

City of Milton-Freewater
Budget Committee Meeting Minutes
April 25, 2023
For Fiscal Year 2024 Budget
(July 1, 2023 - June 30, 2024)

April 25, 2023

The City of Milton-Freewater Budget Committee met in session on Tuesday, April 25, 2023 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 proposed fiscal year 2024 City Budget.

Roll was called with the following committee members present: Lewis Key, Steve Irving, Wes Koklich, John Lyon, Mike Charlo, Jose Garcia arrived at 7:09 p.m. and Damien Reino arrived at 7:27 p.m.

Committee member Brad Humbert was absent.

Staff members present were: City Manager Linda Hall, City Recorder Leanne Steadman, Finance Director Dustin Dougherty, Interim Police Chief Joe Shurtz, Public Works Superintendent Brian Steadman, Electric Superintendent Mike Watkins, Fire Chief Shane Garner, Library Director Lili Schmidt and Accounting Supervisor Laurie Bubar.

Citizen/Guest present was: Cindy Shurtz.

There were no press representatives present.

Introductions were made around the room.

ELECTION OF 2023 COMMITTEE CHAIR AND SECRETARY

The first order of business was the election of a Chair for the current year. 2022 Chair Lewis Key opened the floor to nominations.

Steve Irving was nominated before nominations were closed.

Lewis Key motioned to appoint Steve Irving as the 2023 Chair. John Lyon seconded the motion which passed unanimously.

Chair Irving opened the floor for nominations for secretary. Wes Koklich was nominated before nominations were closed.

John Lyon motioned to appoint Wes Koklich as the 2023 Secretary. Chair Irving seconded the motion which passed unanimously.

APPROVAL OF 2022 BUDGET COMMITTEE MEETING MINUTES

Lewis Key motioned to adopt the 2022 Budget Committee minutes as submitted. John Lyon seconded the motion which passed unanimously.

PRESENTATION OF BUDGET MESSAGE AND HIGHLIGHTS OF FISCAL YEAR 2023 PRELIMINARY CITY BUDGET

City Manager Linda Hall, Budget Officer, delivered her budget message with highlights of the preliminary fiscal year 2024 (FY24) city budget. She gave a summary of this year's budget stating the overall budget total was \$63,678,405 which included \$10 million in grant monies. The proposed budget included rate increases in all utilities, 5% in electric, 25% in water, 5% in sewer, and 10% in solid waste. She stated rate increases have been delayed for at least three years due to the pandemic but can no longer delay repairs and improvements to critical infrastructure. The city is also facing the forced implementation of additional services such as curbside pick up for recycling. A video was showed of the City of Lewiston, Idaho's water reservoir that failed and released over two million gallons of water washing out roads and foundations. Early investigation has determined their SCADA system had a malfunction and did not give an alarm to alert there was a problem. Manager Hall listed some of the critical water utility capital needs as upgrades to well #3 generator connection, water SCADA equipment, middle water reservoir replacement (estimated at \$8.725 million), an additional well, well #10 (estimated at 2.2 million), needed to serve the south end of town due to a new housing development and additional projects to stay current with State permits and Water Master Plan is estimated at \$572,500. Total costs \$11,500,000 which does not include regular capital items such as cost of piping, regular well repairs costs, pumps, etc. Staff is working on funding for the major projects seeking grants, which the city is not eligible for many of the State and Federal grants due to low rates. The proposed rate increase for water is 25% which is about a \$5.00 increase for residential customers which still puts the city's rate lower than neighboring cities. The electric utility continues to see an upswing in costs associated with materials. There has been a 300% increase in pad mount transformers and 275% increase in pole mount transformers along with very long lead times. There is a 5% rate increase in the electric rates. The sewer and solid waste utilities will both require small increases to keep them solvent. They are also seeing large increase in supplies and materials, for example PVC piping materials have gone up by 400% and triple digit increase in the cost of garbage receptacles. A new garbage truck is needed for solid waste pick up and if the State mandate continues to go forward for recycling, two trucks will be needed along with an additional full-time employee to operate just the recycling service. A 5% sewer rate increase and a 10% solid waste rate increase is proposed. Some of the other issues that are closely being watched are the labor shortages, purchasing protocol changes where bids are only good for 24 hours, bid prices not honored and the lack of bids altogether. Fuel prices have increased with the new record high being \$15,000 for one month. Interest rates are up for construction and loans but down for reserve fund earnings. The Consumer Price Index (CPI) has hit an all-time high, currently at 7 – 9% which impacts labor and contract agreements. Manager Hall shared that the City of Milton-Freewater has one of the lowest tax rates at \$3.7499/\$1,000 compared to Weston at \$5.6614, Hermiston \$6.0860, Pendleton at \$6.5771 and Athena at \$7.5678 per \$1,000 of assessed value. All of these rates are permanently capped which make it difficult when trying to balance the budget when the cost of services and goods continue to rise. She reported that there were changes coming with the public transportation program. Ridership did not come back from COVID and CTUIR is duplicating the services that the city offers

