

Co-Chair Girod, Co-Chair Nosse and members of the committee:

My name is Chad Morris and I'm the City Manager for Milton-Freewater. Milton-Freewater is a rural town located in Umatilla County near the Washington border. We have a small but thriving community with just over 7,200 residents and an agriculture driven economy with orchards, wheat fields and vineyards. Because of the soil in Milton-Freewater contributing to agricultural, including a robust wine ADA, and our proximity to Walla Walla, WA, we have great potential to be a tourism driver for Oregon. However just like many rural areas in the state, we face great challenges.

We're a growing area, but with that growth came added strain on our infrastructure that was already outdated and in need of support. It should be no surprise that our greatest needs are with water infrastructure and energy – which is likely no different than anywhere else in the state.

In Milton-Freewater, we are seeing our groundwater levels declining at a rate of 2 to 4ft a year which is alarming for our community and economy. We're looking to create a solution that would ensure equitable access to drinking water in the community – this would be the implementation of an Aquifer Storage and Recovery system at an existing city well. By doing this, we would be able to provide an economically sustainable drinking water supply for our residents, recharge the aquifer with drinking water to be recovered in the future and help ensure a robust, long term, supply of water for our economy and agriculture. We're asking the state to support phase 2 of the project at \$1.5 million, for the design of, and property acquisition for, a surface water treatment facility. We hope to implement this solution to slow, or reverse, our area's slide toward being declared a Critical water use area.

For energy, Milton-Freewater has, arguably, the oldest municipal electric utility in the state. Our utility has been in operation since 1889. While we're proud we've been able to do this and not sell to a private company, we are in dire need of updating our electrical infrastructure. For instance, we have a substation with components that date back to the 1960's and if it should fail, the entire community could be without power for an extended period of time. The existing infrastructure is also unable to accept back up power from surrounding providers due to voltage differences, putting us further at risk of an extensive black out. We're requesting \$1.47 million in support for the replacement of the substation transformer that is over 60 years old, along with associated components.

Since taking the role as City Manager of Milton-Freewater, I've been clear with our residents and council that we will need to go to them to help support these upgrades through rate increases. However, our Median Household Income is significantly lower than most of the rest of the state's, sitting at just over \$46,000/year, so rate increases negatively impact a

large portion of our residents. We can increase our rates, and will, but we will need more support for these projects and others.

This is why I'm writing to you today to ensure your strong support of the utility upgrades for our small community – we'll do what we can with our residents and our budget but we need support from the state as we're at a critical point. Without your support, we could face significant hurdles that could harm our community, residents, and our economy.

I'm attaching two informational one-pagers for your review as well as our capital requests forms. Please don't hesitate to reach out if you have any questions at all or need further information.

Thank you for your time,

Chad Morris
City Manager
City of Milton-Freewater

2025-27 CAPITAL FUNDING REQUEST

PROJECT INFORMATION FORM

Legislative Fiscal Office
900 Court St. NE, H-178
Salem, OR 97301



CONTACT INFORMATION FOR RECIPIENT ORGANIZATION

Organization Legal Name _____

Organization Type _____ Federal Tax ID Number _____

Address _____

City _____ State _____ Zip Code _____

Contact Person _____

Contact Phone _____ Contact Email _____

PROJECT INFORMATION

Project Name _____

Project Description

Project Location _____

Project Schedule (Please describe the project's readiness, including planned start and end dates and any remaining permits, approvals, or other steps that must be completed prior to beginning.)

PROJECT BUDGET

Estimated Project Cost

Construction/Renovation	_____
Site Improvements	_____
Land Acquisition	_____
Architectural and Engineering Fees	_____
Equipment	_____
Contingencies	_____
Other Costs (specify) _____	_____
Other Costs (specify) _____	_____
Estimated Total Project Costs	_____

Amount Requested _____ **Percent of Total Project Cost** _____

Type of Funding Requested _____

Matching Funds

State Funds (source) _____	_____
Federal Funds (source) _____	_____
Private/Other Grants	_____
Donations/Gifts	_____
Other Revenues/Financing (source) _____	_____
Other Revenues/Financing (source) _____	_____
Total Matching Funds	_____

OTHER INFORMATION

Grants financed through the issuance of bonds are not available until bonds are sold. Multiple factors impact the timing of sales; however, many sales often occur during the last six months of the biennium (Oregon's biennial budget begins on July 1 of odd-numbered years and runs through June 30 of the next odd-numbered year). Significant decreases in revenues or changes in financial conditions subsequent to authorization may also delay or prevent the issuance of bonds, which means that the approved projects or grants would also be delayed or not funded.

