

**City of Milton-Freewater**  
**Budget Committee Meeting Minutes**  
**April 29, 2025**  
**For Fiscal Year 2026 Budget**  
(July 1, 2025 - June 30, 2026)

**April 29, 2025**

The City of Milton-Freewater Budget Committee met in session on Tuesday, April 29, 2025 at 7:00 p.m. in the Albee Room of the City Library, 8 SW 8<sup>th</sup> Avenue, Milton-Freewater, Oregon to review the State Revenue Sharing funds and proposed fiscal year 2026 City Budget.

Roll was called with the following committee members present: Mike Odman, Steve Irving, Emily Holden, John Lyon, Jose Garcia, Wes Koklich, Destiny Jensen, Mike Charlo, Kenneth Jenkins, Paul Seaquist, Vickie Becker and Julie Culjak.

Staff members present were: City Manager Chad Morris, City Recorder Leanne Steadman, Finance Director Laurie Bubar, Public Works Superintendent Brian Steadman, Fire Chief Shane Garner, Library Director Lili Schmidt and Interim City Planner Kassidy Ruiz.

Police Chief Joe Shurtz was absent.

Citizen/Guest present were: Tracy Martinez, Steven Patten, Krista Gannon, Donna Sheridan and Ryan Westman.

There were no press representatives present.

Introductions were made around the room.

**ELECTION OF 2025 COMMITTEE CHAIR AND SECRETARY**

The first order of business was the election of a Chair for the current year. The 2024 Chair was Steve Irving, he opened the floor for nominations.

Mike Charlo was nominated before nominations were closed.

Emily Holden motioned to appoint Mike Charlo as the 2025 Chair. Mike Odman seconded the motion which passed unanimously.

Chair Charlo opened the floor for nominations for Secretary.

Emily Holden was nominated before nominations were closed.

Steven Irving motioned to appoint Emily Holden as the 2025 Secretary. John Lyon seconded the motion which passed unanimously.

## **APPROVAL OF APRIL 30, 2024 BUDGET COMMITTEE MEETING MINUTES**

It was noted that pages 2 – 13 of the budget committee minutes need to reflect the correct date of 4/30/24.

Steve Irving motioned to adopt the 2024 Budget Committee minutes. Julie Culjak seconded the motion which passed unanimously.

## **PRESENTATION OF BUDGET MESSAGE AND HIGHLIGHTS OF FISCAL YEAR 2026 PRELIMINARY CITY BUDGET**

City Manager Chad Morris first thanked Finance Director Laurie Bubar, department heads, department assistants, other department staff for their help. He also thanked the budget committee for their written and verbal questions along with the public for making suggestions on the budget. He stated he is working towards meeting the Council goals as expressed in the Strategic Visioning Process. He listed some of the infrastructure maintenance and improvements projects needed in the future as an electric transformer for Freewater or Milton substation, aging electric infrastructure/miles of wire needing replaced, equipment and poles, water well and pumphouse, replacing middle reservoir, miles of piping / valves / and other distribution system, sewer infrastructure, solid waste has increased landfill requirements, bins, dumpsters for new recycling requirement, increase city beautification, safety, code enforcement, improve recreation, increase economic development and do some modernization to IT/Technology. The proposed budget includes a 20% electric rate increase to cover maintenance that has been deferred, as well as starting to allocate reserve funds, \$75,000 proposed for FY26. There are 5% rate increases in each of the water, sewer, and solid waste departments to set up reserves for future needs.

## **PUBLIC HEARING: STATE REVENUE SHARING**

Chair Charlo 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 \$93,731 for the proposed use of Public Safety purposes. City Recorder Leanne Steadman reported the hearing had been published according to law and there were no written comments on file.

Chair Charlo 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.

Steve Irving motioned to accept the State Revenue Sharing funds for the proposed use of Public Safety purposes. John Lyon seconded the motion which passed unanimously.

## **PUBLIC HEARING: CITIZEN COMMENTS ON PROPOSED FISCAL YEAR 2026 BUDGET**

Chair Charlo 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 2026.

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

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

The committee reviewed questions/answers that were provided to staff which Manager Morris answered.

Steve Irving recommended increasing the utility infrastructure fee for each utility fifty-cents if not for this year, possibly within the next couple of years to help offset the increase of goods and services the city pays for.

Chair Charlo was not in favor of the proposed 20% electric rate increase. He stated that was the largest increase in the utility's history. The 20% is a big increase for members of the community. He believed a rate increase is needed, but stated it needed to be less than 20%. He asked why the methodology was changed for calculating the electric department franchise fees. He shared the traditional method of calculating the fee was utility sales. He stated he felt there was a substantial change in that calculation. He questions whether that same methodology was used for the other city utilities.