with their general ridership bus program. The contracts are getting more and more expensive and the reporting and regulatory mandates continue to cost more money. The City Planner has been doing both transportation and planning and the focus going forward will be more on economic development and planning. She stated it was likely the bus service could be sunseting in the next year. In closing she said there was more good news than bad going on. New development continues with two new subdivisions on the south hill with approximately 123 new homes being planned. A wine production facility is close to becoming a reality, many business start-ups, some with major new construction. There have been 19 new businesses this year so far, with 219 businesses total. The staff has been very good at finding grants and stretching dollars with \$10 million dollars in this proposed budget. The budget was balanced with no reduction in services or staff lay-offs. The new police station building is proposed to be completed this fall. She credited the solid, ethical, high-functioning council and staff. She shared some pictures of the new police station as well as department photos of property, projects and services offered by the city.

PUBLIC HEARING: STATE REVENUE SHARING

Chair Irving 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 \$97,000 for the proposed use of Public Safety purposes. The City Recorder reported the hearing had been published according to law and there were no written comments on file. Chair Irving then opened the floor to citizen comments.

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

There were no committee comments.

John Lyon motioned to accept the state revenue sharing funds for the proposed use of Public Safety purposes. Secretary Koklich seconded the motion which passed unanimously.

PUBLIC HEARING: CITIZEN COMMENTS ON PROPOSED FISCAL YEAR 2024 BUDGET

Chair Irving 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 2024.

The City Recorder reported the hearing had been published according to law and there were no written comments on file.

There being no citizen comments, Chair Irving declared the hearing to be closed. He then opened the floor to committee questions.

Secretary Koklich asked about the electric department charging station project noted in their budget.

Electric Superintendent Mike Watkins said it was a Bonneville Environmental Foundation grant with a 50% match requirement for an electric vehicle charging station. He was proposing to get a hybrid car for the electric utility and the charging station could be two-fold

in that it could be used to charge the electric utility car as well as an option for a recharging station for the public which could be available by using a debit/credit card.

Secretary Koklich asked who would keep up on the maintenance of an electric car and who pays for that.

Mr. Watkins stated it would be city owned.

Secretary Koklich shared information he heard about the proposal for the postal service to use electric vehicles.

Mr. Watkins stated with the selling of more and more electric vehicles, it could potentially pose issues with electric peak loads.

Secretary Koklich commented that you can only supply what you receive.

Chair Irving asked if the charging station fee that the public would be paying for, could help with the maintenance of the electric utility vehicle.

Mr. Watkins stated there has been no rate set for the charging station.

Manager Hall stated the rates would go before council for approval and adoption.

A discussion ensued regarding security cameras being used for critical infrastructure as well as high graffiti areas.

Chair Irving asked if the police station was coming in under budget.

Manager Hall stated that there was a \$3 million dollar grant that will help with the project.

John Lyon motioned to approve and recommend the fiscal year 2024 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, \$100,000 for local option tax levy for parks and recreation facilities and \$285,000 for general obligation bond for police station. Damien Reino seconded the motion which passed unanimously.

There being no further business the Committee was adjourned at 8:22 p.m.

Budget Meeting Minutes Approved on_____