



# CITY OF TUALATIN

## Staff Report

**TO:** Honorable Mayor and Members of the City Council

**THROUGH:** Sherilyn Lombos, City Manager

**FROM:**

**DATE:** September 22, 2025

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**SUBJECT:**

Consideration of Resolution 5913-25 Authorizing the Pennies for Climate Action Program and Ordinance 1452-25 Imposing a 0.3% Privilege Tax on Portland General Electric Company.

**RECOMMENDATION:**

Staff recommends the City Council adopting Resolution No. 5913-25, Authorizing the Pennies for Climate Action Program and Ordinance 1452-25, Imposing the Privilege Tax on Portland General Electric Company.

**EXECUTIVE SUMMARY:**

The City Council adopted the Community Climate Action Plan on May 28, 2024, which provides a road map the City can use to achieve net zero emissions by 2050. The final plan consists of 146 actions within seven focus areas. On October 14, 2024, the City Council adopted a two-year work plan, which included the following action.

- 8.1.11 Identify an ongoing funding source. By identifying a consistent funding source, the City can better plan and carry out actions that have a monetary cost or rely on consultant support. This could also be used to fund the full-time employee recommended in another implementation action.

During the City Council's Advance on February 28 – March 1, 2025, the City Council opted to include the action in their list of priorities for the calendar year.

- 5.2 Identify a funding source to support ongoing Climate Action programmatic efforts, including staffing, consulting, and implantation work.

Staff contracted with ECONorthwest to analyze options for funding this work on a sustainable basis, and ECONorthwest provided their report on February 24, 2025. Their findings included a variety of options, including local option levies, right-of-way fees, utility fees, gas tax, building permit fees, grants, green lodging tax, stormwater utility fee, and a "Share the Pennies" program.

On May 27, 2025, staff provided the City Council with additional information on right-of-way fees, building permit fees, and an optional fee called "Share the Pennies" that would appear on utility bills. The City Council reached a consensus to proceed with a funding strategy consisting of an optional \$0.99 fee, a 5% building permit surcharge, and a 0.3% electric franchise fee increase.

Pennies for Climate Action Program

Staff is before you this evening for authorization of the “Pennies for Climate Action” Program. The \$0.99 optional fee will be assessed on monthly utility bills beginning in January 2026.

#### Building Permit Surcharge

Staff met internally and determined more information was needed in order to implement a building permit surcharge. This research will be assigned to the Climate Action Plan Manager and action needed to implement will be brought to the City Council at a later date.

#### Electric Franchise Increase

The City’s Franchise Agreement with Portland General Electric allows for the City to impose a privilege tax based on a percentage of the Gross Revenue earned from PGE’s customers within the City, in addition to the 3.5% franchise fee as set forth in the Franchise Agreement, with a 90 day notice. Staff has notified PGE of the City’s intent to impose a 0.3% Privilege Tax, effective January 1, 2026.

#### **OUTCOMES OF DECISION:**

If the Pennies for Climate Action Program is authorized, staff will begin public noticing in October 2025 with website, newsletter, and utility bill notices. The fee will first appear on utility bills for collection in January 2026. The opt-out will be made available with the first public noticing but can be selected at any time. If the request is made before the 15<sup>th</sup> of the month, the optional fee will be removed from the same month’s bill.

The revenue from the Pennies for Climate Action Program and the electric franchise increase will be dedicated to implementation of the Climate Action Program, including the salary of the new Climate Action Plan Program Manager. The position was advertised between August 23, 2025, and September 14, 2025, and received over 50 applications. Staff expect the position to be filled before the end-of-the-year.

#### **ALTERNATIVES TO RECOMMENDATION:**

The City Council may decide to move forward with one or both funding options outlined in this staff report. In addition, the City Council may decide to adjust the levels of either funding options. Staff would likely need to return at a subsequent meeting with updated materials, if the direction was to adjust either of the funding levels.

#### **FINANCIAL IMPLICATIONS:**

If there is 100% participation, the Pennies for Climate Action Program will raise \$150,000 in funding each year. If there is 87% participation, the program will raise \$130,000. If there is 50% participation, the program will raise \$75,000. The Electric Privilege Tax is estimated to generate approximately \$150,000.

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#### **ATTACHMENTS:**

- Presentation
- Resolution No. 5913-25
- Ordinance No 1452-25