Manager Morris stated when he realized what amount of rate increase was needed, he had the electric staff go back through the budget and they made some cuts before arriving at the 20% which is less than what they had recommended and said they needed. He stated he could cut the increase down, but he would be cutting out items that he believed needed to be budgeted. He explained there was a new line item in the budget for emergency repair, which includes a proposed \$50,000. Last year there was a bad windstorm and it cost approximately \$70,000 to recover from it. There were no funds set aside for an emergency like that. He could cut that \$50,000 out, and in an event like we had, he is going to have to spend the money so it will have to come from somewhere and by doing that, it's not accurate budgeting. There is a lot of maintenance that has been deferred, the budget can be reduced, but that would push this off again. There is approximately \$75,000 in the electric revenue allocated to go into the reserve fund. He also stated that within the next year he was going to approach the city council with a request to allocate approximately a million dollars from the reserve account to purchase a new substation transformer. He and the electric superintendent will be consulting with the engineer to determine the best option. It would take ten years of putting \$100,000 back into reserves to payback that amount of transformer needed. He said more than that needs to be able to be put into reserves at least until the infrastructure is updated, or at least where the infrastructure is less than 10-15 years old. The reserves in the electric department are currently healthy, but they need to be replenished as funds are pulled out.

Steve Irving defended the increase and stated increases were held off due to COVID.

Mike Odman asked if Manager Morris had a vision of what fiscal year 2027 and 2028 looked like.

Manager Morris stated his preference would be to keep the rate increases small, with the revenue going into reserves. His intention is to continue to have small increases each year. Bonneville Power Administration is having an 18% increase in transmission and 4% in energy charges to the city.

Chair Charlo asked if the \$27,000 budgeted in electric new services fees was accurate.

Manager Morris stated he felt the number was accurate.

A brief discussion ensued.

Manager Morris stated smaller increases each year were easier to budget for than large increases. The cost of materials since COVID have significantly increased.

A brief discussion ensued regarding the city farm contract and effluent water and city staff responsibility regarding the farm and pumps.

Paul Seaquist asked how much was written off for bad debt.

Manager Morris estimated the delinquent amount owed was approximately \$41,000.

Steve Irving stated that number is down, due to offering credit/debit card payments and autopay.

Finance Director Laurie Bubar shared the process of the weekly cut-out list and notifications customers get along with agencies that can help

Manager Morris stated the electric department's 20% increase equaled approximately \$24 per month on an average bill.

Destiny Jensen suggested making information available on conservation measures that could help citizens get ready for winter to help save on their utility bills.

A discussion ensued regarding the conservation city loan program, rebate program and utility bill equal pay plan option along with possible ways of communicating those programs.

Julie Culjak asked how were citizens going to be notified of the rate increase.

Manager Morris stated it would be a good idea to put something in the utility bills.

A discussion ensued regarding the water utility in regards to 7100 gallons that other utilities use, but the city's base rate is 5000 gallons. To qualify for a Community Development Block Grant (CDBG) the rate for 7100 gallons must be at the State specific rate.

John Lyon asked if the minimum gallons for water could be raised to 7100 gallons since there is a rate increase.

Manager Morris stated that could be looked at, but that would increase the base rate.

John Lyon asked who did the public works budget.

Manager Morris stated he worked on it quite a bit and had help from Krista Gannon.

A discussion ensued regarding the water rate study proposed for next year and how that could help in the future with applying for CDBG grants and other funding options.

The next discussion was regarding the motor pool, vehicle replacement and vehicle reserve. Manager Morris stated by next year, he was changing how this will be done. He will be meeting with the auditor on this. He said the way it's being done now, is overly complex and it shouldn't be.

Emily Holden said she looked at comparable golf course rates and recommended a 3% increase in daily fees. Other courses charge more and with the increase in electric rates, and the transfer from general fund to the golf course, it just makes sense to increase the daily rates by 3% to help that fund.

Julie Culjak asked how many people use the golf course.

Manager Morris stated he didn't have a total as he hasn't gotten that far into the golf course operations yet. He said he had noticed some days the parking lot is full and some days the parking lot is empty.

Mike Odman stated the weekends are pretty busy and weekdays are pretty quiet. He said Milton-Freewater is the only municipal golf course in the valley being a Par 3 course and others Par 72, very different courses. Daily passes are a little low, but the season passes are comparable if not higher than the other courses.

