925 S. Main Street
Lebanon, Oregon 97355

TEL: 541.258.4212
bneish@lebanonoregon.gov
www.lebanonoregon.gov

MEMORANDUM

Finance Department

To: Mayor Jackola and City Council

October 14, 2026

From: Brandon Neish, Finance Director

Subject: Utility Billing for Vacant Properties – Policy Discussion

I. INTRODUCTION

As part of an ongoing review of the Lebanon Municipal Code (LMC) provisions governing utility services and associated fees, staff is seeking City Council direction regarding the assessment of utility charges on properties that are temporarily vacant or unoccupied. Currently, property owners remain responsible for the full monthly base charges for water, wastewater, stormwater, and the City Services Fee, regardless of whether the property is occupied or actively consuming utility services.

Staff has identified three potential approaches for Council consideration, each with differing implications for property owners, utility operations, and the City's financial sustainability.

II. CURRENT REPORT

Under the City's existing utility billing practices, properties connected to City utility systems continue to incur monthly base charges during periods of vacancy, including transitions between tenants. These charges remain the responsibility of the property owner until a new tenant establishes service.

Lebanon Municipal Code Chapter 13.04 establishes the framework for water and wastewater utility charges. Specifically, LMC 13.04.140 places ultimate responsibility for water and wastewater charges on the property owner, while LMC 13.04.380 and 13.04.390 establish monthly water user fees, including a base charge assessed independently of actual consumption. Wastewater charges similarly include a base fee in addition to consumption-based charges under LMC 13.04.520.

Stormwater charges are assessed based on property characteristics rather than occupancy or utility consumption, recognizing that stormwater infrastructure serves properties regardless of whether they are occupied. Additionally, the City Services Fee, established under LMC Chapter 3.24, supports general municipal services and is assessed separately from traditional utility consumption charges.

Collectively, these charges contribute to the City's ability to maintain infrastructure, preserve system capacity, and provide services that remain available to properties regardless of occupancy.

As staff reviews the existing municipal code, an opportunity exists for Council to reconsider whether the current approach appropriately balances the financial responsibilities of property ownership with the circumstances of temporary vacancy.

Option 1 – Maintain Existing Base Charges

Under this option, the City would continue its current practice of assessing full monthly base charges for water, wastewater, stormwater, and the City Services Fee during periods of vacancy.

Maintaining these charges recognizes that utility infrastructure and municipal services remain available to a property regardless of whether it is occupied. The City must continue maintaining treatment facilities, distribution and collection systems, stormwater infrastructure, and other municipal services even when individual properties are not actively utilizing them.

Additionally, maintaining full charges may provide a financial incentive for property owners to minimize extended vacancies and return properties to productive use. This could encourage more timely tenant transitions, support the availability of housing, and potentially reduce issues associated with prolonged vacancies, including unauthorized occupancy and property deterioration.

This approach would preserve existing revenue streams, avoid additional administrative requirements, and maintain consistency with current billing practices.

Option 2 – Establish a Reduced or “Vacation” Rate

Under this option, the City would establish a reduced monthly base rate for properties meeting defined vacancy requirements. Council could determine an appropriate percentage reduction, which could apply to some or all of the four charges currently assessed.

A reduced rate could apply to rental properties between tenants or to properties temporarily unoccupied for extended periods, such as seasonal residents who leave the area for several months annually. Staff suggests considering a minimum vacancy period of 90 consecutive days for seasonal or extended absences, although Council could establish a shorter or longer period.

This approach would recognize that vacant properties generally place fewer immediate demands on certain municipal services while acknowledging that infrastructure, system capacity, and service availability must continue to be maintained.

Implementation would require establishing eligibility requirements, a process for requesting the reduced rate, and procedures for verifying vacancy and restoring standard charges when occupancy resumes. Council would also need to determine whether the reduction should apply equally across all four charges or vary based on the nature of each service.

Depending on the discount established and the number of qualifying properties, this option would result in some reduction in City revenues and additional administrative responsibilities.

Option 3 – Suspend Base Charges During Vacancy

Under this option, the City would discontinue monthly base charges for qualifying properties during periods of verified vacancy.

This approach would be consistent with practices in neighboring communities, including Albany and Sweet Home, which allow property owners to discontinue utility charges between tenants while retaining access to limited water service for cleaning and preparing properties for new occupants. A similar provision could be incorporated into Lebanon's municipal code to accommodate property maintenance and tenant transitions without requiring property owners to maintain full utility service.

This approach would provide the greatest financial relief to property owners by eliminating charges for services that are not being actively consumed or utilized during periods of nonoccupancy. It may be particularly beneficial for rental property owners experiencing extended vacancies or property owners who are temporarily absent.

However, eliminating these charges would also remove contributions from vacant properties toward the fixed costs of maintaining utility infrastructure and municipal services. These costs generally do not decline proportionately with occupancy, as the City must maintain the systems and capacity necessary to serve properties when occupancy resumes.

This option would have the greatest potential revenue impact and may require adjustments to future rates or other funding mechanisms to recover costs currently supported by vacant properties. It would also require procedures to establish eligibility, verify vacancy, determine allowable water usage during vacancy, and reinstate charges when properties become occupied.

Each option presents a different balance between property owner affordability, administrative complexity, and the City's responsibility to maintain reliable utility infrastructure and municipal services.

Staff believes an important consideration is the distinction between services that may experience reduced demand during vacancy and those that continue to serve properties regardless of occupancy. Under the reduced-rate and suspended-charges options, staff would propose limiting any discount to water and wastewater charges while maintaining full stormwater charges and the City Services Fee. This distinction recognizes that properties continue to benefit from the City's stormwater drainage infrastructure and the municipal services supported by the City Services Fee, regardless of whether the property is occupied.

Staff is seeking Council's direction on the preferred approach, including any desired eligibility requirements, minimum vacancy periods, and the extent of any reduction in water and wastewater base charges.

III. RECOMMENDATION

Staff is not making a formal recommendation at this time. Rather, staff requests City Council discussion and direction regarding the preferred approach to utility billing during periods of property vacancy.

Based on Council's direction, staff will prepare the necessary amendments to the Lebanon Municipal Code and return with an ordinance for Council consideration at the November 4, 2026, meeting.