

City of Milton-Freewater
Budget Committee Meeting Minutes
April 26, 2018
For Fiscal Year 2019 Budget
(July 1, 2018 – June 30, 2019)

APRIL 26, 2018

The City of Milton-Freewater Budget Committee met in session on Thursday, April 26, 2018 at 7:00 p.m. in the Albee Room of the City Library, 8 SW 8th Avenue, Milton-Freewater, Oregon to review the State Revenue Sharing funds and fiscal year 2019 City Budget.

Roll was called with the following members present: Lewis Key, Orrin Lyon, Verl Pressnall, Steve Irving, Wes Koklich, Suni Danforth and Lindsay Winsor.

Members absent were: Brad Humbert and Ed Chesnut.

Staff members present were: City Manager Linda Hall, City Recorder Leanne Steadman, Public Works Superintendent Brian Steadman, Finance Director Dave Richmond, Fire Chief Shane Garner, Police Chief Doug Boedigheimer and Electric Superintendent Rick Rambo.

Staff member absent was: Library Director Erin Wells.

Citizen present was Christine Boedigheimer.

There was no press representative present.

ELECTION OF 2018 COMMITTEE CHAIR AND SECRETARY

The first order of business was the election of a Chair for the current year. 2017 Chair Wes Koklich opened the floor to nominations.

Suni Danforth was nominated before nominations were closed.

Steve Irving motioned to appointed Suni Danforth as 2018 Chair. Lindsay Winsor seconded the motion which passed unanimously.

Past Chair Koklich opened the floor for nominations for secretary. Lindsay Winsor was nominated before nominations were closed.

Lewis Key motioned to appoint Lindsay Winsor as 2018 Secretary. Suni Danforth seconded the motion which passed unanimously.

APPROVAL OF 2017 BUDGET MEETING MINUTES

Wes Koklich motioned to approve the 2017 meeting minutes as written. Steve Irving seconded the motion which passed unanimously.

PRESENTATION OF BUDGET MESSAGE AND HIGHLIGHTS OF FISCAL YEAR 2019 PRELIMINARY CITY BUDGET

City Manager Linda Hall, Budget Officer, delivered her budget message with highlights of the preliminary fiscal year 2019 (FY19) city budget. She stated this year's budget theme was the year of changes. She explained one change is the new recycling utility in Public Works. Horizon Project Incorporated has been the service provider for approximately the last 30 years. They notified the city last November that they would be ceasing the recycling portion of their operation. They agreed to continue the recycling service until February 28, 2018 and the City began offering the service March 6, 2018. In less than two months the City has received from both Mill Street and County Road recycling depots, 7,930 pounds of glass, approximately 10 square yards each of tin/aluminum and newspaper and approximately 100 gallons of motor oil. The City has delivered 27,970 pounds of cardboard to Walla Walla recycling and the appliance container has been filled to capacity and delivered to Stubblefield Recycling. Manager Hall said she believed the new recycling program was going quite well. Another change is the proposal going out to the voters on the May 15, 2018 election ballot for a Parks and Recreation Local Option Tax. The proposal is for \$.37 per \$1,000 of assessed value with an estimated \$100,000 per year for five years, unless the City's tax base hits compression. These local option tax funds would be helpful in leveraging grant dollars for other park grants. Staff has been hosting meetings to gain citizen input on recreational facilities prioritization projects that the funds would be used for. There is a total of \$3,671,592 in grant dollars included in this budget those being parks grants, elevator grant and House Bill 2017 grant. She stated staff is always searching for new grants to apply for. Staff is currently applying for a wine production facility planning and construction grant of \$1 million dollars. If the application is successful then it will be included in next year's budget cycle for Fiscal Year 2020. Another change is that there has been over twenty new, or new to their position, employees on our crew since the last budget hearing. Manager Hall reviewed those positions. Next she moved onto the utilities and started with the electric department. She stated that the electric rate structure will need to be amended in the future. The current model is the more energy you use, the cheaper it gets. The future model will be the more energy you use, the more expensive it gets. She explained that part of the reason for needing to change the rate model is due to how the city gets billed from Bonneville Power Administration (BPA). BPA has a Tier Rate System and the more the city uses the more costly the rates are. There is a 3% energy charge per kilowatt hour (kWh) across all rates being proposed. For residential usage that means going from \$.06050 cents per kWh to \$.06230 per kWh. There is also a proposed change in the service availability fee for the commercial and industrial rates. The commercial service fee is being proposed to go from \$15.00 per month to \$25.00 per month and the industrial service fee is being proposed to go from \$15.00 per month to \$50.00 per month. Another change staff is seeing is the request of cryptocurrency also known as Bitcoin operations. These are computer server farms that use a huge amount of electricity.