Manager Morris referenced the golf course narrative, stating he didn't pay attention to it and edit it correctly. He stated there was discussion regarding the condition of the golf course right after he came to the city. He said it was an accurate discussion and said the course is currently not in the best of condition. Page 154 in the preliminary budget book reflects \$45,000 to replace the front steps to the golf course restaurant, replace some tee boxes and hopefully some cart paths.

Emily Holden requested a copy of the golf course restaurant lease agreement, stated the agreement is up July 31, 2025, and asked what will the process be for determining the rent.

Manager Morris stated he will be going out to bid to get offers to run the restaurant. He stated his understanding is that in the past it has been difficult to get someone in to run the business and keep things operating properly. The current occupant has stayed open and has kept the business going.

Steve Irving stated he was not opposed to raising the daily golf course rates 3% and freezing all the other rates.

Paul Seaquist asked why the golf course wasn't in good condition.

Manager Morris stated due to deferred maintenance. Things have not been taken care of. The cart paths are not in good condition. There is major cost of getting a contractor in there with a piece of equipment small enough to do a cart path.

Wes Kokich stated a lot of time and resources have been put into the aquatic center.

John Lyon asked why was the golf course only paying interest on the loan, by doing that you are getting nowhere with paying off the loan.

Manager Morris stated there is a loan out there that is being paid on. He plans to talk to the auditors regarding this.

A discussion ensued regarding the golf course irrigation system and loan.

Manager Morris stated he would like to do away with the golf course fund and roll it into the parks fund. This is something he will have to check with the auditors to be sure this could be done.

John Lyon asked about the utility cost doubling for the wells and what was the reason for this.

Manager Morris stated staff was in the middle of investigating why the jump in utilities for the well. The increase was first noticed last fall, currently it's reading correctly. There may have been a problem with how the reading was being done. Staff is still looking into it. There were two wells that were having issues. There has been a lot of communication and discussion between the water department, electric department and him on this issue.

Kenny Jenkins asked if there was a 20% rate increase in electric this year, will there be another big increase in a few years.

Manager Morris stated his goal was to have increases each year to cover expenses to provide the same level of service.

Kenny Jenkins felt like 20% was a big jump along with the other utility increases.

A brief discussion ensued regarding power bills and the amount of increase.

Chair Charlo stated another way to look at the electric department was to cut or defer some things to get the rate increase down from a 20% to a 15%. He then referred to page 90, power purchases, the proposed FY26 and the FY25 current budget difference is \$86,195 which is not much difference.

Manager Morris stated by using the three-year average, it's projected the electric department is going to sell less power next than this year. If you drop the amount of power you are selling, that reduces your revenue. The biggest part of the rate increase is not due to purchased power cost, it's the increase in maintenance to catch up with where we need to be. With a 20% electric rate increase only \$75,000 is being allocated to be transferred into reserves. He could decrease the rate increase, but it will only defer maintenance that much longer. To balance the electric fund, it was close to 19%, with the 20% increase, that allowed \$75,000 to be allocated to the reserve fund. He stated approximately \$88,000 equaled 1% of an increase.

A discussion ensued regarding the transformer needed to be replaced, the lead time and cost.

John Lyon shared a circumstance where a citizen couldn't pay their bill, now it will be that much harder for them.

Manager Morris said he understood, but the infrastructure needs to be kept in good working condition too.

A discussion ensued regarding the amount of funds needed to be cut if there were a 5% reduction in the electric rate increase. The amount of transfer to the general fund was discussed and potential other fees increased to make up the difference.

Paul Seaquist asked what is going to happen to the balance of the police station money left over.

Manager Morris stated he was still researching how this will be handled.

Krista Gannon suggested looking into a tiered electric rate structure.

A brief discussion ensued regarding the service availability fee compared to others in the area.

Paul Seaquist asked what the golf pro fee was.

Manager Morris stated it was \$5,068.17 per month and the increase is based on the CPI. For FY26 there is a 3% increase included.

John Lyon asked if the rates are being raised, can the infrastructure fee be eliminated.

Manager Morris stated if the infrastructure fee is eliminated then a different fee would have to be increased.

Wes Koklich stated he was happy to see that the Christmas program was reduced.

Manager Morris stated staff went through the budget and tried to shave where they could.

John Lyon asked if another fire truck was being purchased.

Manager Morris stated only if the current one dies. His understanding is that the truck has been fixed.

John Lyon asked what happens to the funds if the truck is not replaced.

Manager Morris stated it would go back into reserves for future purchases.

A discussion ensued regarding the most recent wind storm and how much it cost the utility.

