CITY COUNCIL
STAFF REPORT

Ordinance A-258 Establishing a Public Safety Support Fee

First Reading

Meeting Date	Staff Contact	Email
March 10, 2026	Adam Hanks, City Administrator	adam.hanks@coburgoregon.gov

SUMMARY AND REQUESTED COUNCIL ACTION

Staff is presenting a draft ordinance to legally establish a new fee currently labeled as "Public Safety Support Fee". The ordinance has been developed with a general format and structure similar to both the Tree Fee and Parks and Open Space Maintenance Support Fee and is consistent with the Council direction provided to staff in support of the Revenue Options Sub-Committee Final Recommendations presented to Council at its December 9, 2025 Meeting.

Suggested Motion

Presented as part of public hearing for first reading only. Motion/Approval only required for Council requested alterations to specific wording of the ordinance presented.

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*

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.

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 Free increase to instead continue revenue efforts focused on the immediate concerns of the General Fund. (Tree Fee is a Street Fund revenue).

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.

The final phase III recommendations of the sub-committee was presented and accepted by Council at the December 9, 2025 meeting. The full recommendations report is attached with the set of seven recommendations provided below:

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.

RECOMMENDATION

Staff is supportive of the set of recommendations described in the final memo as a means to improve the financial position of the General Fund and enabling the continuation of critical public safety services including the Police Department, Municipal Court and Code Enforcement.

The current and prior City Administrator have both indicated in the Budget Messages of the past three annual budgets of the growing concern of the inability of the City's revenues to meet the rise of expenses within the General Fund.

While revenue was the focus of the sub-committee, staff continues to explore opportunities to stem the escalating costs associated with providing these services and feel strongly that cost containment (as opposed to cost savings) is possible and will occur but not at the scale necessary to avoid the need for additional revenue sources.

BUDGET / FINANCIAL IMPACT

The memo outlines a number of significant expenses in the upcoming five years that are currently not funded by the existing revenue streams, 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. Considerations for the need for new revenue sources include:

- 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%)

RELEVENT COUNCIL GOAL, CITY POLICY OR COMPRENSIVE 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 will be held at 5:00 PM on March 10 in the Council Chambers prior to the initial public hearing and additional open house meetings will be scheduled in March and April.

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 Ordinance A-258 – An Ordinance Establishing a Public Safety Support Fee
2. Revenue Options Sub-Committee – Final Recommendation Memo
3. Council Memo – January 13, 2025 – Public Safety Support Fee Structure and Public Communication
4. Public Safety Support Fee – Informational FAQ