and to Council.

Building and Planning

Director Kaping reviewed:

- Revenue and payroll were on target with where they should be in the budget, but M and S (Materials and Services) was over at 44% (should be around 25%), due to a large unanticipated bill from Clair Company that came in after July 1st.
- Building Official Stuart Holderby was in process of getting his A Level Plan Review and after that was achieved, the City would be able to reduce use of Clair Company and NW Code Professionals for back up plan review and back up inspections.
- There was a possibility that staff may need to use some of the contingency for planning, due to the unexpected bill. If needed, staff would take to a Council Committee and then to Council.
- Staff had recognized the need for a receptionist for Building/Planning; this position could also provide reception for Public Works, so the Utility Billing Clerk could have more time to focus on much needed utility billing work.
- The City was currently providing building inspection services for the City of Coburg. The City of Florence had expressed interest but communicated that they would prefer to have a third party contractor, until otherwise directed by the legislature.

3. Street Fund/Franchise Fee Distribution

Chair DiMarco noted that the Budget Committee had wanted to keep funding for the Street Fund on the front burner, so review was on tonight's agenda.

Administrator Knope and Director Kaping reviewed:

- Each year, over a five year period, 10% of the General Fund franchise dollars were being allocated to the Street Fund, with a total of 50% being allocated at the end of five years. This was the 2nd year, so 20% was being allocated for a total of \$89,000 in the approved budget. Next year, it would be at 30% and grow by \$44,000, for a total of \$120,000.
- Director Kaping noted that the money that had been transferred from the franchise fees had been spent on street maintenance, but there was still a lot to do. Examples of work they had done were putting back the parallel parking and center stripes on 6th Street, RRFB (Rectangular Rapid Flash Beacon) and new cross walks at Oaklea Middle School, and fixing asphalt areas at Laurel Park.
- Director Kaping had prepared a list of street maintenance projects that were needed. The total over five years was \$1,293,000 for an average cost of \$258,000 a year to get caught up.
- It was noted that the franchise fee revenue to streets could be found in the current monthly financial report on page 57, under Street and Capital Project Fund, Pacific Power Franchise. The appropriations could be found on page 61; \$70,000 was appropriated to the Street Maintenance Program and some was put into the CEP Projects.

- It was asked if staff had come up with other revenue sources for the Street Fund. Administrator Knope responded not at this point in time.
- It was noted that SDC (System Development Charge) fees that were paid during new construction went into the SDC fund and that money could only be used for street expansion that was in the capital improvement plan, per state law. Currently there was around 1 million dollars in that fund.
- It was noted that the Prairie Road Fund was money the developer had to pay for the sidewalk improvements that he did not make on one side of the road. The fund was specifically set up for the Raintree and Prairie Meadows Subdivisions.

4. Biennial PERS Liability

Director Crocker distributed a document on PERS Rates and Liability and reviewed:

- New PERS rates, effective July 1, 2019, were received yesterday. The PERS rate impact, using FY 18-19 budgeted salaries, would be approximately \$125,000 for all funds.
- Because the state works on a biennium, advisory rates were set in even years, 22 months prior to the effective date. The actual rates were set in odd years, 10 months prior to the effective date.
- Some good news was that the net unfunded liability dropped by \$669,000 for the City of Junction City. The actuaries calculate the unfunded liability for all the future benefits to be paid and it went down from 5.1 million to 4.4 million; this is what was used to determine the City of Junction City's rates.

5. Budget Committee Vacancies

It was noted that three Citizen member positions on the Budget Committee would expire December 31, 2018. The positions had been advertised and to date, two applications had been received.

6. Other Business

Chair DiMarco stated that normally the Budget Committee would meet again in January. He noted that they would keep track of issues and if there was new information, they would schedule a meeting.

7. Adjournment

The meeting was adjourned at 7:55 p.m.

ATTEST:

APPROVED:

Kitty Vodrup, City Recorder

Bill DiMarco, Chair