John Lyon asked what all was included in benefits.

Manager Morris stated the regular rate of pay is used to calculate social security, Medicare, FICA, Paid Leave Oregon (1%), also PERS, worker's compensation, insurance, disability,

and life insurance were included in the benefits line item. FY26 insurance projection is based on a 15% increase.

Vickie Becker asked how the other benefits were paid.

A brief discussion ensued regarding the tiered rate of percentage the city and employee paid for insurance, which is dependent on hire date. Currently those recently hired employees pay 10% of all insurance and the city pays 90%. The city picks up 100% of the PERs contributions per contracts.

Vickie Becker stated that was a nice benefit for the employee, but a huge expense for the city.

A brief discussion ensued.

Steve Irving then moved to approve and recommend the Fiscal Year 2026 City Budget as presented with the amendment of the golf course daily rates being raised 3% rounded to the nearest half dollar and also to recommend that taxes be levied at the rate of \$3.7499 per \$1,000 of assessed value and \$100,000 for local option tax levy for public transportation, \$100,000 for local option tax levy for parks and recreation facilities and \$320,000 for General Obligation Bond for Police Station. Destiny Jensen seconded the motion.

Those in favor of the motion were: Steve Irving, Destiny Jensen and Julie Culjak.

Those opposed of the motion were: Jose Garcia, Vickie Becker, Emily Holden, John Lyon, Kenneth Jenkins, Mike Charlo, Paul Seaquist, Wes Koklich and Mike Odman.

The motion failed.

Paul Seaquist asked what the \$320,000 for the Police Station was.

Manager Morris stated it was the General Obligation Bond.

Emily Holden asked if there could be proposals for 15% and 18% for electric rate increase as she stated she assumed that was the committee's concern.

Chair Charlo stated his concern was the amount of the electric increase.

Manager Morris asked if the committee would consider an 18% electric rate increase and 4% rate increases for water, sewer and solid waste instead of 5% for each. He said it wouldn't be the same, but it would be reduced some.

Chair Charlo suggested 15% for the electric rate increase.

Destiny Jensen again suggested educating citizens how to reduce their electric bill, she shared she changed out a fan which saved approximately \$45.00 a month.

A brief discussion ensued regarding the BPA conservation rebates.

Julie Culjak said things not being done only increase the cost over time.

Mike Odman stated the recycling mandate is also unknown and what will that cost the citizens.

A brief discussion ensued regarding the recycling mandate, the equipment needed and timeline of the equipment.

Chair Charlo asked why was the methodology of how electric department franchise fees were being done change.

Manager Morris stated that was a reasonable question, he was not aware how it was calculated historically. The Charter says gross revenues. He did agree there were a couple of revenues that shouldn't have been included in the calculations like the conservation pass-through funds and weatherization line item, but the rest of them should be.

Manager Morris again suggested to the committee an 18% electric rate increase, 4% water increase, 4% sewer increase and a 4% solid waste rate increase and he promised when the rate analysis is done that, he would look at the 7100 minimum on the water base rate without a corresponding rate increase. He would also look and see how many customers that would have an effect on.

Kenny Jenkins stated there was no other place to cut other than employees since that was where the main cost is.

Chad Morris stated he didn't have enough employees as it was.

Kenny Jenkins stated he didn't see any way around the rate increase.

A brief discussion ensued regarding the impact to customers and the resources available.

Paul Seaquist recommended sitting down and reviewing government efficiency.

Manager Morris stated he was not opposed to sitting down and talking about efficiency.

Chair Charlo announced the committee take a 10-minute break.

The committee adjourned to a break at 9:33 p.m. and returned at 9:44 p.m.

Steve Irving moved to approve and recommend the Fiscal Year 2026 City Budget as presented with the amendment of the golf course daily rates, being raised 3% rounded to the nearest quarter and also to recommend the electric rate increase be dropped to an 18% rate increase instead of 20% and that taxes be levied at the rate of \$3.7499 per \$1,000 of assessed value and \$100,000 for local option tax levy for public transportation, \$100,000 for local option tax levy for parks and recreation facilities and \$320,000 for General Obligation Bond for Police Station. Destiny Jensen seconded the motion.

Those in favor were: Steve Irving, Destiny Jensen, Julie Culjak, Paul Seaquist, Mike Odman, Jose Garcia, Kenny Jenkins and Emily Jensen.

Those opposed were: Mike Charlo, Wes Koklich, John Lyon and Vickie Becker.

The motion passed.

There being no further business the Committee was adjourned at 9:48 p.m.

Budget Meeting Minutes Approved on April 27, 2026.