Chair Danforth asked how often the purchased power contracts were negotiated.

Electric Superintendent Rick Rambo stated that BPA does a rate case study every two years and they are now negotiating for 2020. He stated that BPA had an increase to the City of 5% last fall and the city did not pass that increase onto customers and that is why staff is proposing a 3% electric increase. The city receives 25% of its power from Grant County and the other 75% from BPA. Grant County had an increase to all their power recipients a while back to split up the cost of repairing the crack in the dam.

A brief discussion ensued regarding surplus power sales and green power requirements.

Manager Hall reported there was no rate increase for the Public Works utilities; water, sewer and solid waste. She reported on the Golf Course and stated that it still is a serious challenge to maintain and balance the budget. She was asked by Councilor Chesnut to be completely transparent and list the amount owing on the irrigation system loan. She reported the original loan was in year 2000 and was for \$375,000. In year 2002 the loan was refinanced with a lower interest rate. In year 2013 the Urban Renewal Agency assumed the loan balance of \$195,846. The current principle balance is \$141,774 and the last two years, interest payments only have been paid of \$1,418 per year.

The last part of Manager Hall's presentation was the items that haven't changed. Those being the police department, 24 hour 7 days a week dispatch service and fire department are all still fully funded with no level of service cuts. She stated she wanted to commend the fire department, which only has one paid employee with the rest of the department being volunteers, and it has maintained and has even improved Milton-Freewater's Insurance Service Office (ISO) rating which affects insurance rates for our citizens. With this being compared to a neighboring city that has a fully funded department and their ISO rating is not as good as ours, she said she was very proud of the department. She also commended the police department and dispatch center for all their work on solving crimes and closing cases. In closing she stated the city was financially solvent with a total of cash reserves of \$9,884,530. She thanked the Budget Committee members, Department Heads, Employees and City Council for being fiscally conservative and being committed to constant improvement and doing their best to serve the citizens.

There being no additional questions or comments the chair moved on to the public hearing for the state revenue sharing funds.

PUBLIC HEARING: STATE REVENUE SHARING

Chair Danforth then opened and summarized the rules for a public hearing held for the purpose of gaining citizen input towards the receipt and use of state revenue sharing funds of \$57,300. The City Recorder reported the hearing had been published according to law and there were no written comments on file. Chair Danforth then opened the floor to citizen comments.

Lindsay Winsor asked what the funds were proposed to be used for.

Manager Hall stated they were for public safety purposes; police, dispatch and fire.

There being no other citizen or committee comments, the Chair declared the hearing to be closed.

Steve Irving motioned to accept the state revenue sharing funds for the proposed use of Public Safety purposes. Lindsay Winsor seconded the motion which passed unanimously.

PUBLIC HEARING: CITIZEN COMMENTS ON PROPOSED FISCAL YEAR 2019 BUDGET

Chair Danforth opened the public hearing and stated the rules read earlier would remain in effect. The hearing was held for the purpose of gaining citizen input regarding the proposed preliminary city budget for fiscal year 2019. The City Recorder reported the hearing had been

published according to law and there were no written comments on file. Chair Danforth opened the floor to citizen comments.

There being no citizen comments, the Chair declared the hearing to be closed.

Chair Danforth opened the floor for committee comments.

Manager Hall thanked Lindsay Winsor and Ed Chesnut for submitting their budget questions in advance.

Steve Irving stated he was asked by a constituent about the possibility of recycling lawn debris and they asked why Horizon Project was no longer picking up recycling. They asked him why they still had to pay the recycling fee. Mr. Irving said he explained what happened with recycling and the reason for still having to pay the fee.

Ms. Winsor stated she noticed there being \$85,000 in the Aquatic Center and \$265,000 in the Parks capital expense line items. She asked what the plan was if the local option tax measure and grants were successful and what if they weren't.

Manager Hall stated Public Works Superintendent Brian Steadman has been giving presentations at council meetings and civic groups gaining citizen input on prioritizing recreational facilities and that will be the list that staff will use if we are successful in the local option tax measure and grants being applied for. If we are not successful, staff will continue to seek grants to help fund some of these projects. One of the grants being applied for is for a Parks and Recreation Master Plan which would be a very important tool for the city to have. A Parks and Recreation Master Plan has been a goal of Councilor Chesnut's for some time.