Public works projects, including any project that uses \$750,000 or more of public funds for constructing, reconstructing, painting or performing a major renovation on a road, highway, building, structure or improvement of any type, may be subject prevailing wage requirements. Grant recipients must comply with prevailing wage rate laws and should consult the Oregon Bureau of Labor and Industries to determine whether a project is subject to prevailing wage.

Please return the completed form and any supporting documentation to:

Walt Campbell, Principal Legislative (Bonding) Analyst

LFO.CapitalProjectRequests@oregonlegislature.gov

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Building a Life-Sustaining Water Treatment Plant and ASR in Rural Oregon

PROJECT SUMMARY

The City of Milton-Freewater and the 7,300+ residents, rely entirely on groundwater for their drinking water supply.

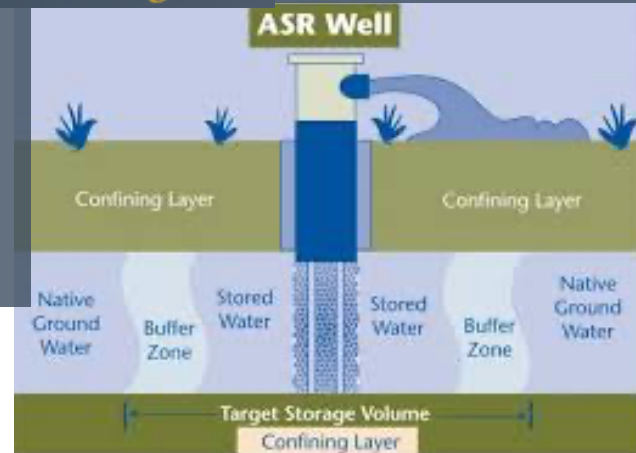
As groundwater levels decline at an alarming rate, the City is focused on implementing a long term solution to ensure equitable access to drinking water in the community.

The City has collaborated with local partners to find water solutions for the community. It has been determined the implementation of Aquifer Storage and Recovery (ASR) at existing city well is feasible and designs for a testing phase have been completed.

The water treatment plant will:

- Provide economically sustainable drinking water supply for residents
- Recharging the aquifer with drinking water to be recovered in the future
- Supply water to irrigators for agricultural ASR.

The City is requesting **\$1.5M in funding** towards Phase 1 of the project, with a total project cost estimated at \$11M.

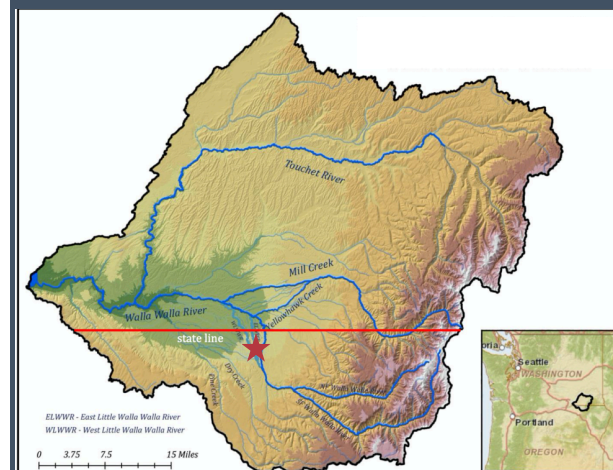


Groundwater levels are declining at a rate of **up to 4 feet per year**.

In 2017, the Walla Walla Sub-basin was designated as a **Serious Water Management Problem Area (SWMPA)**

The median household income in Milton-Freewater is **\$46,372**

Walla Walla River Basin



★ Milton-Freewater

City Manager: Mr. Chad Morris
chad.morris@milton-freewater-or.gov
(541) 938-8242

City of

MILTON-FREEWATER

Oregon



Critical Infrastructure Project in Rural Oregon

Dating back to the 1960's the City's electrical substation is at risk of failure which would leave an entire community without access to power

PROJECT SUMMARY



The City of Milton-Freewater is seeking to replace its aging electrical infrastructure to ensure residents have access to a clean, reliable energy source, now and in the future.

The existing infrastructure, is unable to accept back up power from surrounding electrical providers.

Should the station fail, the entire community would be without power for an extended period of time, putting the lives and livelihoods of residents in jeopardy.

This **\$1.47M** project will ensure a stable energy supply, provided by the Bonneville Power Grid, for more than 7,000 residents or rural Oregon.

\$1.47M Capital Infrastructure will increase energy reliability

48.2% of residents are Hispanic/Latino

Current substation **incompatible** with surrounding utility providers

City Manager: Mr. Chad Morris

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