

City of Milton-Freewater
Budget Committee Meeting Minutes
May 18, 2020
For Fiscal Year 2021 Budget
(July 1, 2020 – June 30, 2021)

MAY 18, 2020

The City of Milton-Freewater Budget Committee met Monday, May 18, 2020 at 7:00 p.m. via virtual platform “Zoom” due to the COVID-19 pandemic and practicing social distancing to stay in compliance with the Executive Orders issued by Governor Kate Brown for the purpose of reviewing the State Revenue Sharing funds and fiscal year 2021 City Budget.

Roll was called with the following committee members present: Lewis Key, Steve Irving, Ed Chesnut, Donovan Phillips, Lindsay Winsor and Wes Koklich.

Committee members absent were: Brad Humbert, John Lyon, Jose Garcia and Verl Pressnall.

Staff members present were: City Manager Linda Hall, City Recorder Leanne Steadman, Finance Director Dave Richmond, Public Works Superintendent Brian Steadman and Electric Superintendent Mike Watkins.

There were no citizens, guests or press representatives present.

ELECTION OF 2020 COMMITTEE CHAIR AND SECRETARY

The first order of business was the election of a Chair for the current year. 2019 Chair Lindsay Winsor opened the floor to nominations.

Lindsay Winsor was nominated before nominations were closed.

Donovan Phillips motioned to appointed Lindsay Winsor as the 2020 Chair. Steve Irving seconded the motion which passed unanimously.

Chair Winsor opened the floor for nominations for secretary. Ed Chesnut was nominated before nominations were closed.

Steve Irving motioned to appoint Ed Chesnut as the 2020 Secretary. Lindsay Winsor seconded the motion which passed unanimously.

APPROVAL OF 2019 BUDGET MEETING MINUTES

City Recorder Leanne Steadman stated there were two corrections to last year’s minutes proposed. The first was a typo from “where” to “were” on page 2, second paragraph. The second correction was also on page 2, last paragraph. The sentence “With the ever increasing request of improvements to parks,...” to “The ever-increasing requests for improvements to parks, more police officers, school resource officer, improvements to the community building, more community support, etc. must all be addressed within the same tax rate of \$3.7499...”.

Secretary Chesnut motioned to approve the 2019 meeting minutes with the amendments as described above. Steve Irving seconded the motion which passed unanimously.

PRESENTATION OF BUDGET MESSAGE AND HIGHLIGHTS OF FISCAL YEAR 2021 PRELIMINARY CITY BUDGET

City Manager Linda Hall, Budget Officer, delivered her budget message. In summary she addressed the impact the COVID-19 pandemic could potentially have on the City budget. She stated that the current budget is 180 degrees different than the one that was put together three months ago due to the pandemic. There have been an unprecedented amount of unemployment claims not only in Oregon but across the country. There have been twenty-eight businesses locally impacted, there could be more, but that is how many had applied for the Small Business Utility Grant program. She stated she was most worried about the drop in the gas tax revenue. Oregon Department of Transportation (ODOT) is projecting a 60% to 70% drop in revenue and it could even be higher. This will affect the street maintenance budget and will more than likely impact next year's budget and the budgets beyond. She explained another concern was House Bill (HB) 2017 in which the City was named to receive three million dollars (\$3,000,000) for street and pedestrian improvements. The house bill is funded by bond sales, which is backed by gas tax revenues. Another major concern is utility payment delinquency and property tax delinquency. There has been some utility payment delinquency but not as bad as staff had originally thought. The City has recently partnered with the Milton-Freewater Ministerial Association to administer the utility bill assistance program. The fund has a balance of over twenty-five thousand dollars (\$25,000) and they are making more and more pledges to residents for assistance. As mentioned earlier, there were twenty eight (28) businesses who applied for the Small Business Utility Grant program. There were twenty five (25) eligible businesses who received funding for two months' worth of utility bills up to \$1,000. The grant program was funded from the community support budget where the city usually sponsored baseball teams, junior show, etc. but instead decided to support local businesses. She stated there had been two planned utility rate increases, electric (15%) and solid waste (10%) in the budget but she was not asking to implement them at this time. They will still be required in the future and she said she would be bringing this back to the council at a later time. She reported the housing development on the south hill was still moving forward. They have filed a phasing map with the first phase having twenty three (23) buildable lots, she has been told that there are six lots that have sold or are being sold. The golf course has been able to stay open during this pandemic with strict social distancing guidelines and extra sanitation procedures. The fund has brought in more revenue in the last two months than it has in the last decade. There is a principal payment scheduled for the irrigation system and not just interest, this is something that hasn't been done since 2015. The city hall elevator loan closed with a 1.77% interest rate. Manager Hall explained there was one item not included in the budget document that was provided previously but will be in the final budget. Laurel Sweeney who is the City Planner and also administers the public transportation program has been exploring potential grants from the Federal CARES Act that would support the transit operations and staff was happy to learn that the City has a strong possibility of receiving \$647,000 to help with those programs. She stated there is still a lot of good news even with all that is going on. The department heads have a long standing history of underspending their budgets and bringing forward healthy beginning fund balances. The city has a little over ten million dollars (\$10,000,000) in cash reserves although the interest earnings will be down from past years. She said that Finance Director Dave Richmond does an excellent job on managing the fund and getting the most interest possible on the account. The city is in a strong financial position with debt to revenue ratio in that there are only two outstanding loans, the city hall elevator loan and sewer digester loan with extra principal payments being made on that loan. Again, she said the city was in a strong financial position and that is what is going to help get through these crises. She concluded

with thanking the committee for their dedication and attendance on the virtual meeting. She thanked Finance Director Dave Richmond and Accounting Supervisor Luke Billings for all their work on the budget and City Recorder Leanne Steadman for setting up the virtual meeting.

