



# Resolution 2026-13

## A Resolution to Develop a Strategy and Timeline for Council Consideration of a Local Options Levy

Meeting Date	Staff Contact	Email
May 12, 2026	Adam Hanks, City Administrator	<a href="mailto:adam.hanks@coburgoregon.gov">adam.hanks@coburgoregon.gov</a>

### SUMMARY AND REQUESTED COUNCIL ACTION

Staff is presenting a draft resolution in response to direction provided by Council at its April 14, 2026 meeting. Staff understood the approved motion to be direction to firmly establish a commitment to further explore and discuss the development of a strategy and timeline for a local options levy to be placed on a future ballot. Furthermore, staff understood the direction to ensure that this project be established as a high priority in the upcoming work plan of staff and Council.

#### Suggested Motion

*I move to approve Resolution 2026-13, A Resolution to develop a strategy and timeline for Council consideration of a Local Options Levy.*

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### BACKGROUND

Consistent with discussions at the recently completed FY25 Budget Adoption process and the adopted Council Framework Objective of “Long-term (10 year) Revenue Needs Forecast), Council confirmed Mayor Bell’s intention to create a City Council Revenue Options Sub-Committee at the July 9, 2024 Council meeting. The approved scope of the sub-committee was to review all current and potential revenues associated with the City’s Utility Funds, the general fund and other miscellaneous revenues available for consideration. Councilors Engebretson and Smith were appointed to serve on the sub-committee, along with Mayor Bell.

The sub-committee reviewed revenues in three phases:

- 1) Utility Rates for Water, Sewer and Transportation/Streets (TUF) – *October through December*
- 2) General Fund related revenue options to support funding of Parks, Police, Planning, general government – *January through March*
- 3) Longer range revenue options – Local lodging tax, local diesel tax, local option levy, etc – *July through September*



October – December 2024 - The sub-committee held two meetings in October of 2024 to review the overall committee scope and process and developed recommendations to Council for the phase I utility revenue options.

January – March 2025 - Phase II revenue options review and recommendation were developed in January and February of 2025 and were completed at the sub-committee’s March 6, 2025 meeting with Council ultimately deciding to implement the Park and Open Space fee of \$5 as recommended but defer the recommended \$2 Tree Fee increase to instead continue revenue efforts focused on the immediate concerns of the General Fund. (Tree Fee is a Street Fund revenue).

October – December 2025 - The sub-committee embarked on the Phase III work of long-range revenue options with two meetings in October of 2025, and a final meeting on November 20, 2025 with an objective of developing a final recommendation to present to Council at its December 9, 2025 Council meeting.

December 9, 2025 - The final phase III recommendations of the sub-committee was presented and accepted by Council. The set of seven recommendations are as follows:

**1) Public Safety Support Fee**

*A monthly fee charged and collected via the City’s monthly utility billing process. The fee would be charged to all residents and businesses on a “per unit” basis. Other methodologies for application of this fee were discussed but require a legal nexus between the fee and the services supported by the fee with equity between potential customer classifications (residential, commercial, industrial, etc). The per unit fee is same methodology utilized for both the Park & Open Space Fee and the Tree Fee.*

*This fee is included in the low-income assistance program so eligible households would receive a 25%, 35% or 45% discount on this fee based on qualifying income levels.*

*The fee would be dedicated to the following public safety programs, all of which reside within the General Fund:*

- Police Department
- Municipal Court
- Code Enforcement

**Option #1** - A \$20 per month fee that would generate approximately \$200,000 per year.

**OR**

**Option #2** – A \$15 per month fee that would generate approximately \$150,000 per year.

**Note:** A Public Safety Operating Levy, an annual property tax assessment on all non-exempt properties in Coburg, was also considered but ultimately not selected.



*This revenue option would need to be placed on the ballot for voter approval and revenue would not be received until the following tax year resulting in an expected one-to-two-year delay in revenue generation if approved by voters.*

**2) Audit of Existing Revenue Streams** – While likely to generate far less revenue, conducting operational audits of the City’s existing general fund revenues would assure Council and the community that the already enacted revenue streams are being administered as adopted and intended. Revenue audits would include franchise agreements, business licenses, Park and Open Space Fee and other smaller fees, taxes and assessments that contribute to the overall general fund revenues.

**3) Property Tax Revenue Analysis from termination of the Coburg Urban Renewal Agency in 2029** When the URA reaches its \$9 million total contribution to the wastewater debt service, the properties and related property tax revenues within the URA assessment boundary will return to the overall City assessment valuation resulting in an increase in property tax revenue to the General Fund.

*This recommendation endorses the action identified in the FY26 Budget process to obtain Urban Renewal consultant services to develop post-URA property tax revenue estimates in addition to providing recommendations and direction on the termination of the URA. Funds within the URA budget have already been appropriated to carry out this recommendation.*

**4) Building Permit Fee Increase** – Staff has already begun the background analysis to update Building Permit Fees (Structural, Electrical, Plumbing, Mechanical) that have not been reviewed or updated in over four years. The objective is to review and update building permit fees to ensure that permit fees cover the cost of providing the Building Review and Inspection program.

**5) Land Use/Zoning Permit Fee Increase** – Staff has presented an overview of this update process to Council and is reviewing the ordinances and resolutions that enacted the fees to ensure updates align with the methodology of the existing fee structure. The objective is to review and update land use development fees to ensure that fees cover the cost of providing the direct services to what is typically described as “current planning” (partitions, subdivisions, commercial development, etc).

**6) Information Outreach** – The sub-committee understands the impact of the creation and collection of new fees on both residents and businesses in Coburg, but also understands the responsibility of Council in ensuring financial stability of the municipal government and the services provided that the community relies on.

