



MINUTES

City Council Revenue Subcommittee Meeting

October 17, 2024 at 6:00 P.M.

Coburg City Hall

91136 N Willamette Street

MEMBERS PRESENT: Mayor Bell; Chair, Claire Smith, Cathy Engebretson

MEMBERS ABSENT: N/A

GUESTS/STAFF PRESENT: Adam Hanks, City Administrator

RECORDED BY: Madison Balcom, Administrative Assistant

CALL TO ORDER

Mayor Bell called the meeting of the City Council Revenue Subcommittee to order at 6:04 pm.

ROLL CALL

Mayor Bell called roll. All three appointed members present

AGENDA REVIEW

Mayor Bell thanked the members for taking the time for this meeting and noted a recent League of Oregon Cities article by the current LOC Board President Dave Drotzmann, Mayor of Hermiston titled "Running on Empty – Facing a Revenue Crisis" and stated that it is clear that most, if not all, cities in Oregon are facing similar revenue issues and this Revenue sub-committee is intended to tackle this issue and provide recommendations to the full Council for their consideration and future decision making for the tough financial choices ahead.

COMMITTEE BUSINESS

City Administrator, Adam Hanks went over the objective of the committee, provided a brief overview of the packet materials (Utility rate sheet, rate resolutions, FY25 Q1 Financials, May 2022 Utility Rate Methodology Presentation to Council) and noted that his presentation ended up not fitting the exact order of the agenda and asked if the group was accepting of starting with criteria or indicators of the City's financials that help clarify and identify reason why

additional revenue is needed, which is somewhat different for each of the cities four funds (general, street, water, sewer).

Hanks then discussed the five primary indicators staff use to evaluate and determine revenue needs for each fund.

- Ending Fund Balance (EFB)
- Capital Needs (CIP)
- Personnel Services (PS) – Cost escalations
- Materials and Services (M/S) Cost escalations
- Debt Service (existing and future)

Hanks then detailed which of the indicators were driving the need for revenue in each of the City's four funds

1. General Fund – EFB, PS, CIP (Parks and City Hall)
2. Street Fund – EFB, CIP, M/S (Street preservation)
3. Water Fund – Debt Service, CIP
4. Sewer Fund – EFB, CIP, PS

Hanks noted that the EFB indicator is shared between three of the four funds and noted that all three funds are projected to go negative in terms of fund balance within 1-3 years if revenue adjustments are not implemented.

COMMITTEE DISCUSSION

Sub-committee members commented on the value of the explanation of indicators and how they affect each of the four funds and agreed with the overall importance of the need for Council to understand the significance of the situation and that some level of action on creating new revenue is necessary.

Hanks then described the planned timeline and approach to the sub-committee's review of revenue options and the timing/schedule for delivering sub-committee recommendations to Council for their review and decision. Hanks provided a three phase approach, as follows

1. Utility Rate Increases – January of 2025
Hanks and the sub-committee reviewed the current utility rate structure with Hanks providing explanation of staff proposed increases to water, sewer and transportation utility fee (TUF) rates that are important to address first.
2. New Fees/Fee Increases – July of 2025
Hanks and the sub-committee reviewed current fees and other proposed fees that the sub-committee and Council could consider. Options include:
 - Tree Fee (existing)

- Parks and Open Space Fee
- Public Safety Support Fee
- Storm Drain System Fee

3. New Taxes and other Fee Options – July of 2026

Hanks noted that the final phase of the revenue options include taxes and fees that require significant staff time, community engagement and potentially a vote of the residents to approve, including:

- Diesel Tax (public vote)
- Lodging Tax (Council ordinance, public hearings)
- Planning/Development Fees (Resolution, staff analysis for cost recovery)

After sub-committee discussion on the relative merits, challenges and legal uses of revenues in all three phases, the sub-committee agreed with the phasing and also agreed that the next meeting would focus on utility rates with an intention of developing a recommendation for Council at the next revenue sub-committee meeting to be presented to Council in either the November or December 2024 Council meeting.

The sub-committee then discussed the value of housing density, urban growth boundaries and infill as a related means of efficient use of infrastructure that results in financially prudent future capital expenditures and cost containment for future operations and maintenance costs along with a higher customer base to share in the costs for maintenance, operations and improvements to the City's utility infrastructure.

NEXT MEETING

The next meeting is scheduled for October 24, 2024 at 6:00 PM

ADJOURNMENT

Ms. Bell adjourned the meeting at 8:10 pm.

APPROVED by the Revenue Subcommittee of the City of Coburg on this ____ day of _____, 2024.

Nancy Bell, Chair

ATTEST: _____
Sammy L. Egbert, City Recorder