Steve Irving stated he heard that the play on the golf course is still up even with other courses around the city starting to open up. He stated he believe people have found out the city's course is pretty nice.

Wes Koklich asked for an update on the flooding event on February 7, 2020.

Manager Hall gave an update regarding the emergency funds received from State of Oregon Governor's office. She stated that Governor Kate Brown paid a visit to Milton-Freewater to see the damage. Although, within city limits the city had very little damage it was mostly up Millcreek, the Oregon side, and up the Walla Walla River, North Fork and South Fork. The city received \$350,000 which helped the Milton-Freewater Water Control District pay the contractors that provided service the day of the flooding and \$500,000 was directed towards helping the citizens to recoup some of their loss from the damage to their private properties. The Milton-Freewater levee was certified at the time, as part of the certification program the Corps of Engineers came in and repaired the levee that was damaged.

A brief discussion ensued.

Secretary Chesnut asked if there was going to be a cost for the YMCA Lifeguard services agreement even if the city didn't open the pool this year.

Manager Hall stated if the city doesn't use their service then there is nothing owed. If the pool were to be open the entire season, starting Memorial Day weekend through Labor Day weekend, the cost of the agreement was a maximum of \$84,000. Staff is hoping for at least a half season and the date of opening is July 4th unless there are restrictions prohibiting the opening.

Wes Koklich asked if all repairs to the pool have been completed.

Public Works Superintendent Brian Steadman stated staff are still moving forward with repairs and they have been on standby the past two weeks waiting for the right temperature to apply the final coating on the inside of the pool.

Chair Winsor asked for the record to show the appreciation of the city, for the conservative management of the funds both by the administration and the city council over the many years to put the city in the amazing good financial position to weather this unprecedented time.

Manager Hall stated that was owed to the council who she believed were unsung heroes.

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 Winsor deferred the reading of the public hearing procedures to Manager Hall who 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 \$82,900. The City Recorder reported the hearing had been published according to law and there were no written comments on file. Chair Winsor then opened the floor to citizen comments.

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

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

PUBLIC HEARING: CITIZEN COMMENTS ON PROPOSED FISCAL YEAR 2021 BUDGET

Chair Winsor again deferred the reading of the public hearing procedures to Manager Hall who then 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 2021. The City Recorder reported the hearing had been published according to law and there were no written comments on file. Chair Winsor opened the floor to citizen comments.

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

Chair Winsor opened the floor for committee comments.

Wes Koklich asked what the utility rate increases would have been.

Manager Hall said the electric rate increase was 15% and solid waste was 10%. She stated it was their best guess on the impact on the revenue streams and property taxes and that the increases may be brought back to council in late fall or early winter. Staff was told by Bonneville Power Administration (BPA) that there was not going to be a rate increase but there was and it went into effect last October. The utility rate increase was planned to be presented for approval in April until COVID-19 showed up. Electric Superintendent Mike Watkins is currently working on banding together with other utilities to have BPA not charge the CRAC rate which would be a savings of \$50,000.

Wes Koklich asked what dictated a rate increase.

Manager Hall stated the rate increase stems from the increased cost of doing business, cost of BPA demand, charges and power purchases increasing, anticipation of losing interest revenues and already lost credits on the BPA power bill. She said even with a rate increase the city would still have some of the lowest rates in the Pacific NW.

Mr. Watkins stated that BPA will say there is no rate increase but one of their other programs may change, like the TRUE-UP program and the end result is a rate increase to the city.

Manager Hall stated that all capital purchases have been eliminated from the budget with one exception. Recently two police cars have gone down, one was able to be repaired but the other may need to be replaced.

Wes Koklich asked about the Library.

Manager Hall said she did not furlough any staff or lay off anyone during this crises. There has been extra spending on personal protective equipment for the departments. The library

will once again start offering curbside service beginning Wednesday. She stated she was keeping a close watch on Umatilla County's reopening plan by phases on the progression she will take for the city offices.

A discussion ensued regarding the number of COVID-19 cases in our area.

Chair Winsor thanked Manager Hall for responding to all the committee questions.

There being no further questions or comments Secretary Chesnut motioned to approve and recommend the fiscal year 2021 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. Steve Irving seconded the motion which passed unanimously.

Secretary Chesnut thanked Lindsay Winsor for chairing the committee.

There being no further business the Committee was adjourned at 7:57 p.m.

Budget Meeting Minutes Approved on_____