*Staff has developed a timeline between December of 2025 and March of 2026 for Council review and direction on the sub-committee’s recommendations as well as for providing information to the community of the final recommendations Council chooses to pursue and move forward. This Information Outreach recommendation is to ensure that the community is informed of Council’s intentions and has an opportunity to comment.*

**7) Disband the Revenue Options Sub-Committee** – With the completion of phase III recommendations, the sub-committee recommends that Mayor Bell disband the subcommittee with an understanding that a



*similar committee/task force could be re-established by Mayor Bell at a future date with a new set of Council appointments and an updated charge/scope and timeline.*

January – April 2026 – A Council memo “Public Safety Support Fee Structure and Public Communication was presented and discussed at the January 13, 2026 Council meeting (attached). Merits/need/concerns relating to the fee were discussed at the January 31, 2026 Council Retreat. Both the February and March Council meetings contained draft community informational FAQ sheets for the proposed fee, which was distributed via City website, social media, physical posting and utility billing upon final input/approval from Council at the March 10, 2026 meeting. After a staff presentation, the ordinance creating the fee was approved at the March (first reading) and April (second reading/adoption) and the fee amount of \$20 was approved via resolution at the April 14, 2026 meeting.

### **RECOMMENDATION**

Staff is supportive of the draft resolution as a means of establishing priorities in upcoming work plans and schedules for both staff and Council. While robust discussion on the merits and pro/con of a fee versus a levy occurred at the Revenue Options Sub-Committee level, it is apparent that additional information, discussion and deliberation is warranted at the full Council level and staff is eager to provide Council with the information it needs to fully compare and contrast the two primary mechanisms available to address the identified financial shortfalls in the General Fund.

### **BUDGET / FINANCIAL IMPACT**

Throughout the process outlined above, staff and Council have used the following as the rationale for the need to address the revenue outlook in the General fund, the most significant being the “structural deficit” created by annual revenue growth of 3-5% and annual expenditure increases of 12-15%, which amounts to an over \$200,000 a year shortfall between revenue and expenses.

Consideration for the need for new revenue sources includes:

- Four-year trend of declining ending fund balance
- Future estimates of personnel cost escalation to provide the same levels of service with the general fund operating departments/programs (Municipal Court, Planning, Police, Parks, General Government)
- Debt Service credit rating reduction from A+ to A- (two level drop) due to low overall fund balance compared to operating revenues (7%)

The April approval and July implementation of the Public Safety Support Fee provided the reliable revenue stream that resulted in a financially and operationally stable proposed FY27 Budget that was recently approved as presented by the Citizen’s Budget Committee in its final meeting on May 5, 2026. As noted in Council discussion in its meeting of April 14, 2026, the adoption of the Public



Safety Support Fee provides Council and the community with a financial “bridge” enabling this proposed focused local option levy strategy development to occur in a manner that ensures Council has the information and discussion necessary to evaluate and execute what it determines is the best course of action to address this important and impactful issue.

## **RELEVANT COUNCIL GOAL, CITY POLICY OR COMPREHENSIVE PLAN**

FY27 Council Framework - V. Our Financial Resources - #4 – Long Term (10 yr) Revenue Needs Forecast (full text of objective narrative from adopted Framework document below)

### *4) Long-term (10 yr) Revenue Needs Forecast*

*As noted in the prior year budget cycle, revenues across all funds will continue to strain to maintain current levels of service and may be limited in the amount of additional debt service each fund can take on to facilitate needed infrastructure projects. This is most acute in the general fund, as revenue streams do not keep pace with the rise in expenditures needed to maintain status quo operations for Police, Parks, Planning, Municipal Court and general government (Admin).*

*A long-term revenue needs forecast examines the diminishing ratio of revenue to expense in each fund and estimates when the fund goes “in the red” if no changes are made to either the revenue or expense trajectory of each fund. In parallel to this forecast, new revenue sources for each fund are identified and inserted into the long-term budget with multiple scenarios to provide Council with a sense of the scale of options available for the generation of new revenue and its impact on service levels and capital projects.*

#### FY2027 Actions

- *Continue work on general fund revenues analysis consistent with Council approved Revenue Options Sub-Committee Final Report*
- *Develop process and schedule outline for Council consideration of the enactment of a local diesel tax.*

*FY2027 Priority = 1*

## **PUBLIC INVOLVEMENT**

In addition to the significant discussion of the General Fund in the annual budget process with the Budget Committee and City Council, Mayor Bell has held three community conversations “Sip and Chats with Mayor Bell” with the general fund being a topic in each meeting. All Revenue Options sub-committee meetings are open public meetings that have been publicly noticed and several City Administration reports have referenced General Fund related financial updates, in addition to the monthly financial reports provided in each Council meeting packet.



An information “FAQ” document was developed with Council input in the January and February Council meetings and published on the City website with additional background/reference materials as well as sent out with utility bills and posted on the City’s social media channel (Facebook). An open house hosted by Mayor Bell and City Administrator on March 10, 2026 in the Council Chambers prior to the initial public hearing and additional open house focused on Public Safety Services with both Chief Larson and Municipal Court Administrator Mandy Balcom was held April 9, 2026.

### **NEXT STEPS**

- ~~March 10, 2026 – Ordinance to create the Public Safety Support Fee – First Reading~~
- ~~March/April – Open House/Informational sessions to be scheduled for community dialogue~~
- ~~April 14, 2026 – Ordinance creating the Public Safety Support Fee – Second Reading~~
- ~~April 14, 2026 – Resolution establishing the amount of the Public Safety Support Fee~~
- July 1, 2026 – Implementation of Fee on July utility billing statements.

### **ATTACHMENTS**

1. Draft Resolution 2026-13
2. Council Memo – January 13, 2025 – Public Safety Support Fee Structure and Public Communication