Chair Danforth stated she noticed the Aquatic Center revenues decreasing.

Manager Hall stated that Walla Walla's new pool hurt the revenues last year, also the cold water because the heat pumps need to be replaced.

Chair Danforth stated that a lot of money could be put into the facility but don't realize a lot of gain in the end. She said at some point you would have to look at how much you were subsidizing it and decide if you really need it.

Manager Hall stated that the council would have to weigh in on that decision and that you would be hard pressed to find a recreational facility that breaks even. It's an amenity to the City.

Wes Koklich asked what the status was of the city hall elevator project.

Manager Hall stated staff was getting closer to securing a project manager to oversee the elevator project. She said it will be very important to obtain an experienced builder due to City Hall being a historic building and the outside material is made up of Weston Soft Brick. She explained if we don't use the grant this year then we will lose it.

Mr. Koklich stated he noticed the library showed a lot of programs.

Manager Hall said that the Library Director Erin Wells has built up the children's programs and there is good attendance at the programs. She is also starting a summer reading program for adults.

Chair Danforth stated she noticed that the Community Building rental revenues has decreased but she has tried to reserve the building and it was all booked up until the end of May.

Manager Hall said that a lot of the users that have been using the building for years have been grandfathered. Civic groups like M-F Rotary Club, The Garden Club, M-F Square Dancers, etc. Private parties are charged a fee and deposits.

Lewis Key said that Eurus paid for a new dishwasher and the Garden Club paid for a new refrigerator in the community building kitchen.

Finance Director Dave Richmond stated that there have been lost rentals due to raising the rates and people have found other places to hold their events.

Chair Danforth stated that overall the budget looked conservative but she was concerned with those citizens on fixed or subsidized incomes. She said she was concerned with the increase of \$11,000 in one year for the City Manager/City Recorder budget.

Manager Hall explained that a portion of her salary was paid from the Urban Renewal Agency (URA) and when that agency dissolved that portion of her salary had to be put back into that budget.

Mr. Richmond stated that the overall bottom line of the budget has gone down.

Chair Danforth said she noticed the police department budget went down.

Manager Hall stated that the Cops More Grant that staff applied for that would have helped pay for a School Resource Officer was unsuccessful.

Chair Danforth stated she felt that if the school students were using the city recreational facilities that they should kick in some money to help with the maintenance costs of those facilities.

Manager Hall said she believed a conversation with the school superintendent would be the first step.

Chair Danforth asked if the Parks and Recreation Local Option Tax measure passed and if the Oregon State University (OSU) tax passed would the city realize any money.

Manager Hall replied no. The OSU tax measure is for a permanent tax and as we have been told by the tax assessor, local option tax measures are the first to get cut when compression hits. This would also affect the public transportation local option tax.

Mr. Koklich asked what the current price for recycling cardboard was.

Mr. Steadman stated cardboard was currently \$.01 per pound.

Ms. Winsor said she would really like to see some kind of expectation of a payment on the golf course loan principal in a future budget. She stated it looked as though the city was losing money on the school bus repair budget.

Manager Hall stated by appearance we were losing money. The mechanics are required to be trained and certified to work on school buses. Many years ago the city only had one mechanic, with having an agreement with Umatilla Head Start, Morrow County and Milton-Freewater Unified School District for school bus maintenance, it has allowed for us to have an additional mechanic to help with the entire vehicle fleet and equipment maintenance.

Ms. Winsor said she would like to see some of that information in the budget narrative for the average person to understand.

Manager Hall stated some language could be added to the narrative for better clarity.

There being no further questions or comments Steve Irving motioned to approve and recommend the fiscal year 2019 City budget as presented to the City Council and also to recommend that taxes be levied at the rate of \$3.7499 per \$1,000 of assessed value and \$60,000 for local option tax levy for public transportation, and \$100,000 for local option tax levy for parks and recreation facilities contingent upon voter approval at the May 15, 2018 election. Lindsay Winsor seconded the motion which passed unanimously.

There being no further business the Committee was adjourned at 9:08 p.m.

Manager Hall thanked everyone for their dedication to the committee and said to never be afraid to ask any question of her or her staff.

Mr. Key said it was remarkable to get the process done in one night. He thanked staff for all their hard work.

Mr. Irving concurred with Mr. Key.

Chair Danforth also commended everyone on a job well done.

Budget Meeting Minutes Approved on_____