



MEMORANDUM

Date: July 29, 2025

To: City of St. Helens Mayor and City Council

From: John Walsh, City Administrator

Reviewed By: Gloria Butsch, Finance Director
Kathy Payne, City Recorder
Ashley Wigod, City Attorney

Subject: Voter Approval Required for New or Increased Fee

Topic

At the July 16, 2025, City Council Work Session, the Mayor introduced a Work Session topic for discussion to adopt code or amend the charter to require voter approval prior to adding or increasing Municipal Services Fees, that are included on utility billing statements, if those fees are unrelated to supporting utility services. City Council voted unanimously for staff to provide additional information for City Council consideration.

Policy Considerations

Currently, there is no requirement for voter approval prior to the adoption of general municipal service fees. Such fees can be a significant source of revenue for essential city services, including public safety, infrastructure, and utility operations. However, unlike operational levies, these fees have historically been enacted without direct voter authorization, leading to concerns about transparency and community consent.

Existing Public Safety Fee

- The City of St. Helens currently imposes a Public Safety Fee of \$10.30 per Equivalent Dwelling Unit (EDU) on utility bills.
- Revenue from this fee is critical for and has been committed to the repayment of debt service on the current police station project, which carries approximately \$12.6 million in debt with annual debt service costs of around \$730,000.
- If the Public Safety Fee is repealed, and the City loses this source of revenue, significant cuts to essential services, including Parks and Recreation, Library Services, Public Works, and the Police Department, would be necessary.

Public Concern and Misinformation

- Community concerns and reports persist about potential new fees, including speculation about an additional \$40 utility fee, which has contributed to confusion and mistrust.
- City Council has expressed a need for clear communication and voter involvement regarding any future financial decisions that impact utility bills.

Financial and Legal Context

- Operational levies, which are voted on by the residents of St. Helens, may not be sufficient on their own to meet the City’s revenue needs:
 - Certain property types are exempt from taxation (e.g., some nonprofits).
 - Levies are subject to property tax compression, reducing their effectiveness.
- Municipal Services Fees collected via utility bills allow the City to apply 100% of collected revenue directly for the intended purpose, whereas levies may only result in two-thirds of each dollar being available due to compression and other limitations.
 - Municipal Services Fees are collected based on each Equivalent Dwelling Unit (EDU) in the city, promoting equitable distribution of the financial burden.

Requiring Voter Approval will:

- Provide voters the same decision-making authority over utility billing fees as they have for levies.
- Prevent the imposition of significant new fees—or changes to existing fees—without voter approval.
- Maintain the City’s financial flexibility while ensuring transparency and public oversight.

Background

The below background describes:

- The difference between Municipal Service Fees and other types of fees;
- The difference between a Charter Amendment and adopting an Ordinance;
- Proposes draft text for a Charter Amendment or Ordinance

1. “Municipal Services Fees” vs. “Fees for Specific Services” vs. “Impact Fees”

Municipal Services Fees. Municipal Services Fees raise revenues from utility customers for a specific purpose as outlined in the adoption of the fee. Municipal Services Fees are called a variety of names, such as city services fees, multi-purpose fees, public safety fees, and operations fees. Municipal Services Fees are general fees collected from utility customers to pay for the costs of city-wide services including but not limited to infrastructure, public safety, library, parks, or another specific purpose. Municipal Service Fees do not generally include fees charged to persons or property based on use or consumption of utilities, such as water, sewer, or stormwater, or fees that arise based on the cost of specific services or activity.

Fees for Specific Services. Fees for Specific Services are tied to a specific activity or use. Examples include planning and building permit fees, park facility rental, and parking fees. Fees for specific services help cover the costs of City operations, maintenance, and infrastructure development. It also charges those using the services. Cities implement service fees to promote cost recovery of services rendered by the people or property using the service.

Impact Fees. Impact Fees are also known as System Development Charges (SDCs) and are one-time charges on new development (and, in some cases, redevelopment) to fund capital costs associated with infrastructure. SDCs help to pay for the portion of capacity needed to accommodate a development's impact on a municipality's infrastructure system. In Oregon, SDCs can be used for water, storm drainage, sanitary sewer, road and street networks, and parks and recreation facilities.

2. Charter Amendment vs. Ordinance

Charter Amendment. A Charter Amendment requires voter approval by a majority of the votes cast at a city-wide election. A Charter Amendment may only be changed by a vote of the people. A Charter Amendment may only be adopted at certain times, when a city-wide election is scheduled. The text of a Charter Amendment must be filed with the City Election Official 81 days prior to an election.

To be placed on the ballot for the November 5, 2025, election, the City has to file referral text by **August 15, 2025**, with the City Election Official, who then has to file the measure by **September 4, 2025**, with the County Elections Official.

Ordinance. An ordinance may be adopted by a majority of the votes cast by City Council and is effective within 30 days of passage.

3. Draft Charter Amendment or Ordinance

A Charter Amendment on this topic could be added as Section 47 under Chapter XI Miscellaneous Provisions or if adopted by ordinance could be located in Chapter 13 of the St. Helens Municipal Code. Draft text for the legislation is proposed on the following page.

CHARTER AMENDMENT OR NEW CITY CODE

Voter Approval Required for Adoption of Municipal Services Fees Unrelated to Utility Services

1. Definitions

Municipal Services Fees. Municipal Services Fees are defined as fees collected from utility customers to pay for the costs of city-wide services including but not limited to infrastructure, public safety, library, parks, or another specific purpose. Municipal Services Fees do not include fees charged to persons or property based on use or consumption of utilities, such as water, sewer, or stormwater, or fees that arise based on the cost of a specific service or activity, such as building permit fees, land use permit fees, System Development Charges, other fees adopted by the City for a specific service such as those adopted in the Universal Fee Schedule.

2. Voter Approval Required for Municipal Services Fees Unrelated to Utility Services.

- A. Voter approval by a majority of the votes cast at a city-wide election shall be required before a Municipal Services Fee unrelated to the support of utility services is established, increased, or its purpose modified.
- B. The reduction or repeal of a Municipal Services Fee shall not require voter approval.
- C. Any ballot measure proposing to establish or increase a Municipal Service fee shall:
 - a. Specify the maximum amount of the fee or rate;
 - b. Include an expiration date unless reauthorized by the voters; and
 - c. State the specific purpose for which the revenue is to be used.

3. Effective Date. Municipal Services Fees approved by the City prior to [insert effective date of ordinance or Charter Amendment], shall not be subject to the voter approval requirement unless the Municipal Services Fee is increased or its purpose modified.